UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

(Check One)

[ ] **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

[X] **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For fiscal year ended: March 31, 2018 **Commission File number: 001-34184**

SILVERCORP METALS INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**1041**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number, if applicable)	(I.R.S. Employer Identification Number, if applicable)

Suite 1378-200 Granville Street
Vancouver, British Columbia V6C 1S4 Canada
(604) 669-9397
(Address and Telephone Number of Registrant's principal executive office)

Corporation Service Company
84 State Street, Boston MA 02109
617-227-9590
(Name, Address and Telephone Number of Agent for Service in the United States)

Copies to:

Daniel Miller
Dorsey & Whitney LLP
1095 West Pender Street Suite 1070
Vancouver, British Columbia, V6E 2M6, Canada
(604) 630-5199

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Shares, without par value	**NYSE American**

Securities registered or to be registered pursuant to Section 12(g) of the Act:
none

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
none

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual information form [X] Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

167,029,556

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements in the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes [ ] No [X]

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company [ ]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

PRINCIPAL DOCUMENTS

The following documents, filed as Exhibits 99.1, 99.2 and 99.3 to this Annual Report on Form 40-F of Silvercorp Metals Inc. ("Silvercorp" or the "Company"), are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended March 31, 2018;

(b) Management's Discussion and Analysis for the fiscal year ended March 31, 2018; and

(c) Audited Consolidated Financial Statements for the fiscal year ended March 31, 2018. Silvercorp's Audited Consolidated Financial Statements included in this Annual Report on Form 40-F have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Therefore, they are not comparable in all respects to financial statements of United States companies that are prepared in accordance with United States generally accepted accounting principles.

CERTIFICATIONS AND DISCLOSURE REGARDING CONTROLS AND PROCEDURES

(a) Certifications. See Exhibits 99.4, 99.5, 99.6 and 99.7 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the Company's fiscal year ended March 31, 2018, an evaluation of the effectiveness of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the Company's management, with the participation of its principal executive officer and principal financial officer. Based upon that evaluation, the Company's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission" rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officers, to allow timely decisions regarding required disclosure.

It should be noted that while the Company's principal executive officer and principal financial officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting. The required disclosure is included in under the heading "Management's Report on Internal Control over Financial Reporting" in the Company's Management's Discussion and Analysis for the fiscal year ended March 31, 2018, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

(d) Attestation Report of the Independant Registered Public Accounting Firm. The Company's independent registered public accounting firm, Deloitte LLP, which audited the consolidated financial statements included in this Annual Report on Form 40-F, has issued an attestation report on management's assessment of the Company's internal control over financial reporting, entitled "Report of Independent Registered Public Accounting Firm," that accompanies the Company's Consolidated Financial Statements for the fiscal year ended March 31, 2018, filed as Exhibit 99.3 to this Annual Report on Form 40-F.

(e) Changes in Internal Control Over Financial Reporting. There was no change in the Company's internal control over financial reporting during the period covered by this Annual Report on Form 40-F that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

The Company was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended March 31, 2018.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's board of directors (the "Board") has determined that it has at least one audit committee financial expert (as such term is defined in Form 40-F) serving on its audit committee. The Board has determined that David Kong is an audit committee financial expert and is independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the NYSE American stock exchange).

Mr. David Kong holds a Bachelor in Business Administration and earned his Chartered Accountant designation in British Columbia in 1978 and U.S. CPA (Illinois) designation in 2002. From 1981 to 2004, he was partner of Ellis Foster Chartered Accountants and a partner at Ernst & Young LLP from 2005 to 2010. Currently, Mr. Kong is a director of New Pacific Metals Corp., Uranium Energy Corp., and Gold Mining Inc. Mr. Kong is a certified director (ICD.C) of the Institute of Corporate Directors.

CODE OF ETHICS

The Board has adopted a written code of ethics entitled, "Code of Business Conduct and Ethics" (the "Code"), by which it and all officers and employees of the Company, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions, are required to abide. There were no amendments, or waivers granted in respect of, the Code during the fiscal year ended March 31, 2018. The Code is posted on the Company's website at www.silvercorpmetals.com. A copy of the Code may also be obtained, without charge, by contacting the Corporate Secretary of the Company at the address or telephone number indicated on the cover page of this Annual Report on Form 40-F. If there is an amendment to the Code, or if a waiver of the Code is granted to any of the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, the Company intends to disclose any such amendment or waiver by posting such information on the Company's website. Unless and to the extent specifically referred to herein, the information on the Company's website shall not be deemed to be incorporated by reference in this Annual Report on Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The required disclosure is included under the heading “Item 11. Audit Committee - External Auditor Services Fees” in the Company’s Annual Information Form for the fiscal year ended December 31, 2017, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See Item 11 of the Company’s Annual Information Form, which is attached hereto as Exhibit 99.1. All audit-related fees, tax fees, or all other fees were approved by the Audit Committee pursuant to Rule 2-01(c)(7)(i) of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

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

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table presents information regarding the Company’s known contractual obligations by maturity as of March 31, 2018:

	Payment due by period				
(*in thousands*)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Operating leases	$3,353	$888	$1,286	$1,179	$-
Commitments	$6,418	$ -	$ -	$ -	$6,418

IDENTIFICATION OF THE AUDIT COMMITTEE

The Company’s Board has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The Company’s Audit Committee is comprised of Paul Simpson, David Kong and Marina Katusa.

MINE SAFETY DISCLOSURE

Not applicable.

CORPORATE GOVERNANCE PRACTICES

The Company has reviewed its corporate governance practices against the requirements of the NYSE American and determined that its corporate governance practices do not differ significantly from those followed by U.S. companies under the NYSE American listing standards for corporate governance.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

Silvercorp Metals Inc. undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Company has previously filed with the Commission an Appointment of Agent for Service of Process and Undertaking on Form F-X with respect to the class of securities in relation to which the obligation to file this Form 40-F arises.

Any change to the name or address of the agent for service of process of the Company shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Company.

EXHIBITS

Annual Information

99.1	Annual Information Form of the Company for the year ended March 31, 2018
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended March 31, 2018
99.3	Consolidated Financial Statements comprised of Consolidated Statements of Financial Position as at March 31, 2018 and 2017, Consolidated Statements of Income, Comprehensive Income (Loss), Cash Flows, and Changes in Equity for the years ended March 31, 2018 and 2017, and Notes to Consolidated Financial Statements
99.4	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.5	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.6	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
99.9	Consent of Alan Riles
99.10	Consent of Harald Muller
99.11	Consent of Herbert Smith
99.12	Consent of Mo Molavi
99.13	Consent of Owen Watson
99.14	Consent of Patrick Stephenson
99.15	Consent of Peter Mokos
99.16	Consent of Adrienne Ross

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: June 22, 2018

SILVERCORP METALS INC.

By:/s/ Dr. Rui Feng

Name: Dr. Rui Feng

Title: Chief Executive Officer

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99.14	Consent of Patrick Stephenson
99.15	Consent of Peter Mokos
99.16	Consent of Adrienne Ross

Exhibit 99.1

ANNUAL INFORMATION FORM

For the year ended March 31, 2018



Dated as at June 22, 2018

SILVERCORP METALS INC.

("Silvercorp" or the "Company")

Suite 1378 - 200 Granville Street
Vancouver, BC, Canada V6C 1S4
Tel: (604) 669-9397
Fax: (604) 669-9387
Email: corp@silvercorp.ca
Website: www.silvercorp.ca

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ITEM 1 GENERAL

1.1 Date of Information

All information in this Annual Information Form ("**AIF**") is as of March 31, 2018, unless otherwise indicated.

1.2 Forward Looking Statements

Certain statements and information in this AIF for Silvercorp Metals Inc. (" **Silvercorp**" or the "**Company**") 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. All statements and information concerning mineral resource and mineral reserve estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. 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:

1. the price of silver, lead, zinc and other metals;
2. the accuracy of mineral resource and mineral reserve estimates at the Company's material properties;
3. estimated production from the Company's mines in the Ying Mining District (defined herein) and from the GC Mine;
4. availability of funds from production to finance the Company's operations; and
5. access to and availability of funding for future construction and development of the Company's properties or for acquisitions.

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 the matters described in this AIF under Item 4.3 *Risk Factors* under the following headlines:

1. fluctuating commodity prices;
2. estimation of mineral resources, reserves and mineralization and precious and base metal recovery;
3. interpretations and assumptions of mineral resource and mineral reserve estimates;
4. exploration and development programs;
5. permits and licences;
6. title to properties;
7. joint venture partners;
8. acquisition of commercially mineable mineral rights;

9. financing;

10. recent market events and conditions;

11. economic factors affecting the Company;

12. timing, estimated amount, capital and operating expenditures and economic returns of future production;

13. integration of future acquisitions into the Company's existing operations;

14. competition;

15. operations and political conditions;

16. regulatory environment in China;

17. environmental risks;

18. foreign exchange rate fluctuations;

19. insurance;

20. risks and hazards of mining operations;

21. dependence on management and key personnel;

22. conflicts of interest;

23. internal control over financial reporting as per the requirements of the *Sarbanes-Oxley Act*;

24. bringing actions and enforcing judgments under U.S. securities laws: and,

25. the Company's investments in New Pacific Metals Corp.

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 reflected in the forward-looking statements or information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this AIF under the heading "Risk Factors" and elsewhere. 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 based on the assumptions, beliefs, expectations and opinions of management as of the date of this AIF, and other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's assumptions, beliefs, expectations or opinions should change, or changes in any other events affecting such statements or information. For the reasons set forth above, investors should not place undue reliance on forward-looking statements and information.

Cautionary Note to U.S. Investors – Information Concerning Preparation of Mineral Resource and Mineral Reserve Estimates

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all mineral resource and mineral reserve estimates included in this AIF have been prepared in accordance with National Instrument 43-101 *Standards of*

Disclosure for Mineral Projects ("**NI 43-101**") and the Canadian Institute of Mining Metallurgy and Petroleum (" **CIM**") "*Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines*" (the "**CIM Standards**"). NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (" **SEC**"), and mineral resource and mineral reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserve". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable.

Disclosure of "contained metal" in a resource is permitted disclosure in certain circumstances under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

1.3 Currency

All sums of money which are referred to herein are expressed in lawful money of the United States, unless otherwise specified. The symbol "CAD$" denotes lawful money of Canada and "RMB" denotes lawful money of the People's Republic of China. The following table sets forth, for each of the periods indicated, the year-end exchange rate, the average noon rate and the high and low noon exchange rates for one Canadian dollar expressed in U.S. dollars, as quoted by the Bank of Canada:

	Year Ended March 31,		
	2018	**2017**	**2016**
High	0.8245	0.7972	0.8368
Low	0.7276	0.7363	0.6854
Average	0.7798	0.7621	0.7625
Period End	0.7756	0.7506	0.7710

The exchange rate for one Canadian dollar expressed in U.S. dollar based upon the daily average exchange rate on June 21, 2018 provided by the Bank of Canada was $0.7513.

The following table sets forth, for each of the periods indicated, the year-end exchange rate, the average noon rate and the high and low noon exchange rates for one Canadian dollar expressed in Chinese Renminbi ("**RMB**"), as quoted by the Bank of Canada:

	Year Ended March 31,		
	2018	2017	2016
High	5.4142	5.2854	5.1921
Low	4.8379	4.9092	4.5086
Average	5.1648	5.1263	4.8516
Period End	4.8780	5.1706	4.9727

The exchange rate for one Canadian dollar expressed in RMB based upon the daily average exchange rate on June 21, 2018 provided by the Bank of Canada was RMB4.8780.

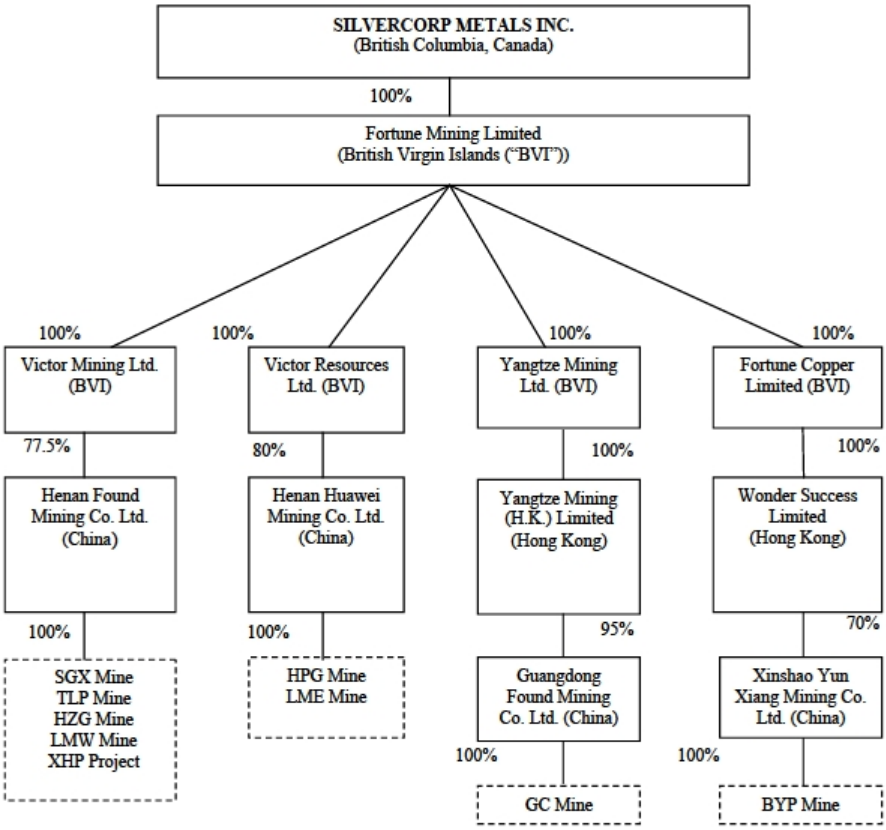
ITEM 2 CORPORATE STRUCTURE

2.1 Names, Address and Incorporation

Silvercorp was formed as Spokane Resources Ltd. pursuant to an amalgamation of Julia Resources Corporation and MacNeill International Industries Inc. under the *Company Act* (British Columbia) on October 31, 1991. By a special resolution dated October 5, 2000, Spokane Resources Ltd. consolidated its share capital on a ten for one basis and altered its Memorandum and Articles of Incorporation by changing its name to "SKN Resources Ltd." At the Company's Annual and Special General Meeting held October 20, 2004, the shareholders (a) approved an increase to the Company's authorized capital to an unlimited number of common shares and adopted new Articles consistent with the transition to the *Business Corporations Act* (British Columbia); and (b) passed a special resolution to change the Company's name. On May 2, 2005, the Company filed a Notice of Alteration with the British Columbia Registrar of Companies changing its name from "SKN Resources Ltd." to "Silvercorp Metals Inc." The head office, principal address and registered and records office of the Company is located at 1378-200 Granville Street, Vancouver, British Columbia, V6C 1S4. The Company's shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the NYSE American both under the symbol "SVM", and the Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and New Brunswick.

2.2 Inter-corporate Relationships

The corporate structure of the Company and its subsidiaries with mineral property interests as at the date of this AIF is as follows:



The Company is the sole shareholder of Fortune Mining Limited (" **Fortune**"), which was incorporated on August 23, 2002, to be the holding company of several other subsidiaries which are parties to agreements relating to mineral properties in China. Fortune beneficially owns 100% of the following material subsidiary companies:

a) Victor Mining Ltd. ("**Victor Mining**") was incorporated on October 23, 2003, under the laws of the British Virgin Islands (the " **BVI**") and continued into Barbados on August 27, 2009 and back to the BVI on March 18, 2016. Victor Mining is a party to a cooperative agreement under which it has earned a 77.5% interest in Henan Found Mining Co. Ltd. ("**Henan Found**"), the Chinese company holding, among other assets: (i) the Ying silver, lead and zinc project (the "**SGX Mine**"); (ii) the silver and lead project in Tieluping (the " **TLP Mine**"); (iii) the silver and lead project in Hou Zhang Gou and Po Cai Gou (the "**HZG Mine**"); (iv) the silver and lead project in Longmen West (the " **LMW Mine**"); and (v) the XHP project.

b) Victor Resources Ltd. ("**Victor Resources**") was incorporated on May 30, 2003, under the laws of the BVI and is a party to a cooperative agreement under which it earned an 80% interest in Henan Huawei Mining Co. Ltd.

("**Henan Huawei**"), the Chinese company holding the beneficial interests in the project in Haopinggou (the " **HPG Mine**") and the project in Longmen East (the "**LME Mine**") each in Henan Province.

c) Yangtze Mining Ltd. (" **Yangtze Mining** ") was incorporated on February 11, 2002, under the laws of the BVI. It holds a 100% interest in Yangtze Mining (H.K.) Ltd. (" **Yangtze Mining HK** "). Yangtze Mining HK holds a 95% interest in Guangdong Found Mining Co. Ltd. ("**Guangdong Found**"), a company incorporated on October 26, 2008 under the laws of the People's Republic of China, that holds a 100% interest in the silver, lead and zinc exploration permits on the project in Gaocheng (the "**GC Mine**") in Guangdong Province.

d) Fortune Copper Limited was incorporated on August 23, 2002, under the laws of the BVI. It holds a 100% interest in Wonder Success Limited, a Hong Kong company which has a 70% equity interest in Xinshao Yun Xiang Mining Co. Ltd. ("**Yunxiang**"), which owns the BYP gold – lead zinc mine in Hunan Province (the "**BYP Mine**").

The Company's operations in China are largely conducted through equity joint ventures, over which the Company has control. See "Item 4 General Description of Business, 4.2 Chinese Mining Law".

ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Business of Silvercorp

Silvercorp is engaged in the acquisition, exploration, development and mining of high-grade silver-related mineral properties in China through the operation of the multiple silver-lead-zinc mines in the Ying Mining District in Henan Province. The Ying Mining District consists of several mines, including the SGX Mine, HZG Mine, TLP Mine, HPG Mine, LMW Mine, and LME Mine. The Company has also been producing silver-lead-zinc from the GC Mine in Guangdong Province in China which declared commercial production in July 2014.

3.2 The Company's Strategic Vision

Silvercorp has a distinct long-term strategy characterized by three key steps. First, Silvercorp focuses on the acquisition and selective exploration of projects with significant resource and cash flow potential. It seeks out higher grade, underground, precious metals projects that may be too small for large companies and too large for juniors. Second, Silvercorp focuses on quickly developing high-margin operations with reasonable development capital profiles to generate cash flow before the project's full resource potential is fully drilled. Third, the cash flow Silvercorp generates from its early operations are used to fund further exploration, resource expansion and production growth.

This strategy, with its focus on early production, provides earlier benefits to: (i) local communities through increased employment opportunities, (ii) local governments through payment of taxes, (iii) local joint venture partners through profit sharing, and (iv) Company shareholders through less dilution. The early benefits help build a base of strong stakeholder support necessary for further project growth.

3.3 Three Year History

Silvercorp has been acquiring, exploring, developing, and operating, mineral properties in China since 2003. Production at the SGX Mine at the Ying Mining District commenced on April 1, 2006, and since that time, several of the Company's other properties in Henan Province, China have commenced production. In addition, the Company commenced production at the GC Mine in July 2014.

For the year ended March 31, 2018 (" **Fiscal 2018**") on a consolidated basis, the Company mined 859,924 tonnes of ore, a decrease of 4% or 37,582 tonnes, compared to 897,506 tonnes in the year ended March 31, 2017 ("**Fiscal 2017**"). For Fiscal 2018, the Company had sales of $170.0 million, gross margin of 52%, and cash flow from operations of $67.9 million. For Fiscal 2018, net income attributable to equity holders of the Company was $47.0 million, or $0.28 per share compared to $43.7 million, or $0.26 per share in Fiscal 2017.

For Fiscal 2017 on a consolidated basis, the Company mined 897,506 tonnes of ore, had sales of $163.5 million, gross margin of 54%, cash flow from operations of $80.4 million, and net income attributable to equity holders of the Company of $43.7 million, or $0.26 per share.

For the year ended March 31, 2016 ("**Fiscal 2016**") on a consolidated basis, the Company mined 847,341 tonnes of ore, had sales of $107.9 million, gross margin of 33%, cash flow from operations of $31.9 million, and net income attributable to equity holders of the Company of $6.3 million, or $0.04 per share.

The following table summarizes the total metal sales in the past three years.

	Years Ended March 31		
	2018	2017	2016
Silver ('000s ounces)	6,040	6,494	5,032
Gold ('000s ounces)	3.1	3.3	2.4
Lead ('000s pounds)	61,934	70,473	52,511
Zinc ('000s pounds)	19,569	18,294	17,457

Production

Ying Mining District

The Ying Mining District consists of several mines, including SGX Mine, HZG Mine, TLP Mine, HPG Mine, LMW Mine, and LME Mine, and is the Company's primary source of production.

In Fiscal 2018, total ore mined at the Ying Mining District was 614,141 tonnes, a decrease of 4% or 22,619 tonnes, compared to 636,760 tonnes mined in Fiscal 2017. Correspondingly, ore milled in Fiscal 2018 decreased by 3% to 618,732 tonnes from 638,211 tonnes in the prior year. Head grades were 305 g/t for silver, 4.4% for lead, and 0.9% for zinc, compared to 303 g/t for silver, 4.7% for lead and 1.0% for zinc in the prior year. The Company continues to achieve improvements in dilution control using its "Enterprise Blog" to assist managing daily operations.

In Fiscal 2018, the Ying Mining District sold approximately 5.4 million ounces of silver, 55.2 million pounds of lead, and 6.1 million pounds of zinc, compared to 5.9 million ounces of silver, 63.4 million pounds of lead, and 5.8 million pounds of zinc in the prior year. The decrease of silver and lead sold was mostly due to silver-lead concentrate inventory built up.

Total and cash mining costs [1] at the Ying Mining District were $84.59 and $61.46 per tonne, respectively, in Fiscal 2018, compared to $74.04 and $51.79 per tonne, respectively, in Fiscal 2017. The increase in cash mining costs were mainly due to: i) a $2.0 million increase in raw material supply costs, ii) a $1.7 million increase in mining preparation costs resulting from more underground tunnelling expensed in the current quarter, and iii) a $0.5 million increase in mining labour costs.

Total and cash milling costs [1] at the Ying Mining District in Fiscal 2018 were $11.71 and $9.49 per tonne, respectively, compared to $11.26 and $9.03 per tonne, respectively, in Fiscal 2017. The increase in cash milling costs was mainly due to a 15% increase in per tonne raw material supply costs.

Correspondingly, cash production cost [1] per tonne of ore processed in Fiscal 2018 at the Ying Mining District was $74.96, an increase of 16% compared to $64.70 in the prior year.

Cash cost [1] per ounce of silver, net of by-product credits, in Fiscal 2018 at the Ying Mining District, was negative $3.88, compared to negative $2.76 in the prior year.

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[1] *Non IFRS measure, please refer reconciliation on section 12 of MD&A for the corresponding period.*

All-in sustaining costs[1] per ounce of silver, net of by-product credits, in Fiscal 2018 at the Ying Mining District was $2.04 compared to $2.61 in the prior year.

GC Mine

In Fiscal 2018, the total ore mined at the GC Mine was 245,783 tonnes, a decrease of 14,963 tonnes or 6%, compared to 260,746 tonnes mined in Fiscal 2017, while ore milled decreased by 6% to 244,338 tonnes from 260,696 tonnes in the prior year. The decrease of ore mined at the GC Mine was mainly due to the impact arising from a changeover of a mining contractor and lack of skilled miners in the fourth quarter of Fiscal 2018.

Head grades were 98 g/t for silver, 1.5% for lead, and 2.8% for zinc in Fiscal 2018, compared to 94 g/t for silver, 1.4% for lead, and 2.8% for zinc in the prior year.

In Fiscal 2018, the GC Mine sold 603,000 ounces of silver, 6.8 million pounds of lead, and 13.4 million pounds of zinc, compared to 564,000 ounces of silver, 7.1 million pounds of lead, and 12.4 million pounds of zinc sold in Fiscal 2017.

Total and cash mining costs [1] at the GC Mine in Fiscal 2018 were $45.73 and $37.48 per tonne, respectively, compared to $40.03 and $32.10 per tonne in Fiscal 2017. The increase in cash mining costs was mainly due to a $0.9 million increase in mining preparation costs resulting from more underground drilling expensed in Fiscal 2018.

Total and cash milling costs [1] at the GC Mine in Fiscal 2018 were $19.17 and $15.72 per tonne, respectively, compared to $17.40 and $14.35 per tonne, respectively, in Fiscal 2017. The increase in milling costs was mainly due to higher raw material supply costs.

Correspondingly, cash production costs [1] per tonne of ore processed in Fiscal 2018 at the GC Mine increased by 14% to $53.20 from $46.45 in the prior year due to the increase in both per tonne cash mining and milling costs.

Cash costs[1] per ounce of silver, net of by-product credits, at the GC Mine, was negative $12.37 in Fiscal 2018 compared to negative $6.64 in the prior year. The improvement was mainly due to a 45% increase in by-product credits, mainly arising from an 8% increase in zinc sold and a 32% and 50% increase in net realized lead and zinc selling prices, offset by a 4% decrease in lead sold. Sales from lead and zinc accounted for 76% of the total sales at the GC Mine in Fiscal 2018, and amounted to $21.2 million, an increase of $6.9 million, compared to $14.3 million in the prior year.

All-in sustaining costs[1] per ounce of silver, net of by-product credits, in Fiscal 2018 at the GC Mine was negative $3.69 compared to $0.20 in the prior year. The improvement was mainly due to higher by-product credits achieved as discussed above.

BYP Mine

The BYP Mine was placed on care and maintenance in August 2014 in consideration of the required capital upgrades to sustain its ongoing production and the current market environment. The Company continues to review alternatives for this project and is also carrying out activities to renew its mining license.

Capitalized Exploration and Development Expenditures

Ying Mining District

In Fiscal 2018, approximately 104,798 m or $2.3 million of underground diamond drilling (Fiscal 2017 – 93,735 m or $2.1 million) and 19,723 m or $5.8 million of preparation tunnelling (Fiscal 2017 – 17,787 m or $5.0 million) were completed and expensed as mining preparation costs at the Ying Mining District. In addition, approximately 61,827 m or $20.1 million of horizontal tunnels, raises and declines (Fiscal 2017 – 60,241 m or $18.1 million) were completed and capitalized.

GC Mine

In Fiscal 2018, approximately 21,717 m or $1.1 million of underground diamond drilling (Fiscal 2017 – 12,484 m or $0.8 million) and 15,811 m or $4.5 million of tunnelling (Fiscal 2017 – 14,690 m or $4.0 million) were completed and expensed as mining preparation costs at the GC Mine. In addition, approximately 320 m or $0.3 million of horizontal tunnels, raises and declines (Fiscal 2017 – 1,721 m or $0.7 million) were completed and capitalized.

3.4 Other Matters

Normal Course Issuer Bid

On November 23, 2017, the Company announced that the TSX had approved a Normal Course Issuer Bid (**"2018 NCIB**") which permitted the Company to acquire (from November 27, 2017 to November 26, 2018) up to 8,409,712 of its common shares, representing approximately 5% the Company's 168,194,254 common shares issued and outstanding as of November 16, 2017. The Company acquired 1,717,100 common shares at an average price of CAD$3.09 per share during the 2018 NCIB up to March 31, 2018, and all such shares have been cancelled.

On December 23, 2015, the Company announced that the TSX had approved a Normal Course Issuer Bid (**"2016 NCIB**") which permitted the Company to acquire (from December 29, 2015 to December 28, 2016) up to 16,255,503 of its common shares, representing approximately 10% of the Company's 168,837,356 common shares issued and outstanding as of December 15, 2015. The Company acquired 1,714,500 common shares at an average price of CAD$0.72 per share during 2016 NCIB and all shares acquired were cancelled.

On December 19, 2014, the Company announced that the TSX had approved a Normal Course Issuer Bid (**"2015 NCIB**") which permitted the Company to acquire (from December 23, 2014 to December 22, 2015) up to 16.5 million of its common shares, representing approximately 10% of the Company's 170,883,808 common shares then issued and outstanding. The Company acquired 2,322,952 common shares at an average price of CAD$0.95 per share during 2015 NCIB and all shares acquired were cancelled.

ITEM 4 DESCRIPTION OF THE BUSINESS

4.1 General

Silvercorp's principal products and its sources of sales are silver-bearing lead and zinc concentrates are direct smelting ores. At present, Silvercorp sells all its products to local smelters or companies in the mineral products trading business.

For each of the Company's two most recently completed financial years, revenues for each category of products that accounted for 10% or more of total consolidated revenues for the applicable financial year are as follows:

	Years ended March 31,	
In 000s'US$	2018	2017
Silver (Ag)	82,354	89,556
Lead (Pb)	62,251	56,852
Zinc	21,462	13,241

Additional information is provided in the Company's most recent financial statements and the management's discussion and analysis for its most recently completed fiscal year.

The mining industry is intensely competitive and the Company competes with many companies possessing similar or greater financial and technical resources. The Company's competitive position is largely reliant upon its ability to maintain a high margin operation, requiring relatively high grade resource, and lower production costs in China compared to the costs of other producers outside China. Within China, the Company's competitive advantage arises from the high grade nature of its concentrates and its proximity to local smelters.

In Fiscal 2018, silver, lead, and zinc production at the Ying Mining District surpassed the guidance by 3%, 1%, and 1%, respectively, mainly due to the increase of head grades offset by lower ore production achieved. Silver and lead head grades increased by 11% and 6%, respectively, to 305 g/t for silver, 4.4% for lead from the guidance of 275 g/t for silver and 4.2% for lead. Cash production costs per tonne were higher than the guidance mainly due to more drilling and tunnelling expensed and higher material costs, while the all-in sustaining costs per ounce of silver, net of by-product credits were better than the guidance.

In Fiscal 2017, silver, lead, and zinc production at the Ying Mining District surpassed the guidance by 26%, 22%, and 13% mainly due to the increase of head grades and higher output achieved. Silver, lead and zinc head grades increased by 17%, 14%, and 19%, respectively, to 303 g/t for silver, 4.7% for lead, and 1.0% for zinc from the guidance of 260 g/t for silver, 4.1% for lead, and 0.8% for zinc. Per tonne cash production costs and all in sustaining costs per ounce of silver, net of by-product credits, were better than the guidance.

In Fiscal 2018, silver production at the GC Mine surpassed the guidance by 42%, while there was a 6% and 1% short fall in lead and zinc production mainly due to 2% less ore processed and 3% decrease in lead head grades. Cash production costs per tonne were higher than the guidance, while the all-in sustaining costs per ounce of silver, net of byproduct credits were better than the guidance mainly due to higher by-product credits achieved with a 34% and 48% increase, respectively, in lead and zinc realized selling prices.

In Fiscal 2017, silver and lead production at the GC Mine surpassed the guidance by 20% and 13%, while there was a 2% short fall in zinc production mainly due to zinc head grades being 6% below guidance, offset by a 4% increase in ore processed. Per tonne cash production costs met the guidance while the all in sustaining costs, net of by-product credits was better than the guidance.

In Fiscal 2018, the Company had 878 employees at Henan Found, 240 at Guangdong Found, 14 at Hunan Yunxiang, 18 at Songxian, 29 at the Beijing representative office, and 11 in the Vancouver Corporate office.

On June 20, 2017, the Company completed a corporate restructuring whereby Anhui Yangtze Mining Co. Ltd. (China) transferred its 5% interest in Guangdong Found, a company that holds a 100% interest in the GC Mine, to Yangtze Mining HK. As a result, Yangtze Mining HK currently holds a 95% interest in Guangdong Found.

Fiscal 2019 Outlook

Production

For the year ended March 31, 2019 ("**Fiscal 2019**"), the Company expects to produce approximately 880,000 tonnes of ore, which is anticipated to yield approximately 6.0 million ounces of silver, 63.6 million pounds of lead, and 19.8 million pounds of zinc.

At the Ying Mining District, production is expected to be 630,000 tonnes of ore with grades of 285 g/t silver, 4.3% lead and 0.9% zinc, with expected metal production of 5.4 million ounces of silver, 56.1 million pounds of lead and 6.2 million pounds of zinc. The cash production cost is expected to be $75.40 per tonne of ore. All-in sustaining cost per is estimated to be $123.7 per tonne of ore.

In Fiscal 2019, the GC Mine plans to mine and process 250,000 tonnes of ore averaging 98 g/t silver, 1.6% lead and 3.0% zinc with expected metal production of 0.6 million ounces of silver, 7.5 million pounds of lead and 13.6 million pounds of zinc. The cash production cost is expected to be $57.2 per tonne of ore. All-in sustaining cost at GC Mine is expected to be $75.5 per tonne of ore.

Capital Expenditures Budget

Capital expenditures at the Ying Mining District in Fiscal 2019 are budgeted at $31.8 million, including $23.2 million for mine tunnelling and ramp development and $8.6 million for equipment and infrastructure. Capital expenditures at GC Mine in Fiscal 2019 are budgeted at $3.0 million, including $1.7 million for mine tunnelling and ramp development and $1.3 million for equipment and infrastructure.

Growth by Exploration and Acquisition

The Company continues to pursue future growth opportunities by carrying out exploration programs within existing exploration and mining permit areas at its projects. In addition, the Company continues to evaluate the acquisition of exploration, development and production assets, or the acquisition of or merger with other entities. The Company often engages in discussions with respect to such possible opportunities. At any time, discussions and activities can be in progress on a number of initiatives, each at different stages of development. Although the Company may from time to time be a party to a number of letters of intent in respect to certain opportunities and other acquisitions, the Company

currently does not have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that any potential transaction will be successfully completed.

4.2 Chinese Mining Law

Currently, all of the Company's material properties are located in China. Under the laws of China, mineral resources are owned by the state, and until 1997, state-owned enterprises have been the principal force in the development of mineral resources.

A new Mineral Resources Law became effective on January 1, 1997, and two regulations were promulgated on February 12, 1998, later amended in July 2014. The new law provided for equal legal status for domestic enterprises and enterprises with foreign investment, security and transferability of mineral titles as well as the exclusivity of mining rights. The right to explore and exploit minerals is granted by way of exploration and mining rights. The holder of an exploration right has the privileged priority to obtain the mining right to the mineral resources in the exploration area provided the holder meets the conditions and requirements specified in the law. The Company's interests in mineral properties are held though 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.

4.3 Risk Factors

An investment in the common shares of the Company involves a significant degree of risk and ought to be considered a highly speculative investment. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in the forward-looking statements and information relating to the Company.

Fluctuating commodity prices

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

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

If silver and other 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.

Recent market events and condition

Over the past several years market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems, along with the uncertainty of the Canadian, United States and

global economic conditions, and the prior decline in precious metal prices, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements.

Over the past several years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many resource companies, particularly those considered exploration-stage or development-stage companies, or single asset, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of natural resource companies have in the past experienced an extraordinary decline in value and in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price.

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Estimation of mineral resources, mineral reserves, and mineralization and metal recovery

There is a degree of uncertainty attributable to the estimation of mineral resources, reserves and mineralization and corresponding grades being mined or dedicated to future production. Until resources, reserves or mineralization are actually mined and processed, quantity of mineralization and grades must be considered as estimates only. Any material change in quantity of resources, mineralization, or grade may affect the economic viability of the Company's projects. In addition, there can be no assurance that precious or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Interpretations and assumptions of mineral resource and mineral reserve estimates

Unless otherwise indicated, mineral resource and mineral reserve estimates presented in this AIF and in the Company's other filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company's personnel and independent geologists/mining engineers. These estimates are imprecise and depend upon geologic interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. The mineral resource and mineral reserve estimates contained in this AIF have been determined based on assumed future prices, cut-off grades, operating costs and other estimates that may prove to be inaccurate. There can be no assurance that these estimates will be accurate; mineral reserve, resource or other mineralization figures will be accurate; or the mineralization could be mined or processed profitably. The interpretation of drill results, the geology, grade and continuity of the Company's mineral deposits contains inherent uncertainty. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on its results of operations or financial condition.

Exploration and development programs

The long-term operation of the Company's business and its profitability is dependent, in part, on the cost and success of its exploration and development programs. Mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There can be no assurance that the Company's mineral exploration and development programs will result in any discoveries of bodies of commercial mineralization. There can also be no assurance that even if commercial quantities of mineralization are discovered that a mineral property will be brought into commercial production. Development of the Company's mineral properties will follow only upon obtaining satisfactory exploration results. Discovery of mineral deposits is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. As a result, there can be no assurance that the Company's exploration and development programs will yield reserves to replace or expand current

resources. Unsuccessful exploration or development programs could have a material adverse effect on the Company's operations and profitability.

Economic factors affecting the Company

The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically: the volatility of silver, lead and zinc prices may impact the Company's revenues, profits, losses and cash flow; volatile energy prices, commodity and consumable prices and currency exchange rates would impact the Company's production costs; and the devaluation and volatility of global stock markets may impact the valuation of the Company's equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Timing, estimated amount, capital and operating expenditures and economic returns of future production

There are no assurances if and when a particular mineral property of the Company can enter into production. The amount of future production is based on the estimates prepared by or for the Company. The capital and operating costs to take the Company's projects into production or maintain or increase production levels may be significantly higher than anticipated. Capital and operating costs of production and economic returns are based on estimates prepared by or for the Company and may differ significantly from their actual values. There can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated. In addition, the construction and development of mines and infrastructure are complex. Resources invested in construction and development may yield outcomes that may differ significantly from those anticipated by the Company.

Integration of future acquisitions into existing operations

The Company may make selected future acquisitions. If the Company does make acquisitions, any positive effect on the Company's results will depend on a variety of factors, including, but not limited to: integrating the operations of an acquired business or property in a timely and efficient manner; maintaining the Company's financial and strategic focus while integrating the acquired business or property; implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place pressure on the Company's cash flow if such acquisitions involve cash consideration or existing shareholders may experience dilution if such acquisitions involve share consideration.

The integration of the Company's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company's management team, which may detract attention from the Company's day-to-day operations.

Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Company's common shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on the Company. There can be no assurance that any future acquisitions will be successfully integrated into the Company's existing operations.

Permits and licenses for mining and exploration

All mineral resources and mineral reserves of the Company's subsidiaries are owned by their respective joint venture entities in China. Mineral exploration and mining activities in China may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses, and other certificates in accordance with the relevant mining laws and regulations. These permits and license are also subject to annual inspection by government authorities. Failure to pass the annual inspections may result in penalties. 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. Please see "Table 1, Mining licenses", on page 23 for information on the current status of mining licences at the Ying Project.

Nearly all mining projects require government approvals and permits relating to environmental, social, land and water usage, community, and other matters, including those discussed in Sections 20 of the respective NI 43-101 Technical Reports on the Company's material properties (see the Ying Report and the GC Report respectively). Some of the permits or certificates that are subject to renewal in the next three years at the GC Mine, not otherwise discussed in the GC Report include:

Permit	Expiry Date	Approving Authority
Safety Production Permit	October 25, 2020	Bureau of Safety Production and Inspection of Yunfu City, Guangdong Province
Dry Stacking and Filling Safety Production Permit	September 3, 2020	Bureau of Safety Production and Inspection of Yunfu City, Guangdong Province
Blasting Operation Permit	July 1, 2018	Ministry of Public Security
Pollutant Discharge Permit	September 8, 2020	Environment Protection Administration of Yunfu, Guangdong Province

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

Title to properties

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

Joint venture partners

The Company's interests in various projects may, in certain circumstances, become subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial conditions: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

Acquisition of commercially mineable mineral rights

Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of mineral reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited.

The Company's future growth and productivity will depend, in part, on its ability to identify and acquire additional mineral rights, and on the costs and results of continued exploration and development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to: establish mineral reserves through drilling and metallurgical and other testing techniques; determine metal content and metallurgical recovery processes to extract metal from the ore; and construct, renovate or expand mining and processing facilities.

In addition, if the Company discovers a mineral deposit, it would take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change.

The Company's success at completing any acquisitions will depend on a number of factors, including, but not limited to: identifying acquisitions that fit the Company's business strategy; negotiating acceptable terms with the seller of the business or property to be acquired; and obtaining approval from regulatory authorities in the jurisdictions of the business or property to be acquired. As a result of these uncertainties, there can be no assurance that the Company will successfully acquire additional mineral rights.

Financing

The Company has limited financial resources. If the Company's exploration programs are successful in establishing ore of commercial tonnage and grade, additional funds will be required for the development of the ore body and to place it in commercial production. Therefore, the Company's ability to continue its exploration and development activities, if any, will depend in part on the Company's ability to obtain suitable financing.

The Company intends to fund its plan of operations from working capital, proceeds of production, external financing, strategic alliances, sale of property interests and other financing alternatives. The sources of external financing that the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. One source of future funds presently available to the Company is through the sale of equity capital. There is no assurance this source of financing will continue to be available, as required or at all. If it is available, future equity financings may result in substantial dilution to shareholders. Another alternative for the financing of further exploration would be the offering by the Company of an interest in the properties to be earned by another party or parties carrying out further exploration or development thereof. There can be no assurance the Company will be able to conclude any such agreements, on favourable terms or at all. The failure to obtain financing could have a material adverse effect on the Company's growth strategy and results of operations and financial condition.

Competition

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered, a ready market will exist for the sale of such ore, or concentrate, by the Company. Marketability of natural resources which may be discovered by the Company will be affected by numerous factors beyond the control of the Company, such as market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations including regulations relating to prices, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of such factors cannot be predicted but they may result in the Company not receiving an adequate return on its capital.

The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower and drill rigs. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Operations and political conditions

All the properties in which the Company has an interest are located in China, which has different regulatory and legal standards than those in North America. Even when the Company's mineral properties are proven to host economic

reserves of metals, factors such as political instability, terrorism, opposition and harassment from local miners, or governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits.

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

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

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

Regulatory environment in China

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

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

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

Environmental risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety, including environmental laws and regulations in China. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. 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 annual inspection by government authorities. Failure to pass the annual 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, including those discussed in Sections 20 of the respective NI 43-101 Technical Reports on the Company's material properties (see the Ying Report and the GC Report respectively).

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

Dependence on management and key personnel

The executive director and the China operational management team all have extensive experience in the mineral resources industry in China. Most of the non-executive directors also have extensive experience in mining and/or exploration (or as advisors to companies in the field). The Company's success depends to a significant extent upon its ability to retain, attract and train key management personnel, both in Canada and in China.

The Company depends on the services of a number of key personnel, including the Chief Executive Officer, Chief Financial Officer, and the China operational management team, the loss of any one of whom could have an adverse effect on the Company's operations.

The Company's ability to manage growth effectively will require it to continue to implement and improve management systems and to recruit and train new employees. The Company cannot be assured that it will be successful in attracting and retaining skilled and experienced personnel.

Foreign exchange rate fluctuations

The Company reports its financial statements in US dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is Canadian dollar while the functional currency of all Chinese subsidiaries is Chinese Renminbi. 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 fluctuation of exchange rate between the reporting currency and its functional currencies may materially and adversely affect the Company's financial position.

Insurance

The Company's mining activities are subject to the risks normally inherent in the industry, including, but not limited, to environmental hazards, flooding, fire, periodic or seasonal hazardous climate and weather conditions, unexpected rock formation, industrial accidents and metallurgical and other processing problems. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties; personal injury; environmental damage; delays in mining; increased production costs; monetary losses; and possible legal liability. The Company may become subject to liability which it cannot insure or may elect not to insure due to high premium costs or other reasons. Where considered practical to do so, the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance will continue to be available, be available at economically acceptable premiums or be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

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:

1. environmental hazards;
2. discharge of pollutants or hazardous chemicals;
3. industrial accidents;
4. failure of processing and mining equipment;
5. labour disputes;
6. supply problems and delays;
7. encountering unusual or unexpected geologic formations or other geological or grade problems;
8. encountering unanticipated ground or water conditions;
9. cave-ins, pit wall failures, flooding, rock bursts and fire;
10. periodic interruptions due to inclement or hazardous weather conditions;
11. equipment breakdown;
12. other unanticipated difficulties or interruptions in development, construction or production; and
13. other acts of God or unfavourable operating conditions.

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.

Conflicts of interest

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors and/or officers of other companies. Some of those persons who are directors and officers of the Company have and will continue to be engaged in the identification and evaluation of assets and businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

Internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act

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, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, 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 International Financial Reporting Standards. Management assesses the effectiveness of our internal control over financial reporting based on the criteria set forth in the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company may fail to achieve and maintain the adequacy of our internal control over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that the Company can conclude on an ongoing basis that the Company have effective internal control over financial reporting. Also, 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. No evaluation can provide complete assurance that our internal control over financial reporting will prevent or detect misstatements on a timely basis, or detect or uncover all failures of persons employed by the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's control and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Company continues to improve our internal control over financial reporting.

The failure to satisfy these requirements on a timely basis could result in the loss of investor confidence in the reliability of the financial statements, which in turn could harm the business and negatively impact the trading price of shares or market value of other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the operating results or cause to fail to meet the reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all of the controls necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in the acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

Outcome of current or future litigation or regulatory actions

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the discovery of evidence process, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

No assurance can be given with respect to the ultimate outcome of current or future litigation or regulatory proceedings, and the amount of any damages awarded or penalties assessed in such a proceeding could be substantial. In addition to monetary damages and penalties, the allegations made in connection with the proceedings may have a material adverse effect on the reputation of the Company and may impact its ability to conduct operations in the normal course.

Litigation and regulatory proceedings also require significant resources to be expended by the directors, officers and employees of the Company and as a result, the diversion of such resources could materially affect the ability of the Company to conduct its operations in the normal course of business. Significant fees and expenses may be incurred by the Company in connection with the investigation and defense of litigation and regulatory proceedings. The Company may also be obligated to indemnify certain directors, officers, employees and experts for additional legal and other expenses pursuant to such proceedings, which additional costs may be substantial and could have a negative effect on the Company's future operating results. The Company may be able to recover certain costs and expenses incurred in connection with such matters from its insurer. However, there can be no assurance regarding when or if the insurer will reimburse the Company for such costs and expenses.

Bringing actions and enforcing judgments under U.S. securities laws

Investors in the U.S. or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against the Company, its directors, its executive officers and some of the experts named in this AIF based on

civil liabilities provisions of the federal securities laws, other laws in the U.S. state(s) in or the equivalent laws of other jurisdictions of residence.

The Company's investments in New Pacific Metals Corp.

During fiscal 2018, the Company invested approximately US$23.86 million acquiring 28.47 million common shares of New Pacific Metals Corp. (" **New Pacific**"), a Canadian public company listed on the TSX Venture Exchange and the OTCQX Best Markets. As a result, the Company beneficially owns, directly and indirectly, and controls 39,280,900, or 29.8% of the outstanding common shares of New Pacific as of the date of this AIF. New Pacific is a junior exploration company currently in the business of acquiring and exploring mineral properties. Investments in junior mining companies involve volatile share prices, liquidity risk, and may result in possible loss of principal. New Pacific has no revenue from operations and no ongoing mining operations of any kind.

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by New Pacific will be affected by numerous factors beyond the control of New Pacific. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or possible loss of principal.

At this point, there are no known mineral reserves or mineral resources at the Silver Sand project, New Pacific's material property. Substantial expenditures are required to establish ore reserves through drilling, metallurgical, and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate, or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body, which can be legally and economically exploited.

In addition to the high degree of risk associated with investing in junior exploration mining companies, the Company's investment in New Pacific entails an additional risk by virtue of the fact that its only material property, the Silver Sand project, is located in Bolivia. Bolivia's history since the mid-1960s has been one of political and economic instability under a variety of governments. Since 2006, the government has frequently intervened in the national economy and social structure, including periodically imposing various controls, the effects of which have been to restrict the ability of both domestic and foreign companies to freely operate. Although Silvercorp believes that the current conditions in Bolivia are relatively stable and conducive to conducting business, New Pacific's current and future mineral exploration and mining activities in Bolivia are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, political and labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

ITEM 5 MINERAL PROPERTIES

The Company has interests in mineral properties located in China. As at March 31, 2018, these properties were carried on the Company's consolidated statements of financial position as assets with a book value of approximately $232.1 million. The book value consists of acquisition costs plus cumulative expenditures on properties, net of amortization and impairment charges for which the Company has future exploration plans.

For the purposes of NI 43-101, the following properties have been determined to be material to the Company as of March 31, 2018: (a) the Ying Mining District, Henan Province, China (the "**Ying Property**"); and (b) the GC Mine located in Guangdong Province, China.

5.1 Ying Mining District, Henan Province, China

Current Technical Report

Except as otherwise stated, the information in this AIF is based on the latest technical report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China*" (the "**Ying Report**") dated effective December 31, 2016, and prepared by AMC Mining Consultants (Canada) Ltd. (" **AMC**") on February 15, 2017. AMC had previously prepared technical reports on the Ying Property in 2012 (filed 15 June 2012, effective date 1 May 2012) (the "**2012 Technical Report**"), and in 2013 (minor update to 2012 report, filed 30 April 2013, effective date 1 May 2012) and in 2014, filed 5 September 2014, effective date 31 December 2013.

P R Stephenson, H A Smith and A Ross visited the Ying Property in July 2016. All authors of this report qualify as independent Qualified Persons.

Portions of the following information are based on the assumptions, qualifications and procedures described in the Ying Report, which are not fully described herein. The full text of the Ying Report which is available for review on SEDAR at www.sedar.com is incorporated by reference in this AIF.

Project Description, Location and Access

The Ying Property is situated in central China in western Henan Province near the town of Luoning. The term "Ying District" is used to describe a 100 sq. km size rectangular area bounded by latitude 34°07'N to 34°12'N and longitude 111°14'E to 111°23'E.

The Ying Property is about 240 km west-southwest of Zhengzhou, the capital city of Henan Province, and 145 km southwest of Luoyang, which is the nearest major city. The project areas have good road access and operate year round. Within this district block, Silvercorp has three principal centres of operation, within which six mining projects are located.

Silvercorp, through wholly owned subsidiaries, has effective interests of 77.5% in the SGX/HZG projects and TLP projects, and 80% in the HPG, LME and LMW projects. It has all the exploration and mining permits necessary to cover its mining and exploration activities. There are no known or recognized environmental problems that might preclude or inhibit a mining operation in this area.

The Ying Property is now covered by four major contiguous mining licenses. The total area of the four mining licenses is 68.74 sq km. Table 1 lists their names, license numbers, areas and expiry dates.

Table 1 Mining licenses

Area and licence name	Mines	Mining licence #	Sq km	ML Expiry Date
Yuelianggou Lead-zinc-silver Mine	SGX and HZG	C4100002009093210038549	19.83	Sept 2024
Haopinggou Lead-zinc-silver-gold Mine	HPG	C4100002016043210141863	6.2257	29 Apr 2028
Tieluping-Longmen Silver-lead Mine	TLP, LME and LMW	C4100002016064210142239	22.916	27 July 2019
Dongcaogou Gold-silver Mine	none	C4100002015064210138848	19.772	15 June 2025
Total			**68.74**	

In addition, mining is only permitted between prescribed elevations as follows:

- Yuelianggou Mining License – 1060 m and 0 m elevations
- Haopinggou Mining License - 955 m and the 365 m elevations
- Tieluping-Longmen Mining License - 1,250 m and the 700 m elevations
- Doncaogau Mining License - 1,087 m and the 605 m elevations

Henan Found will initiate applications to the relevant government departments so that exploration permits are reissued beneath the lower boundary of the mining permit areas. This will enable exploration to continue at depth.

Silver-lead-zinc mineralization in the Ying district has been known and intermittently mined for several hundred years. Silvercorp acquired an interest in the SGX project in 2004, the HPG project in 2006, and the TLP / LM projects in late 2007.

The existing mining licenses cover all the active exploration and mining areas discussed in this Technical Report. Mining licenses are subject to mining-right usage fees (a fixed annual charge), mineral resource compensation fees, and applicable mineral resource taxes. The renewal of mining licenses and extending mining depth and boundaries occur in the ordinary course of business as long as mineral resources exist, are defined, the required documentation is submitted, and the applicable government resources taxes and fees are paid. The mining licenses give the right to carry out full mining and mineral processing operations in conjunction with safety and environmental certificates. The safety certificates for Silvercorp's mining activities have been issued by the Department of Safety, Production and Inspection of Henan Province. Environmental certificates have been issued by the Department of Environmental Protection of Henan Province.

Surface rights for mining purposes are not included in the licenses, but Silvercorp has acquired surface rights for mining and milling activities by effecting payment of a purchase fee based on the appraised value of the land. Subject to negotiation, some land use compensation fees may also be due to the local farmers if their agricultural land is disturbed by exploratory work.

Silvercorp has established an environmental protection department consisting of five full time staff, which is responsible for environment / rehabilitation management work in the Ying Property. Monitoring plans include air and dust emissions and noise and waste water monitoring, and are undertaken by qualified persons and licensed institutes. AMC understands that results from 2013 to 2016 indicate that surface water, sanitary / process plant waste water and mining water are in compliance with the required standards. In addition, project completion inspection results were all compliant for waste water discharge, air emission, noise and solid waste disposal.

There have been a few exceptional cases in which pH values of the discharged mining water were slightly over 9.0 and Pb concentrations slightly exceeded the permitted limit of 0.011 mg/l at the general discharge point after sedimentation tank for both SGX and TLP mines.

Silvercorp's production activities are in compliance with Chinese and international labour regulations. In accordance with Chinese national regulatory requirements, Silvercorp will complete a site decommissioning plan at least one year before mine closure. Site rehabilitation and closure cost estimates will be made at that time.

China has an established Mining Code which defines the mining rights guaranteed by the government of China. Prior to May 1, 2018, China had a 17% Value Added Tax (VAT) on sales of concentrates and on articles such as materials and supplies. The VAT paid on materials purchased for mining is returned to Silvercorp as an incentive to mine in China. Effective May 1, 2018, the VAT rate on sales and materials purchased has been revised to 16%. There is no VAT on labour. In addition, Silvercorp also pays a VAT surtax which amounts to approximately 1.6% of sales. Before July 1, 2016, an amount equivalent to 2-4% of sales as resources compensation fee and RMB13 (approximately $1.92) per milled tonne resource tax are payable by companies to the government. Income tax rate is 25%. Effective July 1, 2016, the resources compensation fee was revised to be zero, while the resource tax was to be levied based on certain percentage of sales. The current resource tax applicable to Silvercorp is approximately 3% of sales.

The district lies within rugged, deeply dissected mountainous terrain of the Xionger Mountain Range. Elevations range from 300 m to 1,200 m above sea level. Hill slopes are steep, commonly exceeding 25°, and have good bedrock exposure.

The area is sparsely vegetated, consisting mostly of bushes, shrubs, ferns and small trees. At higher elevations the vegetation is denser and the trees are larger. The local economy is based on agriculture (wheat, corn, tobacco, medicinal herbs) and mining. Agriculture is confined to the bottoms of the larger stream valleys and to the many terraced hillsides.

The Ying Property is about 240 km west-southwest of Zhengzhou (population 7.0 million), the capital city of Henan Province, and 145 km southwest of Luoyang (population 1.4 million), which is the nearest major city. Zhengzhou, the largest industrial city in the region, offers full service facilities and daily air flights to Beijing, the capital of China, as well as Shanghai and Hong Kong. The nearest small city to the project area is Luoning (population >80,000), about

56 km by paved roads from Silvercorp's Ying mill site which is located centrally to the projects. The mill site is about 15 km by paved road from the Guxian Reservoir. The SGX exploration-development camp is accessed via a 10 minute ferry ride across the Reservoir. To date, ore from the SGX and HZG mines has been transported by ferry across the Guxian Reservoir to the mills. Silvercorp is currently driving a haulage tunnel to connect the SGX and HPG mines to increase haulage efficiency and ensure an environment-friendly operation. The HPG, TLP and LM projects have good road access.

The area has a continental sub-tropical climate with four distinct seasons. Temperature changes are dependent on elevation, with an annual range of -10°C to 38°C and annual average of 15°C. The annual precipitation averages 900 mm, occurring mostly in the July to September rainy season and supplemented by snow and frost occurring from November to March. The projects operate year round.

Silvercorp has sufficient surface rights to operate the projects. There are major power grids adjacent to the properties, including a power line extending to the SGX Area. Adjacent to the Ying Property is a hydropower generating station at the dam that forms the Guxian Reservoir. This reservoir is on the Luo River, a tributary of the Yellow River. Sufficient manpower is available to serve most exploration or mining operations. The steep valleys form natural reservoirs for mine tailings and waste dumps.

History

Silver-lead-zinc mineralization in the Ying district has been known and intermittently mined for several hundred years. The first systematic geological prospecting and exploration was initiated in 1956 by the Chinese government. Detailed summaries of the district's historical activities from 1956 to 2004, when Silvercorp first acquired interests in the area, are described in previous NI 43-101 Technical Reports.

Silvercorp acquired an interest in the SGX Mine in 2004. Subsequently, Silvercorp acquired the HZG, HPG, TLP and LM mines, all of which were previously held and operated by private Chinese companies.

Geological Setting, Mineralization and Deposit Types

The Ying Property is situated in the 300 km-long west-northwest trending Qinling orogenic belt, a major structural belt formed by the collision of two large continental tectonic plates in Paleozoic time.

The northern continental plate, the North China Plate, covers all of Henan Province and most parts of North China, while the southern plate, the Yangtze Plate, covers most part of South China. Rocks along the orogenic belt between the two major tectonic plates are severely folded and faulted, offering optimal structural conditions for the emplacement of a myriad of mineral deposits. Several operating silver-lead-zinc mines, including those in the Ying Property, occur along this belt.

The Qinling orogenic belt is comprised largely of Proterozoic- to Paleozoic-age rock sequences consisting of mafic to felsic volcanic rocks with variable amounts of interbedded clastic and carbonate sedimentary rocks. The rocks are weakly metamorphosed to lower greenschist facies, with local areas of strongly metamorphosed lower amphibolite facies. The basement of the belt is comprised of highly metamorphosed Archean-age rocks of the North China plate, dominantly felsic to mafic gneisses with minor amphibolites, intrusive gabbros and diabases. The metamorphosed Qinling belt sequence and the underlying Archean basement rocks are intruded by mafic to felsic dikes and stocks of Proterozoic and Mesozoic ages. They are overlain by non-metamorphosed sedimentary rock sequences of Mesozoic to Cenozoic age, primarily marls and carbonaceous argillites, which are in turn overlain locally by sandstone-conglomerate sequences.

The dominant structures in the Qinling orogenic belt are west-northwest trending folds and faults generated during the collision of the two major tectonic plates in Paleozoic time. The faults consist of numerous thrusts having a component of oblique movement with sets of conjugate shear structures trending either northwest or northeast. These conjugate shear zones, which display features of brittle fracturing such as fault gouge, brecciation and well-defined slickensides, are associated with all the important mineralization recognized along the 300 km-long orogenic belt

The Ying Property contains multiple mesothermal silver-lead-zinc-rich quartz-carbonate veins in steeply-dipping fault-fissure zones which cut Archean gneiss and greenstone. To date, significant mineralization has been defined or developed in at least 224 discrete vein structures, and many other smaller veins have been found but not as yet well explored.

Structurally, the vein systems throughout the district are all somewhat similar in that they occur as sets of veins of generally similar orientation enclosed by fault-fissure zones which trend most commonly northeast-southwest, less commonly north-south, and rarely northwest-southeast. The structures extend for hundreds to a few thousand metres along strike. They are often filled by altered andesite or diabase dikes together with quartz-carbonate veins or as discrete zones of altered bedrock (mainly gneiss) associated with local selvages of quartz-carbonate veinlets. From one-third to one-half of the structures exposed at the surface are conspicuously mineralized as well as altered.

The vein systems consist of narrow, tabular or splayed veins, often occurring as sets of parallel and offset veins. The veins thin and thicken abruptly along the structures in classic “pinch-and-swell” fashion with widths varying from a few centimetres up to a few metres. “Swells” formed in structural dilatant zones along the veins often forming mineralized “shoots”. At the SGX mine, these shoots range from 30 m to more than 60 m in vertical and horizontal dimensions over true vein widths of 0.4 m to 3.0 m. The vertical dimension of the SGX shoots is commonly twice or more the horizontal dimension. Longitudinal sections constructed along the veins indicate that many of the shoots have a steep, non-vertical rake.

The vein systems of the various mine areas in the district are also generally similar in mineralogy, with slight differences between some of the separate mine areas and between the different vein systems within each area. These differences have been attributed to district-scale mineral zonation at different levels of exposure. This subtle zonation is thought to be perhaps analogous to the broad-scale zonation patterns observed in the Coeur d’Alene District (USA) and characteristic of many other significant mesothermal silver-lead-zinc camps in the world (Broili et al., 2008, Broili et al., 2010).

Exploration

From 1 July 2013 to 30 June 2016 (the “Reporting Period”), Silvercorp conducted extensive exploration programs on the Ying Property that included exploration-development activities in the SGX mine area, including two producing mines (SGX and HZG), the HPG mine area, and the TLP and LM mine areas, including three producing mines (TLP, LME and LMW). The past exploration activities, including surface activities, have been detailed in previous NI 43-101 Technical Reports.

Other than drilling, the projects have been explored primarily from underground workings. The workings follow the vein structures along strike, on levels spaced approximately 40 m apart. Silvercorp has found this method of underground exploration an effective and efficient way to define the geometry of the mineralized structures, in part due to the discontinuous character of the high-grade mineralization, but also to the relatively inexpensive development costs.

The exploration tunnelling and drilling programs were conducted during the Reporting Period to upgrade the Indicated and Inferred Mineral Resources, to test the down-dip and along-strike extensions of the major mineralized vein structures and their parallel subzones, and to explore new target areas. The programs comprised 128,385 m of tunnelling, including 72,940 m of drifting along mineralized structures and 33,354 m of cross cutting across mineralized structures. Drift and crosscut tunnels have been developed at 30 m to 50 m intervals vertically to delineate higher-category Mineral Resources. A total of 44,166 channel/chip samples were collected from the six mine areas.

Drilling

Prior to Silvercorp obtaining the rights to the SGX mine in 2004, there was little drilling work completed on the Ying Property. Drilling programs conducted by previous operators include a 10,736 m surface drilling program in the TLP-LM area by the No. 6 Nonferrous Geological Exploration Team from 1991 to 1994 and a test drilling program of two holes in the SGX area by the Henan Nonferrous Geological Exploration Bureau in 2003.

Since acquiring the Ying projects, Silvercorp has initiated systematic drilling programs to test the strike and down-dip extensions of the major mineralized vein structures and explore for new mineralized structures in less-explored or unexplored areas in the Property.

Since 2004, Silvercorp has organized extensive underground diamond drilling programs each year in the Ying Mining District with a total accumulated metreage of 1,082,840m completed as of June 2016.

Drilling programs were continuously conducted over the Ying Property during the Reporting Period. Underground and surface drilling was carried out in mining areas to test the down-dip extension of major mineralized vein structures, extend the Indicated and Measured Mineral Resources at or above the current mining depth, and infill the Inferred Mineral Resource blocks defined in previous drilling programs below the current mining depth. Most of the holes were designed as inclined holes to test multiple vein structures. A total of 224,729 m in 896 diamond holes was completed, including 7,295 m in 41 surface holes and 217,434 m in 855 underground holes drilled from at or above the current mining elevations. Results of the diamond drilling program were the down-dip and strike extension of most of the major mineralized veins and the discovery of a number of new mineralized veins in the current mine areas.

Drilling results from the 2013-2016 drilling program in the Ying Property are briefly summarized in the table below. These results have been incorporated into the mine databases and contribute to the current Mineral Resource update for the six Ying mine areas.

Brief summary of the 2013-2016 drilling results

Mine Area	Holes Completed	No of Mineralized Intersections (≧ 120g/t AgEq)	Average Grade of Mineralized Intersections (g/t AgEq)	Average True Width of Mineralized Intersections (m)	Detected Depth (Elevation m)
SGX	371	182	532	1.23	768 - (-71)
HZG	52	13	550	0.68	899 - 361
HPG	148	103	364	0.83	826 - (-56)
TLP	134	115	367	0.96	956 - (-82)
LME	82	68	499	0.91	958 - 276
LMW	109	79	413	1.02	951 - 433

Sampling and Analysis, and Data Verification

The numerous fault-fissure structures that cut the gneissic bedrock of the Ying Property are not continuously mineralized. Veins occur intermittently along these structures, appearing and disappearing along-strike and down-dip. Silvercorp's exploration consists of horizontal tunnelling along and across the veins, in addition to driving raises or declines to access the veins at other levels. Core drilling is designed to intersect the veins in other locations both laterally and vertically. Channel samples are collected from underground tunnels and other workings, and core samples are collected from altered and mineralized drill cores.

Core Samples

NQ-sized drill cores (48 mm in diameter) are recovered from the mineralized zones. Drill core recoveries are influenced by lithology and average 98 – 99%. Drill core is moved from drill site to the surface core shack located at the mine camp on daily basis and is logged, photographed and sampled in detail there. Samples are prepared by cutting the core in half with a diamond saw. One half of the core is marked with a sample number and sample boundary and then returned to the core box for archival storage. The other half is placed in a labeled cotton cloth bag with sample number marked on the bag. A pre-numbered ticket book is used to assign the sample numbers. A ticket from the book is inserted in the bag and the stub of the ticket book is retained for reference. The bagged sample is then shipped to the laboratory for assaying.

Chip / Channel Samples

Channel samples across the mineralized structures are collected across the back of the tunnels at 5 m intervals, with the spacing of channel samples increasing to 15 or 25 m in the non-mineralized sections of the vein structures. Individual

channels can consist of multiple chip samples, cut across and bracketing the mineralization and associated wall rocks across the tunnel. Assay results of samples are documented on underground level maps and longitudinal sections.

Sampling, Analysis and Data Verification

Core samples are shipped or couriered in securely sealed bags to one of the following four reputable commercial laboratories:

- The Analytical Laboratory of Henan Geological Exploration Bureau (Zhengzhou Geo-Laboratory) in Zhengzhou, Henan Province,
- The Analytical Laboratory of the Institute of Geophysical and Geochemical Exploration of the Chinese Academy of Geosciences (IGGE Laboratory) in Langfang, Hebei Province,
- The Chengde Huakan 514 Geology and Mineral Testing and Research Institute (Chengde Laboratory) in Chengde, Hebei Province,
- The Analytical Laboratory of the Inner Mongolia Geological Exploration Bureau (Inner Mongolia Laboratory) in Hohhot, Inner Mongolia.

All four laboratories are accredited and certified as first class laboratories by the Chinese government. The procedures for sample preparation and quality management in these laboratories are established in accordance with the official Chinese technical standard DZ/T 0130-2006 (The Specification of Testing Quality Management for Geological Laboratories), which is a combination of the basic principles and methodologies of ISO 9000:2000 and ISO/IEC 17025:1999. Their sample preparation procedures consist of drying, crushing, splitting and weighing of a 200-gram sample, followed by pulverizing to 200-mesh size. The 200-mesh sample split is split again with a 100-gram split used for final assay. Two-acid digestion and AAS finish are utilized on a 0.5 g sample for lead and zinc assay. Titration is utilized as a modified process for higher grade materials. Silver is also analyzed using a two-acid digestion on a 0.5 g sample and AAS finish.

Channel samples are prepared and assayed at Silvercorp's mine laboratory (Ying Laboratory) located at the mill complex in Luoning County. Samples are dried at 100° to 105°C in an oven and are then crushed and pulverized through three procedures, preliminary crushing, intermediate crushing and final pulverizing. Sample splitting is conducted at each procedure. A 200 g sample of minus 160 mesh (0.1 mm) is prepared for assay. A duplicate sample of minus 1 mm is made and kept at the laboratory archives. A 0.5 g pulp sample is treated with two-acid digestion and assayed for silver, lead, zinc and copper with AAS at the laboratory.

Silvercorp's QA / QC program in the period from July 2013 to June 2016 comprised the following:

- Regular insertion of Certified Reference Material (CRM) samples, blanks and duplicates at a rate of one CRM, one blank and one duplicate per 40 sample batch.
- Regular review of results, with additional review by independent Qualified Persons.

Silvercorp geologists at each mine and the Exploration Management Department in Silvercorp's Beijing Office review QA / QC data on a regular basis. Any batch that reaches warning threshold or fails the QA / QC program is automatically notified for investigation or re-assayed, and only approved assay results are used for Mineral Resource estimation.

Mineral Processing and Metallurgical Testing

The lab scale mineral processing and metallurgical tests for the Ying Property deposits were done by three laboratories in China:

- Hunan Nonferrous Metal Research Institute (HNMRI) using SGX mineralization in 2005.
- Tongling Nonferrous Metals Design Institute (TNMDI) using HZG mineralization in 2006.
- Changsha Design and Research Institute (CDRI) using TLP mineralization in 1994.

SGX is the main deposit and the HNMRI work is the most comprehensive; therefore, the lab test results from HNMRI's study (2005) on SGX mineralization were used for both mill Plant 1 (2005) and Plant 2 (2008) design. AMC is not

aware of any subsequent external Design Institute metallurgical testwork having been carried out, although continual on-site “plant-tuning” occurs.

Mineral Resource and Mineral Reserve Estimates

In AMC’s opinion, the geological data used to inform the Ying Property block model estimates were collected in line with industry good practice as defined in the Canadian Institute of Mining and Metallurgy and Petroleum (CIM) Exploration Best Practice Guidelines and the CIM Mineral Resource, Mineral Reserve Best Practice Guidelines.

The Mineral Resource estimates for the Ying Property were prepared by independent Qualified Person, Dr Adrienne Ross, P.Geo, with the assistance of Ms Kathy Zunica of AMC, and with input from Mr Pat Stephenson, P.Geo. Datamine software was used, and, as a result of a recommendation in AMC’s 2012 Technical Report, the June 30, 2016 resources were estimated using a block modelling approach, with 3D ordinary kriging and Datamine’s™ dynamic anisotropy application[2].

The Mineral Resources include material (approximately 25% of the Indicated Resources) below the lower limit of Silvercorp’s current mining permits. However, because of the nature of Chinese regulations governing applications for new or extended mining permits, and because Mineral Resources have been shown to extend below the current lower limits, AMC is satisfied that there is no material risk of Silvercorp not being granted approval to extend the lower depth limit of its permits to develop these Resources as and when required.

The Mineral Resources are reported above cut-offs after applying a minimum practical extraction width of 0.3 m. Diluted grades were estimated for blocks with mineralization widths less than 0.3 m by adding a waste envelope with zero grade. Cut-off grades are based on in situ values in silver equivalent (AgEq) terms in grams per tonne and incorporate mining, processing and general & administration (“G&A”) costs provided by Silvercorp for each mine and reviewed by AMC.

For the purposes of cut-off grade and silver equivalent calculations, AMC has used relevant reported individual metal processing recoveries and operating costs for each site, and the following long-term metal prices for both Mineral Resources and Mineral Reserves: Au US$1,250/oz, Ag US$19/oz, Pb US$0.90/lb, Zn US$1.00/lb.

The total estimated Mineral Resources for the SGX, HZG, HPG, TLP, and LME and LMW mines, respectively, reported by category, are summarized in the following Table 2.

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[2] Dynamic anisotropy re-orientates the search ellipsoid for each estimated block based on the local orientation of the mineralization

Table 2 Mineral Resources of the Ying Property as of June 30, 2016

Mine	Resource Category	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Metal Contained in Resource			
							Au (koz)	Ag (Moz)	Pb (kt)	Zn (kt)
SGX	Measured	2.67	-	296	5.71	3.06	-	25.46	152.7	81.71
	Indicated	3.86	-	271	5.06	2.36	-	33.64	195.5	91.19
	Measured + Indicated	6.54	-	281	5.33	2.64	-	59.10	348.2	172.90
	Inferred	3.66	-	268	5.14	2.33	-	31.50	187.8	85.23
HZG	Measured	0.33	-	390	1.20	0.24	-	4.14	4.0	0.78
	Indicated	0.45	-	297	0.91	0.18	-	4.27	4.1	0.80
	Measured + Indicated	0.78	-	336	1.03	0.20	-	8.41	8.0	1.58
	Inferred	0.35	-	231	1.22	0.25	-	2.63	4.3	0.87
HPG	Measured	0.69	1.10	88	3.77	1.15	24	1.95	26.0	7.92
	Indicated	0.63	1.10	85	2.84	1.15	22	1.72	17.9	7.21
	Measured + Indicated	1.32	1.10	87	3.33	1.15	47	3.66	43.8	15.12
	Inferred	1.01	1.21	114	3.88	1.09	39	3.69	39.1	10.98
LME	Measured	0.32	-	348	1.64	0.31	-	3.55	5.2	1.0
	Indicated	0.93	-	312	2.19	0.49	-	9.33	20.3	4.51
	Measured + Indicated	1.25	-	321	2.05	0.44	-	12.88	25.5	5.51
	Inferred	0.65	-	326	1.60	0.42	-	6.79	10.3	2.73
LMW	Measured	0.54	-	329	3.44	0.27	-	5.74	18.7	1.49
	Indicated	1.93	-	239	2.68	0.31	-	14.84	51.7	6.00
	Measured + Indicated	2.47	-	259	2.85	0.30	-	20.58	70.4	7.49
	Inferred	1.36	-	250	2.37	0.32	-	10.95	32.2	4.38
TLP	Measured	1.36	-	222	3.76	0.28	-	9.71	51.1	3.80
	Indicated	2.60	-	167	3.21	0.31	-	13.97	83.5	7.94
	Measured + Indicated	3.96	-	186	3.40	0.30	-	23.68	134.6	11.74
	Inferred	3.44	-	196	3.95	0.32	-	21.69	135.6	11.04
Total	Measured	5.91	0.13	266	4.36	1.64	24	50.55	257.6	96.69
	Indicated	10.40	0.07	233	3.59	1.13	22	77.76	373.0	117.66
	Measured + Indicated	16.31	0.09	245	3.87	1.31	47	128.31	630.6	214.35
	Inferred	10.47	0.12	230	3.91	1.10	39	77.25	409.4	115.22

Notes:
Measured and Indicated Mineral Resources are inclusive of Mineral Resources from which Mineral Reserves are estimated
Metal prices: gold US$1250/troy oz, silver US$19/troy oz, lead US$0.90/lb, zinc US$1.00/lb
Exchange rate: RMB 6.50 : US$1.00
Veins factored to minimum extraction width of 0.3 m
Cut-off grades: SGX 140 g/t AgEq; HZG 125 g/t AgEq; HPG 125 g/t AgEq; LME 125 g/t AgEq; LMW 130 g/t AgEq TLP 120 g/t AgEq
Silver equivalent formulas by mine:

SGX=33.1895*Pb%+23.4590*Zn%+Ag g/t;
HZG=31.8736*Pb%+Ag g/t;
HPG=33.9925*Pb%+18.3181*Zn%+55.4773*Au g/t+Ag g/t;
LME=34.0436*Pb%+Ag g/t;
TLP=34.1401*Pb%+Ag g/t;
LMW=34.6856*Pb%+Ag g/t;

Exclusive of mine production to 30 June 2016
Rounding of some figures may lead to minor discrepancies in totals

Comparison of Mineral Resources, June 30, 2013 and June 30, 2016

A comparison of Mineral Resource estimates between 30 June 2013 and 30 June 2016 indicates the following:

- For Measured plus Indicated Resources, tonnes have increased by 16%, grades have increased by between 3% and 7%, and contained metal has increased by 20% for silver, 23% for lead and 24% for zinc.
- For Inferred Resources, tonnes have increased by 39%, silver grades have decreased by 8%, lead grades have increased by 20%, zinc grades have increased by 11%, and contained metal has increased by 28% for silver, 67% for lead and 54% for zinc.
- The main reasons for the differences are Mineral Resource addition and conversion to higher categories arising from drilling and level development, different cut-off grades, and depletion due to mining.

Mineral Reserve Estimate

The Mineral Reserve estimation is based on the assumption that current stoping practices will continue to be predominant at the Ying Property, namely cut and fill resuing and shrinkage stoping, using hand-held drills and hand-mucking within stopes, and loading to mine cars by rocker-shovel or by hand. The largely sub-vertical veins, generally competent ground, reasonably regular vein width, and hand-mining techniques using short rounds, allows a significant degree of selectivity and control in the stoping process. Minimum mining widths of 0.5 m for resuing and 1.0 m for shrinkage are assumed. AMC has observed the mining methods at the Ying Property and considers the minimum extraction and mining width assumptions to be reasonable. Minimum dilution assumptions are 0.10 m of total overbreak for a resuing cut and 0.2 m of total overbreak for a shrinkage stope. For the total tonnage estimated as Ying Mineral Reserves, 42% is associated with resuing and 58% with shrinkage. The Mineral Reserve estimates for the Ying Property were prepared by Silvercorp under the guidance of independent Qualified Person, Mr H A Smith, P.Eng., who takes QP responsibility for those estimates.

Cut-off Grades

Mineral Reserves have been estimated using breakeven cut-off values for shrinkage and resuing at each site as appropriate. The cut-off grade basis is summarized below and in Table 3.

Cut-off grade AgEq (g/t) = (mining cost + sustaining capital + milling cost + hauling cost + G&A cost + selling cost + mineral resources tax) / (processing recovery x mining recovery x Ag price).

Table 3 Mineral Reserve Cut-off Grades and Key Estimation Parameters

Item	SGX		HZG	HPG		LME		TLP		LMW	
Foreign exchange rate (RMB:US$)	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
	Resuing	**Shrinkage**	**Resuing**	**Resuing**	**Shrinkage**	**Resuing**	**Shrinkage**	**Resuing**	**Shrinkage**	**Resuing**	**Shrinkage**
Operating costs											
Sustaining Capital ($/t) (mine development & exploration tunnelling cost)	29.09	29.09	32.11	23.05	23.05	18.61	18.61	12.34	12.34	21.96	21.96
Mining Cost ($/t)	51.35	36.49	36.58	55.5	40.58	49.52	29.77	46.4	33.19	55.13	29.77
Hauling cost ($/t)	4.14	4.14	4.60	4.29	4.29	3.24	3.24	3.04	3.04	3.12	3.12
Milling cost ($/t)	8.09	8.09	8.26	8.33	8.33	12.98	12.98	8.20	8.20	5.13	5.13
G&A and product selling cost ($/t)	10.33	10.33	10.33	10.33	10.33	10.33	10.33	10.33	10.33	10.33	10.33
Mineral Resources tax ($/t)	2.42	2.42	2.19	2.04	2.04	2.18	2.18	2.03	2.03	2.22	2.22
Total operating costs (US$/t)*	105.42	90.56	94.07	103.54	88.62	96.86	77.11	82.34	69.13	97.89	72.53
Mining recovery (%)	95	92	95	95	92	95	92	95	92	95	92
Mill recoveries											
Au (%)				75	75						
Ag (%)	94.45	94.45	95.56	88.94	88.94	95.23	95.23	92.39	92.39	93.32	93.32
Pb (%)	96.51	96.51	93.77	93.08	93.08	93.22	93.22	93.48	93.48	94.98	94.98
Zn (%)	61.4	61.4		45.14	45.14						
Breakeven COG (AgEq g/t) = opex $/t / (mining recovery% x processing recovery% x Ag $ value per g*)	190	170	170	200	175	175	145	155	130	180	135

Notes:
Metal price assumptions: Ag $19/oz; Pb $0.90/lb; Zn $1.00/lb.
No Zn value ascribed to ore from HZG, LM, TLP and LMW sites.
Operating costs from 2016 calendar year actuals and projections

Lower cut-off grade values have been used for vein development operations where, effectively, the cost of this development is sunk and the value of the material mined has only to bear the cost of hauling, milling, G&A, selling and tax. These values are shown in Table 4.

Table 4 Vein development cut-off grades

Vein development cut-off estimates	SGX	HZG	HPG	LM	TLP
AgEq Cut-off g/t	50.00	50.00	50.00	50.00	50.00

Note: Costs and metal price assumptions as per Table 3 above.

Dilution

Minimum mining widths are assumed as 0.5 m and 1.0 m respectively for resuing and shrinkage. For resuing, a dilution factor has been applied to each true vein width up to a minimum extraction width of 0.5 m or to (vein width plus 0.1 m) where the true width is greater than 0.4 m. For shrinkage, a minimum dilution factor of 0.2 m is added to the minimum vein width of 0.8m. AMC notes that a key strategy used at Ying for minimizing floor dilution is the placement of rubber mats and / or conveyor belting over the waste fill floor in resuing stopes immediately before each resuing blast. This effectively serves as a barrier between ore and waste.

The dilution calculation process used for the Mineral Reserves assumes that the resulting figures represent the overall tonnes and grade delivered to surface. There is a small degree of waste hand sorting, and therefore upgrading, that occurs underground, depending on the mine and mining method. AMC considers that the resulting impact of this hand-sorting on the delivered product is not significant enough to be material.

AMC notes that the projections for dilution in both resuing and shrinkage stopes assume a high degree of process control in terms of design, drilling and blasting, and that such control on an ongoing basis will be critical to achieving dilution targets.

Table 5 summarizes average dilution from the Mineral Reserve calculations for each of the Ying mines. There is a significant reduction in estimated dilution for Mineral Reserves compared to the most recent Technical Report. AMC considers that the current dilution estimation is reasonable considering the enhanced focus on mining process control and the recently observed results from those efforts.

Table 5 Average dilution by mine and method

Mine	Dilution %	
	Resuing	Shrinkage
SGX	17%	15%
HZG	23%	22%
HPG	17%	19%
LM-E	21%	18%
LM-W	13%	14%
TLP	17%	19%
Total Ying	17%	17%

Mining Recovery Factors

Mining recovery estimates used in the Mineral Reserve calculations are based on experience at each of the Ying operations and for each mining method. For resuing stopes, 95% total recovery is assumed; for shrinkage stopes, 92% total recovery is assumed. Minimal pillars are anticipated to remain between adjacent mining blocks in the same vein, and partial recovery in sill pillars is allowed for in the respective recovery factors.

Mineral Reserve Estimate

To convert Mineral Resources to Mineral Reserves, Silvercorp uses the following procedures:

- Selection of Measured and Indicated Resource areas (potential stope blocks) for which the average AgEq grade is greater than the mine cut-off AgEq grade
- Application of minimum extraction and mining width criteria and calculation of dilution at zero grade
- Estimation of Mineral Reserve potential by applying relevant mining loss factors
- Reconfirmation that diluted AgEq grade is greater than mine cut-off
- Confirmation as Mineral Reserves by considering any other significant cost factors such as additional waste development required to gain access to the block in question

Table 6 summarizes the Mineral Reserve estimates for each Ying mine and for the Ying operation as a whole. 38% of the Mineral Reserve tonnage is categorized as Proven and 62% is categorized as Probable.

Table 6 Ying Mines Mineral Reserve Estimates at June 30, 2016

Mines	Categories	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	EQ-Ag(g/t)	Metal Contained in Reserves			
								Au (koz)	Ag (Moz)	Pb (kt)	Zn (kt)
SGX	Proven	2.32		272	5.25	2.69	509		20.28	121.60	62.21
	Probable	3.18		248	4.86	2.11	459		25.40	154.55	67.06
Total Proven & Probable		5.50		258	5.02	2.35	480		45.68	276.15	129.27
HZG	Proven	0.23		348	1.03	0.20	384		2.60	2.39	0.47
	Probable	0.35		285	0.77	0.15	312		3.23	2.73	0.52
Total Proven & Probable		0.59		310	0.88	0.17	341		5.83	5.12	0.99
HPG	Proven	0.47	1.10	88	3.76	1.13	297	16.43	1.31	17.50	5.26
	Probable	0.29	1.15	108	3.28	1.17	304	10.84	1.02	9.65	3.45
Total Proven & Probable		0.76	1.12	95	3.57	1.15	300	27.27	2.33	27.15	8.71
TLP	Proven	1.00		223	3.45	0.26	341		7.15	34.39	2.62
	Probable	1.48		178	2.91	0.29	277		8.45	43.09	4.31
Total Proven & Probable		2.47		196	3.13	0.28	303		15.60	77.49	6.93
LM-E	Proven	0.20		288	1.45	0.27	337		1.82	2.85	0.54
	Probable	0.75		298	2.11	0.46	370		7.23	15.95	3.48
Total Proven & Probable		0.95		296	1.97	0.42	363		9.06	18.80	4.02
LM-W	Proven	0.46		316	3.29	0.25	428		4.69	15.21	1.14
	Probable	1.57		234	2.61	0.29	323		11.83	41.04	4.63
Total Proven & Probable		2.04		252	2.76	0.28	346		16.52	56.25	5.77
Ying Mine	**Proven**	**4.67**	**0.11**	**252**	**4.15**	**1.55**	**431**	**16.43**	**37.85**	**193.95**	**72.24**
	Probable	**7.63**	**0.04**	**233**	**3.50**	**1.09**	**374**	**10.84**	**57.16**	**267.01**	**83.45**
Total Proven & Probable		**12.30**	**0.07**	**240**	**3.75**	**1.27**	**396**	**27.27**	**95.02**	**460.96**	**155.69**

Notes to Mineral Reserve Statement:
Stope Cut-off grades (Ag/Eq g/t): SGX – 190 Resuing, 170 Shrinkage; HZG – 170 Resuing; HPG – 200 Resuing, 175 Shrinkage; LME -175 Resuing, 145 Shrinkage; LMW -180 Resuing, 135 Shrinkage; TLP - 155 Resuing, 130 Shrinkage.
Vein development cut-off grades of 50 g/t AgEq for all mines.
Unplanned dilution (zero grade) assumed as 0.05m on each wall of a resuing stope and 0.10m on each wall of a shrinkage stope.
Mining recovery factors assumed as 95% for resuing and 92% for shrinkage.
Metal prices: gold US$1,250/troy oz, silver US$19/troy oz, lead US$0.90/lb, zinc US$1.00/lb
Processing recovery factors: SGX – 94.5% Ag, 96.5% Pb, 61.4% Zn; HZG – 95.6% Ag, 93.8% Pb; HPG – 88.9% Ag, 93.1% Pb, 45.1% Zn; LME – 95.2% Ag, 93.2% Pb; LMW – 93.3% Ag, 95.0% Pb; TLP – 92.4% Ag, 93.5% Pb.
Exclusive of mine production to 30 June 2016. Exchange rate assumed is RMB 6.50 : US$1.00.
Rounding of some figures may lead to minor discrepancies in totals.

AMC notes that the average silver and lead grades for the total combined Ying Mines Mineral Reserves are of the order of 20% lower than reported mined grades from operations for January to November 2016. This is consistent with the mining plan generally moving into lower grade areas as the LOM progresses. AMC notes that the grade distribution of the Mineral Reserves and the increased operational focus on minimizing dilution allows a continuing opportunity to mine at above-overall-average grades in at least the early stages of the projected remaining LOM. AMC advises that best mining practices and the focus on tight dilution control will be key to optimizing grade throughout the extraction of the Ying Mineral Reserves.

Table 7 below summarizes the total tonnage mined and total metals produced from the Ying Projects as a whole between June 30, 2016 the date of the latest mineral reserve report and March 31, 2018:

Table 7 Tonnage mined and metal produced since Ying Report date

	Production, year ended March 31, 2018	Production, nine months ended March 31, 2017	Total Production since latest mineral reserve report (June 30, 2016)
Ore Mined (Mmt)	0.61	0.46	1.07
Silver Produced (Moz)	5.44	4.44	9.88
Gold Produced (oz)	3,069	2,387	5,456
Lead Produced (t)	25,029	22,025	47,054
Zinc Produced (t)	2,783	1,828	4,611

Note: Table 7 and the immediately preceding text that references it are subsequent to and do not form part of the Ying Report.

Mineral Reserves Sensitivity to Cut-off Grade

AMC has tested the sensitivity of the Ying Mineral Reserves to variation in cut-off grade by applying a 20% increase in COG to Mineral Reserves at each of the Ying mines. The approximate percentage differences in contained AgEq ounces for each of the Ying mines and for the property as a whole are shown in Table 8

Table 8 Estimated Reduction in Contained AgEq Oz in Mineral Reserves for COG increase of 20%

	SGX	HZG	HPG	TLP	LME	LMW
Mine AgEq oz reduction	3.6%	2.4%	18.6%	10.3%	8.00%	7.2%
Ying Total AgEq oz reduction	6.1%					

The lowest sensitivities are seen at SGX and HZG with, respectively, an estimated 3.6% and 2.4% reduction in contained AgEq ounces when the COG is increased by 20%. The highest reduction of 18.6% is noted at HPG. For Ying as a whole, an approximately 6% reduction demonstrates relatively low overall COG sensitivity.

Conversion of Mineral Resources to Reserves

Table 9 compares the respective sums of Measured plus Indicated Resources and Proven plus Probable Reserves for each of the Ying mines and the entire Ying operation.

Table 9 Resources and Reserves Comparison

Mine		Tonnes Mt	Au g/t	Ag g/t	Pb %	Zn %	Au koz	Ag Moz	Pb kt	Zn kt
SGX	Resource MS+ID	6.54		281	5.33	2.64		59.1	348.2	172.9
	Reserve Prv + Prb	5.5		258	5.02	2.35		45.68	276.15	129.27
Conversion percentages		84%		92%	94%	89%		77%	79%	75%
HZG	Resource MS+ID	0.78		336	1.03	0.2		8.41	8.034	1.58
	Reserve Prv + Prb	0.59		310	0.88	0.17		5.83	5.12	0.99
Conversion percentages		76%		92%	85%	85%		69%	64%	63%
HPG	Resource MS+ID	1.32	1.1	87	3.33	1.15	47	3.66	43.8	15.12
	Reserve Prv + Prb	0.76	1.12	95	3.57	1.15	27.27	2.33	27.15	8.71
Conversion percentages		58%	102%	109%	107%	100%	58%	64%	62%	58%
TLP	Resource MS+ID	3.96		186	3.4	0.3		23.68	134.6	11.74

	Reserve Prv + Prb	2.47		196	3.13	0.28		15.6	77.49	6.93
Conversion percentages		62%		105%	92%	93%		66%	58%	59%
LM-E	Resource MS+ID	1.25		321	2.05	0.44		12.88	25.5	5.51
	Reserve Prv + Prb	0.95		296	1.97	0.42		9.06	18.8	4.02
Conversion percentages		76%		92%	96%	95%		70%	74%	73%
LM-W	Resource MS+ID	2.47		259	2.85	0.3		20.58	70.4	7.49
	Reserve Prv + Prb	2.04		252	2.76	0.28		16.52	56.25	5.77
Conversion percentages		83%		97%	97%	93%		80%	80%	77%
Total	Resource MS+ID	16.31	0.09	243	3.87	1.31	47	127.42	630.6	214.35
	Reserve Prv + Prb	12.3	0.07	240	3.75	1.27	27.27	95.02	460.96	155.69
Conversion percentages		75%	78%	99%	97%	97%	58%	75%	73%	73%

*Numbers may not compute exactly due to rounding.

For the Property as a whole, total Mineral Reserve tonnes are approximately 75% of Mineral Resource (Measured plus Indicated) tonnes. Silver, lead and zinc Mineral Reserve grades are 99%, 97% and 97% respectively of the corresponding Measured plus Indicated Mineral Resource grades. Metal conversion percentages for silver, lead and zinc are 75%, 73% and 73% respectively.

Reconciliation

Table 10 shows Ying Mineral Reserves as of mid-2013 (previous Technical Report) and as of mid-2016 (this Technical Report). The 2016 data is exclusive of ore mined since mid-2013.

Table 10 Mineral Reserves mid-2013 and mid-2016

Mines	Categories	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Metal Contained in Reserves			
							Au (oz)	Ag (Moz)	Pb (kt)	Zn (kt)
SGX 2013	Proven	2.66		230	4.41	2.33		19.64	117.30	61.90
	Probable	2.20		206	3.75	1.90		14.56	82.50	41.90
Total Proven & Probable		4.86		219	4.11	2.14		34.20	199.80	103.80
SGX 2016	Proven	2.32		272	5.25	2.69		20.28	121.60	62.21
	Probable	3.18		248	4.86	2.11		25.4	154.55	67.06
Total Proven & Probable		5.50		258	5.02	2.35		45.68	276.15	129.27
SGX % Change	Proven	-13%		18%	19%	15%		3%	4%	1%
	Probable	45%		20%	30%	11%		74%	87%	60%
Total Proven & Probable		13%		18%	22%	10%		34%	38%	25%
HZG 2013	Proven	0.30		344	1.16	0.19		3.32	3.50	0.60
	Probable	0.39		279	1.12	0.13		3.49	4.40	0.50
Total Proven & Probable		0.69		307	1.14	0.16		6.82	7.80	1.10
HZG 2016	Proven	0.23		348	1.03	0.20		2.60	2.39	0.47
	Probable	0.35		285	0.77	0.15		3.23	2.73	0.52
Total Proven & Probable		0.59		310	0.88	0.17		5.83	5.12	0.99
HZG % Change	Proven	-23%		1%	-11%	5%		-22%	-32%	-22%
	Probable	-10%		2%	-31%	15%		-7%	-38%	4%
Total Proven & Probable		-14%		1%	-23%	6%		-15%	-34%	-10%

Mines	Categories	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Metal Contained in Reserves			
							Au (oz)	Ag (Moz)	Pb (kt)	Zn (kt)
HPG 2013	Proven	0.56	0.94	100	4.54	0.81	16,931	1.80	25.40	4.50
	Probable	0.36	1.05	84	3.33	1.14	12,230	0.97	12.10	4.10
Total Proven & Probable		0.92	0.98	94	4.06	0.94	29,160	2.77	37.40	8.70
HPG 2016	Proven	0.47	1.10	88	3.76	1.13	16,430	1.31	17.50	5.26
	Probable	0.29	1.15	108	3.28	1.17	10,840	1.02	9.65	3.45
Total Proven & Probable		0.76	1.12	95	3.57	1.15	27,270	2.33	27.15	8.71
HPG % Change	Proven	-16%	17%	-12%	-17%	40%	-3%	-27%	-31%	17%
	Probable	-19%	10%	29%	-2%	3%	-11%	5%	-20%	-16%
Total Proven & Probable		-17%	14%	1%	-12%	22%	-6%	-16%	-27%	0%
TLP 2013	Proven	1.18		135	2.67	0.18		5.13	31.50	2.10
	Probable	2.10		160	2.45	0.22		10.80	51.30	4.70
Total Proven & Probable		3.28		151	2.52	0.21		15.94	82.80	6.80
TLP 2016	Proven	1.00		223	3.45	0.26		7.15	34.39	2.62
	Probable	1.48		178	2.91	0.29		8.45	43.09	4.31
Total Proven & Probable		2.47		196	3.13	0.28		15.60	77.49	6.93
TLP % Change	Proven	-15%		65%	29%	44%		39%	9%	25%
	Probable	-30%		11%	19%	32%		-22%	-16%	-8%
Total Proven & Probable		-25%		30%	24%	33%		-2%	-6%	2%
LM 2013	Proven	0.54		282	1.67	0.20		4.92	9.10	1.10
	Probable	2.35		236	1.84	0.24		17.89	43.40	5.80
Total Proven & Probable		2.89		245	1.81	0.24		22.81	52.50	6.90
LM 2016	Proven	0.66		307	2.74	0.25		6.51	18.06	1.68
	Probable	2.33		255	2.45	0.35		19.06	56.99	8.11
Total Proven & Probable		2.99		266	2.51	0.33		25.58	75.05	9.79
LM % Change	Proven	22%		9%	64%	25%		32%	98%	53%
	Probable	-1%		8%	33%	46%		7%	31%	40%
Total Proven & Probable		3%		9%	39%	38%		12%	43%	42%
Ying Mine 2013	Proven	5.24	0.10	207	3.56	1.34	16,931	34.81	186.70	70.20
	Probable	7.40	0.05	200	2.62	0.77	12,230	47.71	193.70	57.00
Total Proven & Probable		12.64	0.07	203	3.01	1.01	29,160	82.52	380.40	127.20
Ying Mine 2016	Proven	4.67	0.11	252	4.15	1.55	16,430	37.85	193.95	72.24
	Probable	7.63	0.04	233	3.50	1.09	10,840	57.16	267.01	83.45
Total Proven & Probable		12.30	0.07	240	3.75	1.27	27,270	95.02	460.96	155.69
Ying % Change	Proven	-11%	10%	22%	17%	16%	-3%	9%	4%	3%
	Probable	3%	-20%	17%	34%	42%	-11%	20%	38%	46%
Total Proven & Probable		-3%	0%	18%	25%	26%	-6%	15%	21%	22%

Some significant aspects of the comparison are:

- 3% decrease in total Ying Mineral Reserve tonnage.

- Increase in total Ying Mineral Reserve silver, lead and zinc grades of 18%, 25%, and 26% respectively.
- Increase in total Ying Mineral Reserve metal content for silver, lead and zinc of 15%, 21% and 22% respectively.
- SGX continues being the leading contributor to the Ying Mineral Reserves, now accounting for 45% of tonnes, 48% of silver, 60% of lead and 83% of zinc, compared to respective values of 38%, 36%, 43% and 67% in 2013.
- Decrease in TLP Mineral Reserve tonnes of 25% but increase in silver, lead and zinc grades of 30%, 24% and 33% respectively.
- Decrease in HPG Mineral Reserve tonnes of 17%.
- Increase in LM (combined LME and LMW) Mineral Reserve metal content for silver, lead and zinc of 12%, 43% and 42% respectively.

Mining Operations

The Ying mine complex is a viable operation with a projected LOM through to 2036 based on Proven and Probable Reserves. The potential exists for an extended LOM via further exploration and development, particularly in areas of Inferred Resources.

The annual ore production is anticipated to be maintained at between 650 kt and 749 kt from 2017 to 2025; then from 2026 to 2036 ore production is projected to gradually fall to around 370 kt per annum as HZG, HPG and LME mines are phased out of production. Development and infrastructure to allow access to, and mining in, the necessary number of working places is either in place, in development or is planned. AMC considers that the projected production can be achieved but that there is a degree of risk associated with having sufficient skilled mining labour consistently available. AMC also notes that a continuing high degree of focus will be necessary throughout the Ying operation for planned development targets to be achieved.

Projected metal grades through to around 2023 are largely in-line with reported production grades in Fiscal 2016. The current focus on dilution and grade control will need to be diligently maintained if Mineral Reserve mining grades are to be achieved.

The Ying mines safety is governed by Chinese statutory requirements and AMC understands that, in certain areas, those requirements are exceeded. AMC advises, however, that Silvercorp should continue with a focus on safety improvement, including implementation of a policy where the more stringent of either Chinese or Canadian safety standards are employed.

The generally good ground conditions, and the regularity and sub-vertical nature of the Ying district veins, may provide an opportunity to effectively employ more bulk-mining methods such as long-hole benching, and still with reasonable dilution.

Processing and Recovery Operations

Silvercorp runs two processing plants, Plants 1 and 2, at the Ying Mine with a total current design capacity of 2,600 tpd. The two plants are situated within 2 km of each other. Both were designed based on the lab tests completed by HNMRI in 2005. The overall processes of the two plants are similar and comprise crushing, grinding, flotation of lead and zinc concentrates, and concentrate dewatering. Plant 1 also has a lead / copper flotation separation circuit for use when treating high grade copper ore. In the LOM plan, the majority of ore tonnes will be processed through Plant 2, with Plant 1 being used as a backup to process low grade ore or development ore from LM, HZG, and part of TLP.

Both Plants 1 and 2 have been exceeding design throughput levels. Lead and silver recovery targets are being met or exceeded, although zinc recovery is lower than design, attributed to low zinc feed grades. Silver grade in lead concentrate meets the design targets, however, the lead grade has, on average, been below target since 2012. These statistics are consistent with an increasing proportion of production from lower grade mines such as TLP, LME and LMW.

Historically, higher-grade feed from SGX has enhanced plant performance but, with the proportion and grade of SGX ore decreasing, the challenge is to maintain similar metallurgical performance on lower grade feedstock.

Maintaining recovery seems reasonably achievable, but with a moderately adverse impact on concentrate lead grades, still marketable, but incurring higher treatment charges and lower % payables.

SGX / HPG ores also contain high grade, large-size galena lumps with characteristic specular silver-grey colour. These are hand-sorted at the mine sites, crushed, and then shipped by dedicated trucks to Plant 1. The lumps are milled in a dedicated facility, and then sold directly or mixed with flotation lead concentrate for sale.

Infrastructure, Permitting and Compliance Activities

There are two tailings management facilities (TMF): TMF1, adjacent to and serving Plant 1, and TMF 2, adjacent to and serving Plant 2. TMF 2 was completed in July 2012, and put into service in April 2013. Each mine in the Ying Property has a number of mine waste dumps. Those for HZG and HPG are sufficient for the envisaged life of mine production, while additional waste dumps will be constructed at SGX, LME, LMW and TLP to ensure adequate capacity. Total current capacity is around 2.8 Mm^3. Power for the Ying Property is drawn from Chinese National Grids with high-voltage lines to the different mine camps and mill plants.

Access to the SGX / HZG mine from Silvercorp's mill office complex is via a 7 km paved road to the Hedong wharf of the Guxian Reservoir, and then across the reservoir by boat to the mine site. Two large barges carry up to five 45 t ore trucks from the SGX / HZG and HPG mines to the plants. At the SGX mines, ore for hand-sorting is transported to a facility at the north side of the mine by diesel powered locomotive railcars in a 2.69 km long tunnel rail system. Silvercorp has constructed a 1.27 km long tunnel in order to transport ore from HZG to SGX, with completion achieved in December 2012. Ore from the TLP and LM mines is hauled to the Silvercorp central mill using 30 and 45 t truck fleets.

Silvercorp has all the required permits for its operations on the Ying Property. The existing mining permits cover all the active mining areas and, in conjunction with safety and environmental certificates, give Silvercorp the right to carry out full mining and mineral processing operations. Six safety certificates and six environmental certificates have been issued by the relevant government departments, for each of which there is a related mine development / utilization and soil / water conservation program, and rehabilitation plan.

There are no cultural minority groups within the area surrounding the general project and no records of cultural heritage sites exist within or near the SGX and HPG project areas. The mining areas do not cover any natural conservation, ecological forests or strict land control zones, current vegetation being mainly secondary, including farm plantings. Larger wild mammals have not been found in the region.

Capital and Operating Costs

Summary of Capital Costs

The principal capital requirement in the Ying district is for mine development. Capital provision is also made for exploration drilling and for sustaining surface facilities and equipment in general. Specific processing plant capital requirements going forward are projected to be minimal as plant capacity has already been expanded to meet the forecast mine production. Projected LOM mining capital costs are summarized by mine in Table 11.

Table 11 Total projected LOM capital cost – Ying Property

	Mine	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
RMB (M)	SGX	33.77	31.27	31.58	20.12	14.05	17.03	16.5	18.02	16.12	15.44	17.13	20.44	19.87	19.61	16.29	15.82	17.24	13.4	11.79	6.01	**371.50**
	HZG	9.06	7.09	5.48	6.76	5.95	4.61	4.65	3.08	1.32	0.4											**48.40**
	HPG	7.34	7.29	7.38	7.4	7.52	7.76	7.32	5.5	3.29												**60.80**
	TLP	9.04	9.21	9.04	9.12	8.9	9.03	9.14	9.02	8.78	8.67	7.25	7.15	7.27	7	6.73	5.64	4.1	3.03	2.28	0.55	**140.95**
	LM East	7.23	7.97	5.69	4.34	3.79	4.77	4.51	2.55	2.26	1.48	1.21		0.36								**46.16**
	LM West	11.54	12.12	12.18	12.04	10.84	10.44	13.69	12.51	9.68	9.63	9.59	9.17	9.23	8.69	7.89	7.85	7.71	7.16	7.34		**189.30**
	Total Mining	**77.98**	**74.95**	**71.35**	**59.78**	**51.05**	**53.64**	**55.81**	**50.68**	**41.45**	**35.62**	**35.18**	**36.76**	**36.73**	**35.3**	**30.91**	**29.31**	**29.05**	**23.59**	**21.41**	**6.56**	**857.11**
US$ (M)	SGX	4.89	4.53	4.58	2.92	2.04	2.47	2.39	2.61	2.34	2.24	2.48	2.96	2.88	2.84	2.36	2.29	2.50	1.94	1.71	0.87	**53.84**
	HZG	1.31	1.03	0.79	0.98	0.86	0.67	0.67	0.45	0.19	0.06											**7.01**
	HPG	1.06	1.06	1.07	1.07	1.09	1.12	1.06	0.80	0.48												**8.81**
	TLP	1.31	1.33	1.31	1.32	1.29	1.31	1.32	1.31	1.27	1.26	1.05	1.04	1.05	1.01	0.98	0.82	0.59	0.44	0.33	0.08	**20.43**
	LM East	1.05	1.16	0.82	0.63	0.55	0.69	0.65	0.37	0.33	0.21	0.18		0.05								**6.69**
	LM West	1.67	1.76	1.77	1.74	1.57	1.51	1.98	1.81	1.40	1.40	1.39	1.33	1.34	1.26	1.14	1.14	1.12	1.04	1.06		**27.43**
	Total Mining	**11.30**	**10.86**	**10.34**	**8.66**	**7.40**	**7.77**	**8.09**	**7.34**	**6.01**	**5.16**	**5.10**	**5.33**	**5.32**	**5.12**	**4.48**	**4.25**	**4.21**	**3.42**	**3.10**	**0.95**	**124.22**
	Drilling Program	2.02	2.03	1.93	1.75	1.54	3.59	1.23	1.09	1.01	0.97	0.74	0.62	0.62	0.59	0.63	0.52	0.48	0.41	0.25	0.13	**22.18**
	Surface Facilities	1.02	0.87	0.43	0.58	0.58	0.58	0.43	0.58	0.73	0.43	0.43	0.43	0.43	0.43	0.51	0.29	0.29	0.29	0.14	0.08	**9.58**
	Total	**14.33**	**13.76**	**12.71**	**11.00**	**9.53**	**11.95**	**9.76**	**9.02**	**7.74**	**6.57**	**6.28**	**6.38**	**6.38**	**6.14**	**5.62**	**5.06**	**4.98**	**4.13**	**3.50**	**1.16**	**155.98**

Summary of Operating Costs

Operating costs are summarized by mine in Table 12. AMC considers these costs to be reasonable for the methods and technology used and the scale of the operations

Table 12 Operating Cost Summary (2016 US$)

Cost Item (US$/t ore)	SGX	HZG	HPG	TLP	LME	LMW
Mining cost	48.27	50.97	41.84	46.26	43.60	58.74
Hauling cost	3.87	4.68	3.98	3.10	3.10	3.18
Milling cost	8.90	8.90	8.90	8.90	8.90	8.90
G&A and other cost	8.76	8.76	8.76	8.76	8.76	8.76
Totals	69.80	73.32	63.48	67.03	64.36	79.54

Note: 1 US$ = 6.9 RMB

The principal components of the milling costs are utilities (power and water), consumables (grinding steel and reagents) and labour, each approximately one-third of the total cost. “G&A and Other” cost includes an allowance for tailings dam and other environmental costs. The major capital expenditure on the two tailings storage facilities has already been expended and the ongoing costs associated with progressively raising the dam with tailings are regarded as an operating cost.

Smelter Contracts

Monthly sales contracts are in place for the lead concentrates with leading smelters, mostly located in Henan province. Among them are Henan Yuguang Gold and Lead Smelting Co. Ltd, Jiyuan Wanyang Smelting (Group) Co. Ltd, Jiyuan Jinli Smelting (Group) Co, and Luoning Yongning Gold and Lead Smelting Co. Ltd. For the zinc concentrate, sales contracts are in place with Henan Yuguang Zinc Industry Co. Ltd and Shaaxi Shangluo Zinc Smelting Co. Ltd.

All contracts have freight and related expenses to be paid by the smelter customers themselves.

The key elements of the smelter contracts are subject to change based on market conditions when the contracts are renewed each month. Table 13 shows terms most commonly applied.

Table 13 Key Elements of Smelter Contracts

	Pb Concentrate & Direct Smelting Ore						Zn Concentrate	
	% Pb	Deduction RMB/t Pb	Ag (g/t)	% payable	Au (g/t)	% payable	% Zn	Deduction RMB/t Zn
Minimum Quality	35		500		1		40	
Payment Scales	>=60	1700	>=5000	91	>=20	87	>=45	Price =<RMB 15000/t:4800
	55-60	1800	4500-5000	90.5	15-20	86		Price > RMB 15000/t:4800+(price-15000)*80%
	50-55	1900	4000-4500	90	10-15	85	40-45	Price =<RMB 15000/t:4800+45 per % lower than 45%
	45-50	2000	3500-4000	89.5	7-10	84		Price > RMB 15000/t:4800+ (price- 15000)*80%+45 per % lower than 45%
	40-45	2100	3000-3500	89	5-7	83		
	35-40	2600	2500-3000	88.5	3-5	82		
			2000-2500	88	2-3	81		
			1500-2000	87.5	1-2	80		
			1000-1500	87				
			500-1000	86.5				

With respect to lead and zinc terms, the above deductibles calculate out to 85-90% payable for the lead concentrate and approximately 70% for zinc, at long-term prices. AMC considers these to be favourable terms relative to global smelter industry norms. Silver payables of approximately 90% are similarly in accord with industry norms.

Economic analysis

Although Silvercorp is a producing issuer and, therefore, does not require an economic analysis for the purposes of this report, AMC believes it is reasonable to include a summary-level analysis to illustrate the potential economic impact relative to the latest Mineral Reserve estimations and to the associated production schedules.

The Ying District is largely a mature operation. A 20-year LOM is envisaged for the resource as currently understood, with average silver equivalent grades projected to be greater than or close to 400 g/t for the first 13 years and then to fall steadily through to the end of mine life. Operating costs and capital costs are anticipated to be reasonable. For the summary economic analysis, AMC has used the same metal prices as in the Mineral Resource and Mineral Reserve estimation, namely:

- Gold US$1,250/oz
- Silver US$19/oz
- Lead US$0.90/lb
- Zinc US$1.00/lb

An exchange rate of 1US$ = 6.9RMB has been used for the economic analysis.

Based on the LOM production forecast and the metal price and other assumptions shown above, a base case pre-tax NPV at 8% discount rate of $714M is projected ($535M post-tax). Over the LOM, 63.1% of the net revenue is projected to come from silver, 31.4% from lead and 5.5% from zinc.

A simple economic sensitivity exercise, assuming a 20% adverse change in individual metal prices, operating cost or capital cost, has indicated that most sensitivity is seen in silver price. The NPV is moderately sensitive to lead price and operating cost, and only slightly sensitive to zinc price and capital cost.

Annual Production Schedule

The LOM ore production schedule by mine is shown in Table 14.

Table 14 Ying Property LOM Production Schedule

SGX	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**Total**
Production (kt)	154	263	263	261	266	272	271	271	264	291	298	293	296	295	298	260	264	265	253	236	180	5,514
Ag (g/t	356	316	322	322	285	290	290	276	267	291	291	262	275	254	225	222	210	187	168	177	156.4	260
Pb (%)	7.36	5.51	6.28	5.87	5.96	5.54	5.54	5.29	5.80	5.22	5.03	4.82	5.01	4.87	3.83	4.69	4.37	3.91	3.66	4.25	4.30	5.06
Zn (%)	2.01	2.41	2.32	2.50	2.56	2.58	2.10	2.32	2.50	2.28	2.06	2.40	2.30	2.34	2.73	2.36	2.16	2.31	2.40	2.30	1.87	2.34
Eq-Ag(g/t)	647	556	585	576	543	535	524	506	518	517	506	479	495	470	416	433	406	371	346	372	343	483
HZG	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**										**Total**
Production (kt)	26	50	55	60	60	60	60	60	60	60	33											586
Ag (g/t	355	338	329	338	341	327	303	289	284	269	272											312
Pb (%)	1.22	1.04	1.19	0.81	0.54	0.65	0.98	1.17	0.78	0.93	0.47											0.89
Zn (%)		0.21	0.20	0.16	0.16	0.17	0.14	0.16	0.18	0.16	0.14											0.16
Eq-Ag(g/t)	393	371	367	364	358	348	334	327	309	299	287											340
HPG	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**											**Total**
Production (kt)	36	72	74	80	82	82	84	87	83	83												763
Au (g/t)	1.13	1.08	0.93	1.57	1.18	1.23	1.14	1.37	0.82	0.79												1.12
Ag (g/t)	128.18	114	118	116	119	75	96	96	72	57												97
Pb (%)	4.21	4.80	4.90	3.57	3.68	3.71	3.32	2.47	3.27	2.29												3.55
Zn (%)	0.73	0.86	1.20	1.33	1.03	1.59	1.09	0.70	1.10	1.63												1.15
Eq-Ag(g/t)	347	353	357	349	329	298	292	268	249	208												301
TLP	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**Total**
Production (kt)	64	123	124	120	123	130	129	124	128	126	123	119	120	118	123	117	117	116	119	111	100	2,476
Ag (g/t	211.1	271	274	255	240	233	219	198	207	197	196	201	188	184	191	184	141	138	120	104	102	195
Pb (%)	2.4	3.84	3.18	2.80	2.70	3.00	3.69	3.17	3.84	3.16	3.00	3.41	3.39	2.99	3.42	2.89	2.66	2.78	2.66	2.40	2.73	3.08
Zn (%)		0.27	0.26	0.34	0.29	0.24	0.24	0.32	0.29	0.26	0.29	0.25	0.22	0.23	0.25	0.26	0.32	0.32	0.40	0.28	0.23	0.27
Eq-Ag(g/t)	291	402	382	351	332	336	345	306	338	305	299	317	303	286	308	283	232	233	211	186	195	300
LM East	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**								**Total**
Production (kt)	21	52	70	81	81	79	85	85	83	83	78	78	76									953
Ag (g/t	396	355	340	328	320	305	294	292	288	294	266	267	217									298
Pb (%)	1.87	1.88	1.60	1.90	1.86	2.05	2.10	1.97	2.27	1.83	2.23	2.46	1.55									1.98
Zn (%)		0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.3									0.42
Eq-Ag(g/t)	460	419	394	392	383	375	365	359	365	356	342	351	270									365
LM West	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**Total**
Production (kt)	49	91	90	100	99	98	98	99	100	105	102	100	99	100	100	104	99	110	105	103	90	2,042
Ag (g/t	313	314	325	362	318	291	352	333	291	298	282	279	295	276	204	179	166	124	103	149	112	253
Pb (%)	3.64	3.71	3.69	2.46	3.30	3.89	2.08	2.25	3.28	2.61	2.94	3.02	2.44	1.90	3.02	3.16	2.40	2.71	2.76	1.76	1.54	2.76
Zn (%)		0.26	0.19	0.18	0.23	0.34	0.22	0.20	0.20	0.28	0.35	0.29	0.26	0.35	0.43	0.51	0.33	0.24	0.30	0.30	0.14	0.28
Eq-Ag(g/t)	439	443	453	447	433	426	424	411	405	388	385	384	379	342	309	289	250	217	199	210	166	349
Ying Mine	**2016 July-Dec**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**Total**
Production (kt)	350	651	677	703	712	721	727	727	718	749	634	590	592	513	520	481	480	491	477	451	370	12,334
Au (g/t)	0.12	0.12	0.10	0.18	0.14	0.14	0.13	0.16	0.10	0.09												0.07
Ag (g/t)	303	289	293	295	272	260	265	252	241	249	267	253	253	242	213	204	184	161	142	153	131	241
Pb (%)	4.81	4.23	4.32	3.70	3.84	3.86	3.71	3.44	3.98	3.46	3.72	3.92	3.80	3.85	3.58	3.92	3.55	3.37	3.21	3.22	3.20	3.75
Zn (%)	0.96	1.07	1.03	1.08	1.07	1.16	0.91	0.95	1.05	1.07	0.97	1.19	1.15	1.34	1.56	1.27	1.19	1.25	1.27	1.21	0.91	1.12
Eq-Ag(g/t)	493	462	467	454	432	423	418	398	404	393	414	412	407	401	367	364	330	302	277	288	259	396

Exploration and Development

AMC recommends that Silvercorp continue exploration tunnelling and diamond drilling at the Ying Property. The exploration tunnelling is used to upgrade the drill-defined Resources to the Measured category, and the diamond drilling is used to expand and upgrade the previous drill-defined Resources, explore for new mineralized zones within the unexplored portions of vein structures, and test for the down-dip and along-strike extensions of the vein structures. The proposed exploration work is as follows:

SGX

Exploration Tunnelling:

25,000 m exploration tunnelling on vein structures S1, S2, S2W, S4, S6, S6E1, S7, S7-1, S7-2, S7E2, S7W, S8, S8E, S10, S14, S14-1, S14-2, S16E, S19, S21, S21W, and S22 between levels 110 m and 710 m.

Diamond Drilling:

30,000 m underground diamond drilling on vein structures S2, S2W2, S7, S7-1, S8, S10, S11, S12, S16W, S18, S19, S21 and S29.

HZG

Exploration Tunnelling:

5,000 m exploration tunnelling on vein structures HZ20, HZ20E, HZ22, HZ23, and HZ5 and H22 between levels 450 m and 810 m.

Exploration Drilling:

5,000 m underground exploration drilling on vein structures HZ5, HZ22 and HZ22E.

HPG

Exploration Tunnelling:

5,000 m exploration tunnelling on major vein structures H4, H5, H13, H14, H15, H16, H16E and H17 between levels 100 m and 700 m.

Underground Drilling:

9,000 m underground diamond drilling on vein structures H5, H5W, H16 and H17 as well as their subzones.

LMW

Exploration Tunnelling:

6,500 m on vein structures LM7, LM8, LM10, LM11, LM12, LM13, LM16, LM17 and LM19 as well as their parallel subzones between levels 500 m and 900 m. LM2, LM3, LM5 and LM6 between levels 500 m and 750 m at LME, and LM7, LM8, LM10, LM11, LM12, LM13, LM14, LM16, LM19, and LM20 between levels 650 m and 900 m at LMW.

Diamond Drilling:

5,000 m underground drilling on LMW6, LM17, LM19 and W6 and their parallel vein structures.

LME

Exploration Tunnelling:

4,000 m on vein structures LM2, LM2-1, LM4, LM4W2, LM5, LM5E, LM5W, LM5W2, LM6, LM6W, LM6E and LM6E2 between levels 450 m and 790 m.

Diamond Drilling:

6,000 m underground diamond drilling on vein groups LM4, LM5, LM6 and LM21.

TLP

Exploration Tunnelling:

7,500 m exploration tunnelling on vein structures T1 vein group, T2, T3E, T4, T5 vein group, T11 vein group, T14, T14branch, T15 vein group, T16 vein group, T17 vein group, T21 vein group, T22 vein group, T23, T27, T28E, T33 vein group, and T35 vein group between levels 500 m and 790 m.

Diamond Drilling:

12,000 m underground drilling on vein structures T11, T14, T16, T21 and T35E.

The estimated cost for all of the above exploration work is:

- Tunnelling: RMB 63,600,000 (US$9.2M)
- Drilling: RMB 20,100,000 (US$2.9M)

Cautionary Note to U.S. Investors Concerning Estimates of Measured Resources and Indicated Resources:

This section uses the terms "measured resources" and "indicated resources". We advise U.S. investors that these terms are not recognized by the U.S. Securities and Exchange Commission. The estimation of measured resources and indicated resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. U.S. investors are cautioned not to assume that mineral resources in these categories will be converted into reserves. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Mineral Resource and Mineral Reserve Estimates".

Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources

This section uses the terms "inferred resources". We advise U.S. investors that this term is not recognized by the U.S. Securities and Exchange Commission. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. U.S. investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured resources or indicated mineral resources. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Mineral Resource and Mineral Reserve Estimates".

5.2 GC Mine

Current Technical Report

Except as otherwise stated, the information in this section is based on the technical report titled " *NI 43-101 Technical Report on the GC Ag-Zn-Pb Project ("GC mine") in Guangdong Province, People's Republic of China*"

(the "**GC Report**") effective January 23, 2012 prepared by AMC Mining Consultants (Canada) Ltd. by Brian O'Connor P.Geo , Peter Mokos MAusIMM (CP), Alan Riles MAIG, Owen Watson MAusIMM (CP), Mo Molavi P.Eng, Patrick Stephenson P.Geo.

The following is the summary from the GC Report and is based on the assumptions, qualifications and procedures which are not fully described herein. The full text of the GC Report which is available for review on SEDAR at www.sedar.com is incorporated by reference in this AIF.

Project Description and Location

The GC mine is located in Yunfu City, Yun'an County, Guangdong Province, People's Republic of China. The boundaries of the exploration permit have not been surveyed and no boundary markers have been staked in the ground.

A Mining License was issued by the Ministry of Land and Resources of China on November 24, 2010. The license is valid for 30 years to November 24, 2040, covers the entire 5.5238 km^2 area of the GC mine and permits mining from 315m to minus 530m elevations.

The Licensee is subject to the charge of a Mining-right using fee ($158 /$km^2$), a Mineral-resource compensation fee (2% of sales) and applicable mineral resource taxes ($2/t milled).

The Guangdong Metallurgical & Architectural Design Institute, a qualified Chinese engineering firm finalized the design of a 1,600 t/d mechanized underground mine, a flotation mill, and a dry-stack tailing facility. The estimated capital cost was about $30 million. With the support of the local County government, Silvercorp has completed the acquisition of surface rights required for the construction of mine and mill and is preparing the site and hiring contractors for the construction. Initial production of 700 tonnes per day mining capacity is expected to be achieved in 12 months with full capacity of 1,600 t/d to be achieved in 18 months.

The Company is not aware of any additional royalties, back-in rights, payments, agreements, environmental liabilities or encumbrances particular to the property other than those stated above. Yangtze Mining Ltd. ("**Yangtze**

Mining") which is wholly owned by Yangtze Gold Ltd. (" **Yangtze Gold** "), acquired the GC mine in 2005 through a 95% interest in a Sino-Foreign joint venture company, Anhui Yangtze Mining Co. Ltd. ("**Anhui Yangtze**").

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The GC mine is located around Gaocheng Village of Gaochun Township, Yun'an County, Guangdong Province, China. Altitudes in the region range from 78.0m to 378.0m above sea level ("**ASL**"), usually 150-250m ASL, with relative differences of 50-150m. Vegetation is in the form of secondary forests of pine and hardwoods, bushes and grasses. Top soil covers most of the ground. Outcrops of bedrocks can only be observed in valleys.

The GC mine is located west of the metropolitan city of Guangzhou, the capital of Guangdong Province. Guangzhou is located about 120km northwest of Hong Kong and has a population of almost 12 million registered residents and temporary migrant inhabitants in December of 2007, according to an economic report released by the Guangzhou Academy of Social Science. It is serviced by rail and daily flights from many of China's larger population centres. Access to the GC mine from Guangzhou is via 178 km of four lane express highway to Yunfu, then 48km of paved road to the project site. A railway connection from Guangzhou to Yunfu is also available.

The region belongs to sub-tropical monsoon climate with average annual temperature of 20-22 ^{o}C. Rainfall is mainly concentrated in spring and summer from March to August. Winters feature short periods of frosting. The GC mine would be able to operate year round.

Streams are well developed in the area, the Hashui Creek flows in the GC mine area. There is a reservoir upstream of the GC mine area. Small hydro power stations are developed in the region and are connected to the provincial electrical grid. There is a 10KV power line across through the project area and a 110KV substation facility was completed in Q3 of Fiscal 2013.

The economy of Yun'an County mainly relies upon agriculture and some small township industrial enterprises. Labour is locally available, and technical personnel are available in Yunfu and nearby cities. The Gaocheng village is located within the GC mine area.

History

Various state-sponsored Chinese Geological Brigades and companies have conducted geological and exploration work in the project area. Systematic regional geological surveys covering the area started in 1959. The following is a brief history of the exploration work in the area:

During 1959 to 1960, No. 763 Geological Brigade of Guangdong Bureau of Geology conducted a 1:200,000 regional geological survey and mapping, and regional prospecting of mineral resources in the area. A geological map and geological reports were published.

In 1964-1967, Comprehensive Study Brigade of Guangdong Bureau of Geology conducted general prospecting and 1:50,000 geological mapping in the area including the project area, and submitted a geological report.

In 1983, Geophysical Survey Brigade of Guangdong Bureau of Geology and Mineral Resources conducted a 1:200,000 airborne magnetic survey covering the project area.

In 1988, the Regional Geological Survey Brigade of Guangdong Bureau of Geology and Mineral Resources conducted a 1:200,000 stream sediment survey, which covers the project area.

In 1991, Geophysical Survey Brigade of Guangdong Bureau of Geology and Mineral Resources conducted a 1:200,000 gravity survey covering the project area.

In 1995, Ministry of Geology and Mineral Resources completed the compilation and interpretation of 1:1,000,000 geochemical, geophysical and remote sensing surveys covering the area.

During 1995 and 1996, Geophysical Survey Brigade of Guangdong Bureau of Geology and Mineral Resources conducted a 1:50,000 soil survey, and defined some large and intensive Pb, Zn, Ag, Sn, W and Bi geochemical anomalies, which covers the project area.

During 1990 and 2000, Guangdong Provincial Institute of Geological Survey (" **GIGS**") conducted a 1:50,000 stream sediment survey which covers the project area, and defined several intensive anomalies of Pb-Zn-Ag-Sn-Mn, leading to the discovery of GC deposit.

During 2001 and 2002, and again in 2004 and 2005, GIGS conducted general prospecting at the GC mine area, and defined some mineralized bodies and estimated mineral resources for the GC deposit.

During 2006 and 2007, contracted by Yangtze Mining, GIGS conducted a detailed prospecting at the GC mine area, completed a 36-hole, 11,470m surface diamond drilling program and 1,964m^3 of trenching and surface stripping, to update and upgrade the mineral resources of the GC deposit.

History of Mining

Prior to Yangtze Mining acquiring the GC mine, illegal mining activity resulted in the excavation of several tunnels and small scale mining of veins V2, V2-2, V3, V4, V5, V6 and V10. GIGS reported that a total of 1,398m of excavation comprised of 10 adits and tunnels had been completed on the property through the illegal activity.

In 2002, GIGS developed 66m of tunnel to crosscut veins V5 and V5-1. GIGS sampled and mapped adits ML1 to ML5, ML6, ML7, ML9, and PD12.

Yangtze Mining, after its purchase of the property in 2005, mapped and sampled the accessible tunnels ML5 and ML8. Tunnel ML5 has exposure to vein V10 and tunnel ML8 has exposure to vein V2-2. Assay results of tunnel samples were used in resource estimation.

History of Mineral Resources

GIGS prepared a resource estimate for nine mineralized veins for the GC mine after the 2004-2005 exploration season. The GIGS has its own classification system of mineral resources / reserves which is different from the CIM Standards. AMC did not see these resources as material to the GC Report.

Prior to the current report, resource estimates for the GC mine were reported in a Technical Report by SRK Consulting (" **SRK**") dated April, 2008 (entitled "*Technical Report on Gaocheng Ag-Zn-Pb Project and Shimentou Au-Ag-Zn-Pb Project, Guangdong Province, People's Republic of China* ") and in AMC's June 2009 Technical Report.

Geological Setting

The GC mine is located in the northeastern margin of the Luoding basin, which is at the middle portion of the Yunkai uplift in the Hua'nan (South China) Fold System. The deposit is located at the intersection between Wuchuan-Sihui Deep Fault zone and Daganshan Arc-ring structural zone. Outcrop in the project area includes the Sinian Daganshan Formation which is composed of quartz sandstone, meta-carbonaceous siltstone, carbonaceous phyllite, calcareous quartzite, argillaceous limestone; the Triassic Xiaoyunwushan Formation which is made up of quartz sandstone and shale; and the Cretaceous Luoding Formation of sandy conglomerate and conglomerate. A series of magmatic events occurred on the GC mine. Intrusives include Palaeozoic gneissic, medium-grained biotite granite, and Mesozoic fine- to medium-grained adamellite, brownish, fine-grained, biotite mylonite, granite porphyry, quartz porphyry, diabase, and aplite. The Mesozoic intrusives intruded along the south and southwest contacts of the Palaeozoic granites. The majority of Ag-Zn-Pb mineralization is hosted by the Mesozoic granite.

The granite dips to south and strikes to west northwest, parallel to the majority of mineralized veins on the GC mine.

Exploration

Exploration work by Silvercorp on the GC mine was carried out in 2008. The program is summarized in Table 15. No material exploration has been carried out on the property since that time.

Table 15 Main Programs Conducted on the GC mine by Silvercorp

Program	Unit	Work Completed
		2008
1:10,000 soil profiling	km	10
Diamond drilling	m	10,083
Trenching (pitting)	m^3	740
Soil samples	sample	535
Chemical analysis samples	sample	2,139
Metallurgical testing	test	1

The diamond drilling undertaken in 2008 represented 43% of all the diamond drilling on the property.

Soil Geochemical Program

In 2008, soil geochemical survey (1:10,000 scale) was carried out by Silvercorp through the collection of 535 samples within a 2.22 km^2 area in the southern part of the property where no drilling had been previously performed. Three new Ag-Zn-Pb geochemical anomalies observed to be over 500m long and up to 250m wide were identified, providing priority drill targets with the potential to host additional veins.

Anomaly AS1 is located at the east of V4 vein along F4 fault. The anomaly is about 500m in length and 50 to 100m in width. The peak values of Ag, Pb and Zn are 2.1 ppm, 0.19% and 0.03% respectively. Trenching was carried out over the anomaly and mineralization was confirmed by the sample assay result.

AS2 anomaly is located between exploration line 1 and 12. It measures about 500m in length and 20 to 200m in width. The maximum values of Ag, Pb and Zn are 14.5 ppm, 0.11% and 0.02%, respectively.

AS3 anomaly is between exploration lines 28 to 44. Its length is about 500m. The anomaly ranges 20 to 50m in width from exploration lines 36 to 44 and expands to 250 wide at exploration 44.

Topographic and Geological Mapping

GIGS conducted a 1:10,000, 1:5,000 and 1:2,000 geological mapping programs, and a 1:2,000 topographic survey covering the GC mine area. The geological mapping programs established stratigraphic sequences, size, and distributions of intrusive rocks and faults.

The grid system used for the GC mine is Beijing Geodetic Coordinate System l954. Altitude is referred to Yellow Sea 1956 Elevation System. The project survey control points were generated from three nearby national survey control points. The control points were surveyed using four NGS-9600 GPS receivers. Survey machines used for topographical survey and geological points, trenches, adits, and drillhole collars were Topcon GTS-Serial Total Station Instrument – XJ0747 and one NX2350 and Sokkia SET-230PK Total Station Instrument.

Trenching and Pitting

Based on the soil geochemical and surface mapping, Silvercorp conducted trenching and pitting programs on the GC mine. The program exposed the mineralized veins on the surface and at shallow depth. A total of seven pits and one trench were dug by Silvercorp and exposed three veins. Table 16 contains the findings in detail.

Table 16 Trenches and Pits Completed by Silvercorp in 2008

Trench/pit	Section#	Azimuth	Volume (m3)	Vein exposed
BT08-1	40	240°	224	0.80m wide V5-1, containing 25 g/t Ag
BT08-2	44	235°	24	0.95m wide V7-0, containing 21 g/t Ag
BT08-3	52	210°	32.4	No vein intersected
BT08-4	52	310°	24	No vein intersected
BT08-5	52	340°	52.8	0.80m wide V7-0, containing 61 g/t Ag
BT08-6	44	230°	33.6	0.65m wide V5-1, containing 98 g/t Ag
BT08-7	30	340°	118.8	0.75m wide V5-1, containing 18 g/t Ag
TC5201	52	185°	230.4	1.00m wide V4, containing 0.31% Pb and 0.13% Zn

The trenches or pits were dug perpendicular to striking direction of a soil geochemical anomaly or alteration zone. Trenching or pitting is completed by digging into bedrock approximately 0.3m to 0.5m.

Mineralization

The mineralized veins in the GC mine occur in relatively permeable fault-breccia zones and are extensively oxidized from the surface to depths of about 40m. Within this zone, the veins show many open spaces with boxwork lattice textures resulting from the leaching and oxidation of sulphide minerals. Secondary minerals present in varying amounts in this zone include kaolinite, hematite, and limonite.

The dominant sulphide is pyrite, typically comprising a few percent to 13% of the vein. Other constituents are a few percent of sphalerite, galena, pyrrhotite, arsenopyrite, magnetite and less than a percentage of chalcopyrite and cassiterite. Metallic minerals in much smaller amounts include argentite, native silver, bornite, wolframite, scheelite, and antimonite. The minerals occur in narrow massive bands, veinlets or as disseminations in the gangue. Gangue minerals include chlorite, quartz, fluorite, feldspar, mica, hornblende, etc., with a small amount or trace amount of kaolinite, tremolite, actinolite, chalcedony, garnet, zoisite, apatite and tourmaline, etc.

The Ag-Zn-Pb mineralization in the deposit can be divided into two types: primary and oxidized. The primary mineralization is mainly composed of galena-sphalerite-silver ore minerals which occur sparsely, disseminate, and as veinlets and lumps. The type accounts for 95% of the entire mineral resource. The oxidized mineralization occurs on and near the surface topography as a result of oxidization of the primary mineralization.

The alteration minerals associated the GC vein systems include silica, sericite, pyrite and chlorite, together with clay minerals and limonite. Silicification is common near the center of the veins, chlorite and sericite occur near and slightly beyond the vein margins.

Silica, pyrite, fluorite, and chlorite are closely related to the mineralization.

Drilling

A total of 65 diamond drill holes have been completed on the GC mine since 2001 totalling 23,546.34m. During 2008, Silvercorp completed 22 holes, 10,082.6m drilling program, which resulted in the discovery of an additional 15 mineralized veins. The drill hole collar, downhole survey and core recoveries are listed in Appendix VI and VII

in AMC's 2009 Technical Report. A program of surface drilling commenced in the last quarter of 2011 at a budget of $2.5 million. No results of the program were available at the time of the GC Report.

Sampling and Security

The drill core is logged initially at the drill site and the mineralized or favourably altered intervals are moved to the surface core shack where they are logged, photographed and sampled in detail. Samples are taken prepared by cutting the core in half with a diamond saw. One half of the core is returned to the core box for archival storage, the other half is placed in a labelled cotton bag with the sample number written on the bag. The bagged core sample is then shipped to the laboratory for assaying.

Individual samples from the drill core are from veins that range in width from 0.05m to 12.03m. The veins consist of either massive sulphides or sulphide-bearing materials and can be easily identified and separately sampled from non-mineralized wall rock. Mineralized veins intercepted by drill cores were sampled in 1.5m maximum intervals and the distances cut where warranted by apparent wallrock.

Core recoveries are determined by measuring the actual amount of core recovered versus the length of the drilled interval from which the core was obtained. Core recoveries (calculated as percentage) are documented in the log. In general, the recoveries range from acceptable to excellent; although the recoveries vary somewhat from vein to vein.

Samples appear to have no apparent sampling or recovery difficulties that would affect the reliability of results. The samples appear to be representative and results of check samples show no apparent evidence of sample bias. Rocks sampled trenches, tunnels or in drill core are sulphide-rich veins that follow structures (faults). These veins are easily identified because of their bright metallic sulphides and they can be sampled with little difficulty.

The angle of the vein to core is determined by using the vein to core angles and cross-sectional correlations to determine the dip of the veins. The apparent thickness is then corrected to true thickness using simple trigonometry.

Security of Samples

Drill core samples were taken from sawn half core for every 1.5m or limited by apparent wall rock and mineralization contact. Half of the core was sent to the laboratory for analysis and the other half retained for archive. The samples are individually secured in sample bags and then collectively secured in rice bags for shipment to the laboratory. Employees of Yangtze Mining collect and split the core for sampling. No officer or director of either Silvercorp or Yangtze Mining has contact with any of these samples prior to shipment to the laboratory.

The samples are shipped directly in security sealed bags to ALS Chemex in Guangzhou, China (Certification ISO 9001:2000), located approximately 180 km southeast of the GC mine site.

Sample Preparation and Analysis

The sample preparation consists of drying, crushing and splitting of the sample with a riffle splitter to 150g then pulverizing the sample to 200 mesh. Ag, Pb and Zn in drill core samples were analyzed by aqua regia digestion and AAS. The prepared sample is digested in aqua regia (HNO_3-HCl). After cooling, the resulting solution is diluted with de-ionized water, mixed and then analysed by inductively coupled plasma-atomic emission spectrometry (ICP-AES). Detection ranges for this method are set out Table 17 below:

Table 17 Detection Limits, Aqua Regia / AAS

Element	Symbol	Units	Lower Limit	Upper Limit
Silver	Ag	g/t	1	1500
Lead	Pb	%	0.01	20
Zinc	Zn	%	0.01	60

Soil samples were analysed by aqua regia digestion and ME-ICP.

Tin was analysed by fusing with peroxide, then leaching the melt and acidifying to precipitate out the tin for AAS finish.

Check samples including field duplicates and sample rejects are routinely sent to Laboratory of the Henan Institute of Geological Survey (the "Henan Laboratory"), located in Zhengzhou, Henan Province, Central China. In the Henan Laboratory, lead, zinc, tin, and silver are all analysed with using AAS after a three-hour hot aqua regia digestion on a 30g split of the pulverized portion. A gravimetric finish is done on samples with silver values in excess of 1,500 g/t. On samples containing more than 30% lead, an acid dissolution and titration is used to complete the analysis. Henan Laboratory's lower detection limits are 3 g/t for silver, 0.03% for lead and zinc.

Silvercorp's check procedures include (a) inserting purchased standards and blanks that were prepared by Yangtze Mining in the every 40-sample batches submitted to the ALS Chemex Laboratory on a regular basis, (b) submitting duplicate pulps to the ALS Chemex Laboratory on a regular basis, (c) submitting 1/4 core samples as sample duplicates to the ALS Chemex Laboratory for every 40-sample batches, and (d) submitting duplicate pulps to an independent external lab on an intermittent basis.

A total of 62 samples were taken for bulk density measurement. The tests were done using the wax-immersion method by Guangdong Material Test Centre, a Chinese government certified lab located in Guangzhou, Guangdong, China. Samples ranged in size from 470g to 2,690g. Based on a cutoff grade of 100g/t AgEq (no recoveries included), the results of 56 samples were used to calculate the average bulk density for each vein on the GC mine. The average bulk density is determined to be 3.57t/m^3. Note that one extreme high grade sample, returning a value of 5.51 t/m^3 and containing 2,793 g/t Ag, 53.04% Pb, 6.44% Zn was excluded from the overall bulk density calculation. Detailed bulk density sample data is listed in Appendix VI.

The average grades for these 56 samples are 176 g/t Ag, 1.99% Pb, and 4.47% Zn. In theory, bulk density is related positively to metal contents, especially lead and zinc. However, bulk density is sometimes high in low grade material if the pyrite content is high and it is noted that the GC deposit is rich in pyrite.

Mineral Resource and Mineral Reserve Estimates

The mineral resource categories used the GC Report are those established by the CIM in the CIM Standards as adopted by the CIM Council dated December 2005.

Mineralization in the GC mine consists of narrow vein type deposits which occur as discrete planes of variable grade and variable thickness. The resources were outlined using polygonal methods on longitudinal sections constructed for each vein. The resource estimates reported herein were prepared using such methods by Mr. Wang Qiang, Chief Geologist of Yangtze, and Mr. Myles J. Gao, P.Geo, President of Silvercorp, who is a non-independent Qualified Person, as defined by NI 43-101. B O'Connor of AMC was the independent qualified person previously responsible for the mineral resource estimates. Subsequent to the completion of the GC Report, B O'Connor left AMC, and P. R. Stephenson is the independent qualified person currently responsible for the mineral resource estimates included herein. He has reviewed Silvercorp's methodologies and data used to prepare the resource estimates and is satisfied that they comply with reasonable industry practice, subject to a qualification with respect to use of the polygonal method. Although this is a common estimation method in China and its use by Silvercorp therefore accords with common industry practice in that country, the technique tends to produce

estimates that are higher in grade and lower in tonnage than methods in common use in Canada, such as kriging or inverse distance weighting, however the responsible independent qualified persons are satisfied that other methods would not likely produce material differences and that the current resource estimates are of acceptable quality.

Following is an explanation with comments regarding the parameters and assumptions used to prepare the resource estimations reported in the GC Report:

1. A polygonal block model was used in this resource estimation.

2. The polygonal block model utilizes detailed long-sections constructed for each of the veins. The topographic control for these sections is taken from 1:2,000 topographic map.

3. Polygonal resource blocks drawn on long-sections of the vein were constructed, and their areas measured, using MapGIS, a MapInfo-like GIS software application widely used in China.

4. Sulphide resources are estimated using only the assays obtained from drilling and historical tunnelling. A small portion of samples (41 assays) from 17 surface trenches were used for the oxide block resource estimates.

   Channel samples from tunnels were taken by GIGS from 2003 to 2005. Yangtze Mining performed a check by re-sampling the channels and found the GIGS results were reliable.

5. The minimum cut-off thickness used for mineralization is 0.20m. Although this is relatively narrow, the resue mining method employed by Silvercorp at the mine makes it feasible to extract veins of this thickness. Also, only around 5% of resource blocks have a thickness between 0.2m and 0,3m (the mineral reserve minimum mining width and Silvercorp has experience at mining to such widths).

6. The veins are polymetallic containing several payable metals. Although contents of each of the payable metals are separately reported in the resource estimations, Silvercorp uses a “recovered equivalent-silver” (AgEq Recovered) value to assess and compare the vein resources. The formula and metal prices / metallurgical recoveries used are the same as those used for the mineral reserves and are shown in Section 15.3 of the GC Report.

7. Potentially payable tin and sulphur concentrates have not been included in the silver equivalent calculation.

8. Refinery costs have not been included in the silver equivalent calculation.

9. Metal prices used in the GC Report are the median prices from selected technical reports on similar deposit types filed on SEDAR between November 2008 and April 2009.

A top-cut has been applied to silver, zinc, and lead assays. Values of the top-cuts for each of the veins and commodities are listed in Table 18.

Table 18 Top-cuts of different veins

Vein #	Top cuts			No. of Assays Exceeding Top-cuts		
	Ag (g/t)	Pb (%)	Zn (%)	Ag	Pb	Zn
V2	968	10.94	22.30	1	2	0
V2-0	660	9.96	18.89	0	1	0
V2-1	697	3.59	9.93	1	0	0
V2-2	421	5.92	18.03	1	0	0
V3	1318	40.30	36.56	1	0	0

Vein #	Top cuts			No. of Assays Exceeding Top-cuts		
	Ag (g/t)	Pb (%)	Zn (%)	Ag	Pb	Zn
V4	1444	6.49	14.43	0	0	0
V5	1453	8.28	21.53	0	0	0
V5-1	472	3.49	14.03	0	0	1
V6	840	5.32	19.17	1	0	1
V6-0	1123	11.80	15.33	0	0	0
V7	419	6.71	20.88	0	1	0
V7-0	678	5.56	21.93	0	1	0
V7-1	483	5.42	16.75	1	0	0
V8	669	14.88	4.25	0	0	0
V8-0	3329	0.78	1.85	0	0	0
V8-1	1314	5.13	3.33	0	0	0
V9	675	7.54	23.91	0	0	0
V9-0	353	12.89	17.50	0	0	0
V9-1	927	14.30	25.74	0	0	0
V10	1116	10.77	8.34	0	0	1
V10-1	475	7.29	44.44	1	2	0
V11	790	5.66	20.17	0	0	0
V13	781	5.84	13.83	0	0	0
V14	472	19.51	9.37	0	0	0
V15	396	3.53	4.69	0	0	0
V15-1	2107	12.32	12.88	0	0	0
Total				**7**	**7**	**3**

1. No dilution has been applied with the exception of the 11 individual resource block occurrences below 0.20m in horizontal width in the dataset used for the resource estimate. Those 11 occurrences were diluted at zero grade to 0.20m in horizontal width.

2. Any interpolations are based upon vein thickness and grade.

3. The wall rock surrounding the veins is in sharp contact with the veins and commonly silicified.

4. The data and methods employed are adequate to allow resources to be categorized as Measured, Indicated and Inferred.

5. Resource blocks categorized as “Measured” are defined by assays from tunnel samples on vein and drill holes samples. These blocks are projected up to 25m above and below a given tunnel where warranted, and along strike from a given tunnel intersection or projected from a drill hole intercept within 50m of a tunnel sample.

6. Resource blocks categorized as “Indicated” begin either above or below a Measured Resource block or are projected from a drill intercept. For blocks projected from the Measured Resource blocks, the distances are not greater than 50m. For blocks projected from drill holes, the distances are not greater than 50m to 60m. Block boundaries are defined as the midpoint between drill holes.

7. Resource blocks categorized as “Inferred” use grades and thicknesses derived from the average of all the Measured and Indicated blocks along the vein. For veins intersected by deep holes, the Inferred Resource blocks are projected 100m down-dip from the Indicated blocks.

Resource Estimates

The Ag-Zn-Pb metals are reported separately in the resource estimates (see Table 19). The resources at a cut-off grade of 150 AgEq Recovered are also shown to enable a comparison with the June 2009 resources (see Table 6.5 in Section 6 in the GC Report). The reduction in cut-off grade from 150 g/t to 100 g/t AgEq Recovered arises from the application of updated metal prices and metallurgical recoveries. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources are reported on a 100% basis.

Table 19 Mineral Resources at 100g/t and 150 g/t Recovered Silver Equivalent Cut-off Grades

Measured Resources and Indicated Resources	Tonnes	Ag (g)	Pb %	Zn %
100g/t Recovered AgEq Cut-off	**7,632,000**	**122**	**1.32**	**3.08**
150g/t Recovered AgEq Cut-off	*5,812,400*	*144*	*1.50*	*3.50*

Note: Rounding of some figures may lead to minor discrepancies in some totals

The estimated mineral resources for the 26 veins of the GC mine are summarized in the following Table 20 using the 100 g/t AgEq Recovered cut-off. Note the subtotals have been rounded and may not sum to the totals due to the rounding. Mineral resources are reported on a 100% basis.

Table 20 Mineral Resources 100g/t Recovered Silver Equivalent Cut-off Grade

Resource Classification	Tonnes	Grade			Contained Metal		
		Ag (g/t)	Pb %	Zn %	Ag (kg)	Pb (t)	Zn (t)
Measured	592,800	230	1.41	3.33	136,600	8,400	19,800
Indicated	7,038,700	113	1.31	3.06	797,700	92,500	215,500
Total	**7,631,500**	**122**	**1.32**	**3.08**	**934,300**	**100,900**	**235,300**
Inferred	7,959,800	123	1.41	2.66	976,800	112,500	211,900

Notes:
1. Metal prices used: silver US$18.00/troy oz, lead US$1.00/lb, zinc US$1.00/lb
2. Inclusive of resources converted to mineral reserves
3. Lower cut-off grade, 100 g/t AgEq Recovered
4. Rounding of some figures may lead to minor discrepancies in some totals

The differences between the 2011 mineral resources and the 2009 mineral resources are due to updated metal prices and metallurgical recoveries and to a lower cut-off grade in 2011.

Mineral Reserve Estimates

The mineral reserve estimates are the conversion of the mineral resource estimates above a nominated cut-off of 135 g/t AgEq Recovered after applying mining modifying factors such as dilution and losses.

Mineral reserve estimates are based on employing highly-selective stoping methods.

The resource footprint area is approximately 1.2km west-east and 0.6km south-north.

Mr. P. Mokos of AMC is the independent Qualified Person responsible for the mineral reserve estimates.

Resource Extraction Limits

The underground lease boundary limit for regulatory resource extraction is summarized in Table 21 and is valid for a 30 year term. AMC's review confirms the mine design is well within the underground extraction limits. The surface mining-lease rights boundaries are negotiated with the various land owners and Silvercorp surface plans show these to cover the appropriate mining areas.

Table 21 Resource Extraction Boundary Limits

Boundary Point	Easting	Northing
1	2,536,958.82	37,591,830.45
2	2,536,977.34	37,594,822.59
3	2,535,131.42	37,594,834.19
4	2,535,112.90	37,591,841.69
Depth	-540 mRL	

The mineral reserve has been estimated using a 135 g/t AgEq Recovered cut-off grade, which is equivalent to the operating breakeven. The basis for this is summarized in Table 22. The cut-off used is specified by the following.

Cut-off grade AgEq (g/t) = (mining cost
+ milling cost
+ sustaining capital
+ environmental cost
+ G&A cost + selling cost) / (Ag recovery * Ag price)

Table 22 Mineral Reserve Cut-off Estimate

Cut-off Estimate	Unit	Unit Value
Foreign Exchange Rate	RMB:US$	6.35
Contract Development Cost	US$/t-ore	12.13
Contract Stoping Cost	US$/t-ore	7.04
Silvercorp Mine Labor Cost	US$/t-ore	2.04
Mine Sustaining Capital Cost	US$/t-ore	0.52
Process Cost	US$/t-ore	17.83
Process Sustaining Capital Cost	US$/t-ore	0.72
Tailings & Environmental Cost	US$/t-ore	0.50
G&A and Product Selling Cost	US$/t-ore	8.32
Total Costs	**US$/t-ore**	**49.10**

Cut-off Estimate	Unit	Unit Value
Ag Metal Price	US$/oz	18.00
Ag Metal Price	US$/gm	0.58
Ag Recovery (payable)	%	62.78
Revenue (after recovery)	US$/gm	0.36
AgEq Cut-off (recovered)	**AgEq**	**135.1**

The metal prices used for the AgEq Recovered grade estimate are:

- Ag – US$18.00/troy oz
- Pb – US$1.00/lb
- Zn – US$1.00/lb

The recoveries used for the AgEq Recovered cut-off are:

- Ag – 62.78%
- Pb – 84.57%
- Zn – 88.42%

The unit conversions used are:

- 1 troy oz = 31.1035 gm
- 1 tonne = 2204.62 lb
- 1 US$ = 6.45 RMB

Bulk Density

Resource estimates use a bulk density of 3.57t/m ^{3} which is assumed constant for all veins and areas and is also assumed to not be oxidized. AMC notes that the grade and relative distribution of the three key payable elements; Ag, Pb and Zn, can vary significantly (>10%) from vein to vein, but does not consider the potential impact of varying grade on density to be material (<5%) on the resource tonnage estimates. Waste density is 2.64t/m^3.

Mine Dilution and Losses

The minimum stoping extraction and mining widths are:

1. Shrinkage stoping is 0.8m vein extraction and 0.8m mining width
2. Resue stoping is 0.3m vein extraction and 0.8m mining width

AMC's review of dilution, operational losses and mining width is summarized by mine method in Table 23:

Table 23 Mine Width, Dilution and Recovery by Stope Method

Mine Method	Shrinkage	Resue
Mine Width (m) ^	4.0	0.8
Mine Dilution (%)	10.3	25.0
Mine Recovery (%)	90.0	88.1

Note:
^ Average for life-of-mine.

Minimum stoping extraction widths are 0.3m and 0.8m respectively for resuing and shrinkage; minimum mining widths are 0.8 m for both methods. Unplanned dilution has been applied to the actual extraction width for resuing (resource grades already factored to 0.3m minimum mining width) and to the greater of 0.8m or actual mining width for shrinkage.

AMC makes the following comments in regards to the GC mine recovery estimates:

1. Parts of the stope access pillars (Shrinkage and Resue stopes) are considered by GC to be recoverable but AMC believes this may not be practical to achieve due to adjacent void or adjacent rock fill (Shrinkage and Resue respectively).

2. AMC estimates the semi-mechanized shrinkage stopes in Stage 1 (using LHD mucking units) will have marginally higher mine losses relative to the conventional shrinkage stopes in Stage 2 (using rail mounted over-throw units). This is due to larger draw point rib pillars to accommodate the larger development profile for LHD mucking (with larger operational clearance requirements) and hence larger ore cones between the drawpoints along the sill alignment which are assumed not recovered (without remote loader capability and/or due to stope wall fall-off dilution).

3. The stope designs assume a 3-5m height (apparent vertical) crown pillar is left in situ for regional stability purposes and for down-dip dilution control. AMC considers this to be a fair allowance based on the average mine widths for each stoping method.

AMC however does not consider the above mine recovery issues to be material regards the stoping inventory estimates, representing less than approximately 3% impact on the stoping tonnage.

Mineral Reserve Estimate

Table 24.1 summarizes the mineral reserve estimate from the scheduled mine plan. Mineral reserves are reported on a 100% basis. Approximately 10% of the mineral reserve estimate is categorized as Proven and approximately 88% is categorized as stope extraction with the remainder being development extraction.

The conversion of mineral resource to mineral reserve is described in the following.

Mineral Reserve = {Mineral Resource x Recovery %} / {1 + Dilution %}

Table 24.1 Mineral Reserve Summary at January 23, 2012

Category	Mineral Reserve (t)	Ag (g/t)	Pb (%)	Zn (%)	Ag kg	Pb (t	Zn (t)	AgEq (g/t)*	Percent by Tonnes
By Reserve Category									
Proven	463,976	199	1.12	3.18	92,315	5,183	14,753	268	10%
Probable	4,285,689	113	1.33	2.93	482,432	56,906	125,481	212	90%

Category	Mineral Reserve (t)	Ag (g/t)	Pb (%)	Zn (%)	Ag kg	Pb (t	Zn (t)	AgEq (g/t)*	Percent by Tonnes
Proven + Probable #	**4,749,665**	**121**	**1.31**	**2.95**	**574,747**	**62,089**	**140,234**	**218**	**100%**
By Level									
+50mRL	716,614	136	1.28	2.74	97,261	9,165	19,638	219	15%
0mRL	889,408	126	1.22	3.04	111,706	10,824	27,039	220	19%
-50mRL	877,557	128	1.11	2.68	112,259	9,786	23,486	206	18%
-100mRL	588,095	97	1.19	2.45	57,046	7,018	14,405	182	12%
-150mRL	452,724	119	1.58	2.85	54,009	7,171	12,902	222	10%
-200mRL	491,922	122	1.66	3.65	60,112	8,148	17,970	253	10%
-250mRL	359,349	119	1.51	3.40	42,767	5,407	12,217	238	8%
-300mRL	373,996	106	1.22	3.36	39,587	4,570	12,577	219	8%
All Levels	**4,749,665**	**121**	**1.31**	**2.95**	**574,747**	**62,089**	**140,234**	**218**	**100%**
By Vein									
V2	2,389,960	144	1.32	3.20	343,420	31,477	76,506	240	50.3%
V2-0	104,348	104	2.05	2.40	10,809	2,143	2,501	212	2.2%
V2-1	255,518	98	0.74	2.23	25,028	1,889	5,710	161	5.4%
V2-2	104,776	59	1.49	4.39	6,209	1,558	4,600	233	2.2%
V5	71,210	99	0.76	2.79	7,077	543	1,984	181	1.5%
V5-1	40,876	126	0.99	2.98	5,133	403	1,220	211	0.9%
V6	88,584	72	1.58	2.39	6,409	1,404	2,114	177	1.9%
V6-0	182,969	183	2.09	2.04	33,399	3,827	3,728	251	3.9%
V7	285,166	52	0.88	3.44	14,723	2,505	9,816	177	6.0%
V7-0	172,733	63	0.60	2.91	10,892	1,034	5,026	157	3.6%
V7-1	131,039	103	0.83	2.62	13,499	1,087	3,438	180	2.8%
V8	44,932	88	2.90	1.00	3,934	1,304	449	182	0.9%
V8-0	12,288	293	0.07	0.16	3,596	8	20	191	0.3%
V9	313,307	77	1.15	2.62	23,984	3,611	8,212	173	6.6%
V9-0	46,439	127	3.32	2.75	5,875	1,542	1,278	279	1.0%
V9-1	90,093	84	1.27	3.36	7,549	1,141	3,028	207	1.9%
V10	177,804	223	2.26	2.22	39,691	4,022	3,953	288	3.7%
V10-1	76,387	45	0.87	4.43	3,436	664	3,383	205	1.6%
V11	30,338	17	0.39	4.00	506	117	1,213	158	0.6%
V13	80,846	84	0.79	1.86	6,779	639	1,507	141	1.7%
V14	50,052	56	2.34	1.09	2,799	1,171	548	147	1.1%
All Veins	**4,749,665**	**121**	**1.31**	**2.95**	**574,747**	**62,089**	**140,234**	**218**	**100%**
By Stope Method									
Shrinkage	4,295,122	125	1.33	2.97	537,829	56,917	127,455	221	90%
Resuing	454,543	81	1.14	2.81	36,918	5,172	12,779	182	10%
All Methods	**4,749,665**	**121**	**1.31**	**2.95**	**574,747**	**62,089**	**140,234**	**218**	**100%**

Notes:

1) AgEq (g/t) is the recovered silver equivalent. * 135g/t AgEq cut-off for Stope Reserves & 45g/t AgEq for Development Reserves.

2) Metal prices used: silver US$18.00/troy oz, lead US$1.00/lb, zinc US$1.00/lb

3) Lower cut-off grade, 135 g/t AgEq Recovered.
4) The derivation for the AgEq Recovered is described as:
AgEq Recovered = {Ag (g/t) * Ag ($/gm) * Ag (Rec%)} / Ag ($/gm) + {Pb (%) * Pb ($/lb) * Pb (Rec%) * 22.0462} / Ag ($/gm) + {Zn (%) * Zn ($/lb) * Zn (Rec%) * 22.0462} / Ag ($/gm)
5) Rounding of some figures may lead to minor discrepancies in some totals.
6) Mining recovery factors assumed as 88.1% for resuing and 90% for shrinkage.
7) Processing recovery factors: Ag (to lead concentrate only) - 62.8%; Pb – 84.7%; Zn: 88.2%.
8) Exchange rate assumed is 6.35 RMB : US$1.00.

Mine Production

Mineral Reserves as set out in Table 24.1 are the published Mineral Reserves at the GC mine as of January 23, 2012 and are exclusive of mine production since that date. Table 24.2 below summarizes the total tonnage mined and total metals produced from the GC mine between January 23, 2012 and March 31, 2018:

Table 24.2 Tonnage mined and metal produced

	Production, January 23, 2012 to March 31, 2014	Production fiscal year ended March 31, 2015	Production fiscal year ended March 31, 2016	Production fiscal year ended March 31, 2017	Production fiscal year ended March 31, 2018	Total Production since latest mineral reserve report
Ore Mined (Mmt)	-	0.26	0.26	0.26	0.25	1.03
Silver Produced (Moz)	-	0.60	0.60	0.60	0.60	2.40
Lead Produced (t)	-	2,838	4,102	3,220	3,064	13,224
Zinc Produced (t)	-	5,304	5,580	6,200	6,093	23,177

Note: There was no ore production in the period of mine development and construction from January 23, 2012 to March 31, 2014. Table 24.2 and the immediately preceding text that references it are subsequent to, and do not form part of, the GC Report.

Mining Operations

As set out in the GC Report, mining will be conducted in two stages. The stages are generally subdivided as follows:

1. Stage 1 - +100 mRL to -50 mRL between local Mine Sections 10 to 36 for development and 12 to 32 for production. West side of project.

2. Stage 2 - +100 mRL to -50 mRL between Mine Sections 36 to 54 for development and 32 to 54 for production. For -50m RL to -300 mRL between Mine Sections 12 to 50 for both development and production.

Stage 1 targets fast-tracking the project into production and is developed by mobile rubber-tired diesel-powered equipment (development jumbo, loader and truck) with surface decline access down to -50 mRL. Stage 2 is developed using conventional tracked equipment (electric locomotive, rail cars, electric rocker shovels and pneumatic hand held drills) with shaft access from -50mRL down to -300 mRL. Selective stoping methods such as Shrinkage and Resue are employed with stope production drilling conducted with pneumatic jackleg drilling. In-stope rock movement will be by gravity to draw points or hand-carting to steel lined passes.

Stage 1 production mucking uses load-haul-dump loaders (LHD) with trucks hauling ore to the surface ROM stockpile. Ore is re-handled from the ROM stockpile to the primary crusher feed bin using a ROM front-end-loader (FEL). Stage 2 production mucking uses electric-powered over-throw rail loaders with rail cars and electric locomotives transporting ore to the Main Shaft ore pass. Ore is skip hoisted to surface and conveyed to the surface crusher feed bin.

Production Rate

Mine operations will be conducted 365 days of the year but mine production is scheduled on the basis of 330 days per year at approximately 1,500 t/d for approximately 496 ktpa for the first eight years, rising to approximately 1,570 t/d for approximately 518 ktpa for the last four years. The production life is estimated to be 12 years.

Production is expected to be approximately 80 tonnes per day per stope for Shrinkage stopes and 75 tonnes per day per stope for Resue stopes with production per level capped at approximately 25% of the available stopes and up to 20 stopes concurrently over all active levels.

The production rate from each stope is dependent on the vein width, and as such, the production rate and schedule assumes a balance of wide and narrow vein stopes (generally Shrinkage and Resue respectively).

AMC's high-level review indicates a mineral resource endowment of 12,829 tonnes per vertical metre equating to a vertical advance rate of approximately 42m per year which is within industry performance for like operations.

Mining Methods

Shrinkage stoping and Resue stoping will be the methods employed. To confirm AMC's understanding of Silvercorp's application of the stoping methods and also their suitability for the GC mine environment, AMC observed the application of these stoping methods at Silvercorp's SGX Mine operation during May 2011. The SGX Mine is located in Luoning County, in the Henan Province, about 10km South-East of Xiayu and about 60km South-East of Luoning. AMC believe the methods and their proposed application to be appropriate for the GC mine environment.

Mine Development

The GC mine design is based on the mineral resources above a 150 g/t AgEq Recovered with the addition of vein exploration development (which in some part, is also used for stope access). Vein exploration development is categorized as development that occurs outside of the mineral resource categorization. Vein exploration development is reported as development waste and assigned zero grade irrespective of its resource grade. Vein exploration development represents approximately 51% of the total 44.7km of vein development in the mine plan.

The mine levels are placed at 50m vertical intervals. Levels will be graded at 0.3% from either the Ramp or Main Shaft access however the mine design provided does not incorporate this feature. AMC does not consider this to be material with respect to estimates for development quantities.

The Hashui Creek diversion tunnel will be developed concurrently from both ends and will be completed early in Stage 1 prior to production commencing.

Market Studies and Contracts

With respect to copper, testwork has so far been unsuccessful in producing a saleable copper concentrate, but copper levels in the ore are low and this is not a material issue for concentrate quality.

In the case of zinc, this is an issue of economic optimization with current silver prices indicating that a lower lead grade (35-40% Pb) concentrate (with higher zinc and silver levels) should be targeted to maximize payable silver recovery to the lead concentrate. This should not pose a problem with concentrate marketing.

With respect to the lead and zinc concentrates, the renewed smelter contracts allow up to 1% As before penalties apply which allays AMC's previous concerns about their marketability.

Smelter Contracts

Initial sales contracts were in place for the lead and pyrite concentrates with Jinan Wanyang Smelting (Group) Co., Ltd and for the zinc concentrate with Henan Yuguang Zinc Industry Co., Ltd.

Concentrate Sales Contracts

Since the GC Report, monthly concentrate sales contracts are in place with leading smelters and trading companies. Among them, lead concentrate sales contract are commonly with Jiyuan Wanyang Smelting (Group) Co. Ltd. and Chenzhou Puyin Minerals Co. Ltd., while zinc concentrate sales contracts are commonly with Chenzhou Qintai Industrial Co. Ltd., and Chenzhou Xinhong Minerals Co. Ltd. All contracts have freight and related expenses to be paid by the smelter or trading customers themselves. The key elements of the sales contracts are subject to change based on market conditions when contracts are renewed each month.

The preceding text that references Concentrate Sales Contracts are subsequent to, and do not form part of, the GC Report

Economic Analysis

The economic analysis in this section is based on the following key assumptions:

1. The mine production schedule developed in Section 16 of the GC Report quickly ramps up to around 500,000 tpa.

2. The subsequent mill production schedule to match mine output at a nominal 500,000 tpa throughput rate with generous ROM stockpile allowances in the early years to handle any mine development delays and still protect the metal outputs

3. Mine development and mill construction take place during 2011 - 2012 with commercial production in 2013. The absolute dates will require adjustment but the relative timing remains valid.

4. Recoveries as detailed in Section 13 in the GC Report, and set out below:
   - Ag (to lead concentrate only, not payable in zinc concentrate): 62.8%
   - Pb: 84.7%
   - Zn: 88.2%
   - S: 61.3%

5. Metal prices as set out in Table 25.

Table 25 Metal Prices

	2012	2013	2015	2015	After 2015
Silver (US$/oz)	40.00	30.00	25.00	18.00	18.00
Lead (US$/lb)	1.11	1.16	1.14	1.15	1.00
Zinc (US$/lb)	1.05	1.12	1.11	1.15	1.00

1. Foreign exchange rate was set at the November 2011 value of USD:RMB of 6.35.

2. Capital and operating costs as estimated in Section 21 of the GC Report.

Key Metrics

Table 26 shows the critical input and output metrics for the GC mine including the annual production schedule and the estimated cash flow and key pre-tax economic parameters.

Table 26 Project Production Schedule and Cash Flow (Pre-Tax)

Base Case		Total	2011	2012	2013	2015	2015	2016	2017	2018	2019	2020	2021	2022
Mine Output														
	T	4,749,665	0	91,799	484,547	472,387	395,153	487,570	524,317	525,385	525,005	526,510	520,672	196,319
Mill Feed														
	T	4,749,665			450,000	475,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	324,665
	Ag/g/t	121			163	152	124	110	121	120	112	110	99	94
	%Pb	1.31			1.00	1.15	1.31	1.42	1.50	1.35	1.38	1.31	1.36	1.22
	%Zn	2.95			2.96	2.86	2.62	3.02	3.08	2.76	3.25	3.03	2.97	2.98
(notional)	%S	9.13			9.13	9.13	9.13	9.13	9.13	9.13	9.13	9.13	9.13	9.13
Concentrate Production														
Pb Conc	T	113,404			8245	9979	11942	12973	13692	12315	12581	11962	12460	7255
	Ag g/t				5586	4555	3257	2673	2782	3054	2802	2886	2492	2644
	Ag % payable				92.0	91.5	90.0	89.5	89.5	90.0	89.5	89.5	89.0	89.5
	% Pb				46.35	46.35	46.35	46.35	46.35	46.35	46.35	46.35	46.35	46.35
	% Zn				12.5	10.5	8.5	9.0	8.7	8.7	10.0	9.8	9.2	10.3
Zn Conc	T	252,760			24027	24503	23657	27206	27756	24834	29285	27292	26754	17446
	% Pb				0.70	0.83	1.03	0.97	1.01	1.01	0.88	0.90	0.95	0.85
	% Zn				48.95	48.95	48.95	48.95	48.95	48.95	48.95	48.95	48.95	48.95
Py Conc	T	625,276			59241	62532	65823	65823	65823	65823	65823	65823	65823	42741
	%S				42.52	42.52	42.52	42.52	42.52	42.52	42.52	42.52	42.52	42.52
Recovered Metals														
	koz Ag	11,600			1481	1462	1251	1115	1225	1209	1133	1110	998	617
	T Pb	52,563			3822	4625	5535	6013	6346	5708	5831	5544	5775	3363
	T Zn	123,726			11761	11994	11580	13317	13587	12156	14335	13360	13096	8540
	T S	265,867			25189	26589	27988	27988	27988	27988	27988	27988	27988	18173

Continued on next page

Base Case		Total	2011	2012	2013	2015	2015	2016	2017	2018	2019	2020	2021	2022
Revenue (US$000)	Ag	186,010			35540	29072	17618	15616	17157	17035	15879	15550	13904	8641
	Pb	89,655			7399	8778	10611	9798	10341	9301	9502	9034	9411	5479
	Zn	157,650			16878	16982	17283	16047	16371	14648	17273	16098	15780	10290
	S	12,449			1179	1245	1310	1310	1310	1310	1310	1310	1310	851
	Total	445,764			60996	56077	46822	42772	45179	42294	43965	41993	40405	25261
Operating Costs US$000														
Mine		72,150	All Operating Costs Capitalized		9022	5969	6138	7881	8586	8658	9148	7622	7519	1608
Mill		79,530			6745	7245	7771	7981	8198	8421	8650	8887	9133	6499
Other		40,682			4833	4321	4152	3811	3964	4073	4368	4018	3883	3260
Taxes		16,493			2257	2075	1732	1583	1672	1565	1627	1554	1495	935
Total Costs (US$M000)		208,855			22857	19609	19793	21255	22419	22717	23792	22080	22030	12302
Operating Cash Flow (US$000)		236,909	0	0	38139	36468	27029	21516	22760	19577	20172	19913	18376	12959
Capital Costs US$000														
Total Capital		92,673	5,639	61,713	11,839	5,071	2,986	1,991	2,622	1,688	1,657	2,230	847	-5,610
Project Cash Flow (US$000)														
		144,236	-5639	-61713	26300	31397	24043	19525	20138	17889	18516	17682	17529	18569
Cumulative Cash Flow			-5639	-67352	-41052	-9655	14387	33913	54051	71940	90455	108138	125667	144236
NPV (8%)		**$73,712.36**												
IRR		**32.74%**												
Project Payback yrs		**2.40**												

Note that the Base Case pre-tax economic model shows an NPV of $73.7M using a discount factor of 8%, considered by AMC to be a typical discount factor for a base-metals project. The IRR is 33% and the payback period is 2.4 years.

Taxes and Royalties

Metal prices originally supplied by Silvercorp were net of VAT (17% gross partially offset with a nominal 2% credit for goods purchased) and this has been retained in the economic analysis. A City Tax equivalent to 10% of the VAT has been applied. A Resource Compensation tax of 2% of revenue (after VAT) has been applied; equivalent to a royalty. No additional income or corporate taxes have been applied and therefore no depreciation schedule has been developed.

Cash Flow Forecast

As set out in the GC Report, the weighted average economic returns for the GC mine are estimated to be:

1. NPV (at 8% discount) $52.950M
2. IRR(%) 28%
3. Payback (years) 3.3

These probability-weighted average metrics are positive and demonstrate that the project is robust in the face of the possible scenarios that typically impact on a mining operation.

Exploration and Development

As set out in the GC Report, the following tasks are planned: (stated costs are estimated for those recommendations not covered by operational activities).

1. Undertake variography studies to refine the understanding of the grade distribution and utilize a kriging or inverse distance weighting approach to grade interpolation prior to future resource and reserve estimations
2. Collect additional detailed geotechnical data for mining purposes
3. Undertake geotechnical investigations of proposed shaft locations
4. Undertake further hydrogeological assessments. Estimated cost $75,000.
5. Undertake further investigation of in situ stresses to confirm assumptions made in the mine design and stability assessments.
6. Install an additional 600kW of grinding power to address the under-sizing of the comminution circuit. Estimated cost $500,000 installed and this has already been included in the capital cost estimate as it is deemed essential.
7. Give consideration to a small increase in lead cleaner and filtration capacity to allow for optimization of silver recovery to payable lead concentrates. Estimated cost $100,000 and this has not been included in the capital cost estimate as further validation is required.
8. Double the tailings filtration capacity. Estimated cost $580,000 and this has been included in the capital cost estimate as it is also deemed essential.
9. Undertake additional testwork of tailings properties and suitability for dry stacking. Estimated cost $34,000.
10. Undertake further TMF site investigations. Estimated cost $50,000.
11. Reassess the factor of TMF safety calculations using standard industry practice finite element numerical modeling

12. Prepare a more detailed water balance for the TMF on a month-by-month basis.

13. Provide emergency backup power for essential critical services such as man cage, mine ventilation, mine dewatering pumps and thickeners. Estimated cost $800,000.

As of March 31, 2018, the following exploration and development has occurred:

1. A total of 121,190 m underground drilling was completed to further define the previously drill-defined Mineral Resource blocks in the production areas.

2. A total of 40,703 m exploration tunneling was completed to upgrade the Indicated Mineral Resource blocks to the Measured category.

3. A main shaft of 618m was sunk from the 248m elevation to the minus 370m elevation.

4. A total of 3,175m of Decline development was completed, including 1,398m of a Main Decline development and 1,777m of an Exploration Decline development.

5. A dry tailing stowing TMF was installed and officially approved.

6. A total of 17,786 m underground development was completed in addition to the aforementioned decline development.

Note: The preceding text that references exploration and development as of March 31, 2018 are subsequent to, and do not form part of, the GC Report.

Cautionary Note to U.S. Investors Concerning Estimates of Measured Resources and Indicated Resources:

This section uses the terms "measured resources" and "indicated resources". We advise U.S. investors that these terms are not recognized by the U.S. Securities and Exchange Commission. The estimation of measured resources and indicated resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. U.S. investors are cautioned not to assume that mineral resources in these categories will be converted into reserves. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Mineral Resource and Mineral Reserve Estimates".

Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources

This section uses the terms "inferred resources". We advise U.S. investors that this term is not recognized by the U.S. Securities and Exchange Commission. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. U.S. investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured resources or indicated mineral resources. See "Cautionary Note to U.S. Investors – Information Concerning Preparation of Mineral Resource and Mineral Reserve Estimates".

ITEM 6 DIVIDENDS AND DISTRIBUTIONS

The Company declared its first annual dividend of CAD$0.05 per share in calendar year 2007 (fiscal year 2008) and has declared and paid dividends as set out in the table below. Dividends are in Canadian dollars for all years up to, but not including, Fiscal 2018. Dividends in Fiscal 2018 are in US dollars.

Fiscal Year ended March 31,	Dividends Declared per share	Total Dividends Paid per share
2008	$0.05	$0.05
2009	$0.08	$0.08
2010	$0.08	$0.08
2011	$0.08	$0.08
2012	$0.10	$0.10
2013	$0.10	$0.10
2014	$0.02	$0.02
2015	$0.02	$0.02
2016	N/A	N/A
2017	$0.01	$0.01
2018	US$0.02	US$0.02

In November 2016, in light of improved operations, financial results, and a growing cash position, the Company reinstated dividends, declaring a semi-annual dividend of CAD$0.01 per share (CAD$0.02 per share on an annual basis). On May 26, 2017 the board of directors (the "**Board**") decided to increase dividends by making the payment in U.S. funds rather than Canadian funds resulting in the semi-annual dividend of US$0.01 per share (US$0.02 per share on an annual basis). On May 28, 2018, the Board announced a further 25% increase in dividend payments, declaring semi-annual dividend of US$0.0125 per share (US$0.025 per share on an annual basis).

The declaration and payment of future dividends, if any, is at the discretion of the Board and will be based on a number of factors including commodity prices, market conditions, financial results, cash flows from operations, expected cash requirements and other relevant factors.

ITEM 7 DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The Company has an authorized capital of an unlimited number of common shares without par value (the " **Common Shares**"), of which 167,642,299 Common Shares were issued and outstanding as of June 21, 2018. A further 7,403,681 Common Shares have been reserved for issuance upon the due and proper exercise of certain incentive options ("**Options**") outstanding as of June 21, 2018.

The following is a summary of the principal attributes of the Common Shares:

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the Board out of available funds. There are no indentures or agreements limiting the payment of dividends.

Profits. Each Common Share is entitled to share pro rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Company remaining after payment of all of the Company's liabilities.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

The rights of holders of Common Shares may only be changed by a special resolution of holders of 66⅔% of the issued and outstanding Common Shares, in accordance with the requirements of the *Business Corporations Act* (British Columbia).

Under the Company's stock option plan, the Company may grant options to purchase up to 10% of the issued and outstanding Common Shares outstanding from time to time, to directors, officers, employees and consultants. As of June 21, 2018, the Company has stock options outstanding to purchase 7,403,681 Common Shares at exercise prices ranging from CAD$0.66 to CAD$5.58 per share and with terms of between three and five years, with the last options expiring on March 12, 2021.

ITEM 8 MARKET FOR SECURITIES

The Common Shares were initially listed for trading on the TSX Venture Exchange (the " **TSX-V**") under the symbol "SVM". The Common Shares commenced trading on the TSX under the same symbol and delisted from the TSX-V on October 24, 2005. The Common Shares began trading on the NYSE Amex under the symbol "SVM" on February 17, 2009, and trading moved to the NYSE under the symbol of "SVM" on November 5, 2009. The Company voluntarily delisted its Common Shares from the NYSE in September 2015. The Common Shares commenced trading on the NYSE American (formerly NYSE MKT) on May 15, 2017.

The following table sets forth the high, low and month-end closing prices and average trading volume for the Common Shares on the TSX for the periods indicated (stated in Canadian dollars):

Date	High	Low	Close	Volume
March 2018	3.64	3.20	3.47	468,690
February 2018	3.39	2.98	3.25	421,021
January 2018	3.72	3.21	3.26	348,973
December 2017	3.47	2.82	3.28	360,395
November 2017	3.33	2.98	3.17	260,282
October 2017	3.49	3.10	3.15	258,910
September 2017	4.22	3.38	3.38	474,975
August 2017	3.87	3.36	3.90	377,800
July 2017	3.88	3.47	3.67	496,780
June 2017	4.29	3.82	4.15	1,739,741
May 2017	4.50	3.77	3.94	847,555
April 2017	5.38	4.18	4.30	1,040,889

The following table sets forth the high, low and month-end closing prices and average trading volume for the Common Shares on the NYSE American for the periods indicated (stated in United States dollars):

Date	High	Low	Close	Volume
March 2018	2.82	2.47	2.69	491,690
February 2018	2.71	2.37	2.54	374,763
January 2018	2.92	2.60	2.65	386,838
December 2017	2.78	2.18	2.62	270,360
November 2017	2.60	2.35	2.44	221,381
October 2017	2.80	2.43	2.54	266,341
September 2017	3.39	2.70	2.70	294,110
August 2017	3.13	2.70	3.13	244,743
July 2017	3.06	2.77	2.93	266,020
June 2017	3.29	2.85	3.21	273,786
May 2017	3.31	2.89	2.90	266,865

ITEM 9 ESCROWED SECURITIES

The Company has no securities currently held in escrow.

ITEM 10 DIRECTORS AND OFFICERS

Name, Occupation, and Security Holding

The following table sets out the names of the directors and officers of the Company, the current position and office held, each person's principal occupation, business or employment during the last five years, the period of time during which each has been a director or officer of the Company and the number of Common Shares beneficially owned by each, directly and indirectly, or over which each exercised control or direction as at June 15, 2018.

Name and Municipality of Residence[1]	**Current Positions and Offices Held**	**Principal Occupations During the Last Five Years[1]**	**Date of Appointment as a Director or Officer**	**Common Shares Beneficially Owned[3]**
Rui Feng Beijing, China	Chairman, Chief Executive Officer, and Director	Chairman of Silvercorp from September 2003 to present. Appointed President of New Pacific Metals Corp. (formerly, New Pacific Holdings Corp.) as at May 2010 and Director of New Pacific Metals Corp. as at May 2004.	September 4, 2003	4,459,500
David Kong [2] Vancouver, BC, Canada	Director	Partner at Ernst & Young LLP from 2005 to 2010. Director of New Pacific Metals Corp., Uranium Energy Corp., and Gold Mining Inc.	November 24, 2011	40,000
S. Paul Simpson[2] Vancouver, BC, Canada	Director	Solicitor at Armstrong Simpson, Barristers & Solicitors.	June 24, 2003	513,434
Yikang Liu Beijing, China	Director	Past Deputy Secretary General of China Mining Association.	July 24, 2006	170,000
Marina Katusa[2] Vancouver, BC Canada	Director	President/CEO of Canita Consulting Corporation 2010 to present. Member of the Board of Directors of Family Services of Greater Vancouver from 2016 to present. Director Corporate Development and Strategy, GCT Global Container Terminals Inc. from 2013 to 2017. Vice President Corporate Development, Exeter Resource Corporation from 2012 to 2013.	September 29, 2017	10,000
Derek Liu Burnaby , BC Canada	Chief Financial Officer	Chief Financial Officer at Prophecy Development Corp. (formerly, Prophecy Resource Corp.) and Canickel Mining Ltd.	February 6, 2015	Nil
Lorne Waldman Vancouver, BC, Canada	Senior Vice President & Corporate Secretary	Corporate Secretary of Silvercorp from 2007 to 2012.	September 9, 2013	75,000
Luke Liu Forest Lake, Queensland, Australia	Vice President China Operations	Over 20 years mining industry experience in Australia and internationally, including China. He has held a diverse range of technical and engineering positions in mining companies and consulting firms.	July 16, 2014	Nil
Total				**5,267,934**

Notes:

1. The information as to municipality of residence and principal occupation of each nominee has been individually furnished by the respective director or officer.
2. Member of Audit Committee, Corporate Governance Committee and Compensation Committee.

3. The number of Common Shares beneficially owned directly or indirectly, or over which control or direction is exercised is based upon information furnished to the Company by each director or officer, as applicable, as at the date hereof.

The current term of office of each of the directors expires at the next annual general meeting of shareholders.

All of the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control over 5,267,934 Common Shares representing 3.1% of Common Shares issued and outstanding as of June 21, 2018.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this AIF and within the 10 years before the date of this AIF, no director or executive officer of the Company, is or has been a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) while that person was acting in that capacity, was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after that person ceased to be a director, chief executive officer, or chief financial officer and which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the company.

As at the date of this AIF and within the 10 years before the date of this AIF, no director or executive officer of the Company nor any shareholder holding sufficient number of securities of the Company to materially affect control of the Company, is or has been a director or executive officer of any company (including the Company), that:

(a) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has within 10 years before the date of this AIF, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

No director or executive officer of the Company or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has, within the 10 years prior to the date of this AIF, been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring and exploiting natural resources properties. These associations to other companies in the resource sector may give rise to conflicts of interest from time to time.

Under the laws of the Province of British Columbia, the directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also "Item 4.3 Risk Factors" and "Item 14 Interest of Management and Others in Material Transactions".

ITEM 11 AUDIT COMMITTEE

Audit Committee Charter

A copy of the Charter of the Audit Committee is attached hereto as Schedule "A".

Composition of the Audit Committee

The current members of the Audit Committee are David Kong, Marina Katusa, and Paul Simpson, all of whom are considered independent and financially literate, pursuant to National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). The Audit Committee will be re-constituted after the 2018 annual general meeting of shareholders.

Relevant Education and Experience

David Kong, Director

Mr. Kong holds a Bachelor in Business Administration and earned his Chartered Accountant designation in British Columbia in 1978 and U.S CPA (Illinois) designation in 2002. From 1981 to 2004, he was partner of Ellis Foster Chartered Accountants and from 2005 to 2010, a partner at Ernst & Young LLP. Currently, Mr. Kong is a director of New Pacific Metals Corp., Uranium Energy Corp., and Gold Mining Inc. Mr. Kong is a certified director (ICD.C) of the Institute of Corporate Directors.

Marina Katusa, Director

Ms. Katusa has over ten years of business experience in areas including mineral exploration, research analysis, strategic planning, and corporate development. She earned a Masters of Business Administration (MBA) degree and a Bachelor of Science (BSc) degree in Geology/Earth & Ocean Science from the University of British Columbia.

Paul Simpson, Director

Mr. Paul Simpson is a Vancouver based corporate securities lawyer with the firm Armstrong Simpson. He has over 20 years of experience, predominately advising public companies with international natural resource property holdings. He has been a director and officer of a number of public companies, including companies with resource assets in China.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in sections 2.4, 3.2, 3.3(2), 3.4, 3.5, 3.6 or 3.8 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee Oversight

During the last year, all recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a specific policy and procedure for the engagement of non-audit services as described in Section IV of the Audit Committee Charter. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

External Auditor Services Fees

The Company's independent registered public accounting firm for the years ended March 31, 2018 and 2017 was Deloitte LLP. The Audit Committee has reviewed the nature and amount of the services provided by the principal accountants to ensure auditor independence of independent registered public accounting firm. Fees (stated in Canadian dollars) paid or billed for audit and other services provided by Deloitte LLP in the last two fiscal years are outlined below:

Nature of Services	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
Audit Fees(1)	$773,000	$702,000
Audit-Related Fees (2)	$120,000	Nil
Tax Fees (3)	Nil	Nil
All Other Fees (4)	Nil	Nil
Total	$893,000	$702,000

Notes:

1. "Audit Fees" include the aggregate fees billed for each of the last two fiscal years for professional services of the principal accountant for the audit of the Company's annual financial statements and the audit of the Company's internal control over financial reporting for Fiscal 2018 and Fiscal 2017, or review services that are normally provided by the principal accountant in connection with interim filings or engagements for those fiscal years.

2. "Audit-Related Fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under above note (1).

3. "Tax Fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning.

4. "All Other Fees" include the aggregate fees billed in each of the last two fiscal years for services provided by the principal accountant, other than the services reported in the above items.

ITEM 12 PROMOTERS

No person or company has been a promoter of the Company or a subsidiary of the Company within the two most recently completed financial years or during the current financial year.

ITEM 13 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as disclosed herein, the Company is not aware of any other actual or pending material legal proceedings or any regulatory actions to which the Company is or was a party to, or is likely to be a party to, or of which any of its business or property is or was the subject of during Fiscal 2018.

- An action commenced pursuant to the *Class Proceedings Act* (Ontario) against the Company and certain of its senior officers and expert advisors was initiated in the Ontario Superior Court of Justice on May 21, 2013 relating to claims for misrepresentation, at common law and pursuant to secondary market civil liability provisions under the *Securities Act* (Ontario) (the "**Mask Action**"). On October 22, 2015, the Ontario Superior Court of Justice denied Mr. Mask leave to proceed with a class action and awarded costs in favour of Silvercorp. The Ontario Superior Court of Justice decision noted that the plaintiff's case had no reasonable possibility of success at trial, a finding that was upheld by the Ontario Court of Appeal on August 24, 2016. That action was discontinued by Order of the Ontario Court on April 19, 2017. Three other parallel class action lawsuits filed against the Company, in the Ontario Superior Court of Justice on September 11, 2013 and in the British Columbia Supreme Court on August 30, 2013 and on September 9, 2013, have also been

discontinued. The Company has received CAD$470,000 in satisfaction of two litigation cost awards granted in its favour, first by the Ontario Superior Court of Justice, and later by the Ontario Court of Appeal.

- On August 19, 2014, an action was commenced against the Company in the Supreme Court of British Columbia seeking an unspecified amount of damages for a claim of false imprisonment and defamation (the "**Huang Action**"). The case was scheduled for a 60 day jury trial, commencing February 2018. The Company also commenced third party proceedings against other parties (the "**Third Parties**"), claiming contribution and indemnity. On August 22, 2016, the Company commenced an action against the parties to Huang Action and others seeking damages (the "**Silvercorp Action**"). In January 2018, the parties to the Huang Action and the Silvercorp Action reached a confidential settlement agreement. The settlement resolves all claims between the Company, Mr. Huang, and the Third Parties in all actions, including the Huang Action and the Silvercorp Action, all of which have been dismissed by consent. Nothing contained in this settlement represents an admission of liability, fault, or wrongdoing on the part of any of the parties.

- During the year ended March 31, 2016, an action was initiated by Luoyang Mining Group Co., Ltd. (" **Luoyang Mining**") against Henan Found seeking payment of $1.6 million (RMB10.0 million) plus interest related to the acquisition agreements Henan Found entered into in August 2012 to acquire the XHP Project. The $1.6 million has been included into the accounts payable and accrued liabilities on the consolidated statements of financial position of the Company. Henan Found did not make the final payment as certain commercial conditions were not fulfilled by Luoyang Mining. In April 2016, Henan Found filed a counterclaim in Luoyang People's Court against Luoyang Mining to have the original acquisition agreements nullified and is seeking repayment of the amount paid to date of $9.7 million (RMB62.8 million) plus compensation of direct loss of $2.5 million (RMB16.5 million) arising from XHP Project. A trial was heard in March 2017 and the court decision is pending. The acquisition of the XHP was impaired to $nil in fiscal year 2015.

- During the year ended March 31, 2016, Songxian Gold Mining Ltd. (" **SX Gold**"), a 100% owned subsidiary of Henan Found, commenced a legal action against Luoyang HA Mining Co. Ltd. ("**HA Mining**") to seek payment of $4.0 million (RMB26.0 million) plus interest related to a share transfer agreement that SX Gold entered into with HA Mining in September 2013. Pursuant to the agreement, SX Gold was to transfer all shares it held in Songxian Zhongxin Mining Co. Ltd. to HA Mining for $11.8 million (RMB76.0 million). SX
  Gold fulfilled its responsibilities and the title of the shares was transferred to HA Mining, who paid $7.8 million (RMB50.0 million). The remaining $4.0 million (RMB26.0 million) was not paid and was written off by the Company in prior years. In April 2016, HA Mining filed a counterclaim for $2.2 million (RMB14.0 million). On June 17, 2016, the Luoyang Intermediate People's Court issued an order in favour of SX Gold, demanding HA Mining to pay $3.4 million (RMB22.75 million) to SX Gold. On July 1, 2016, HA Mining filed an appeal to the Henan High People' Court, China. The appeal was heard in April 2017. On June 16, 2017, the Henan High People's Court, China dismissed HA Mining's appeal and upheld the rulings made by the Luoyang Intermediate People's Court, Henan, China. On August 4, 2017, HA Mining submitted an application to the Supreme People's Court of China (the "**Supreme Court**") to rehear the case. On November 24, 2017, the application was rejected by the Supreme Court. On December 6, 2017, SX Gold and HA Mining reached a mutual settlement agreement that HA Mining would pay $2.3 million (RMB15.0 million) to SX Gold. As of March 31, 2018, HA Mining paid $2.3 million (RMB15.0 million) to the Company, which was included in other income of the consolidated statements of income, and the case was closed.

ITEM 14 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer, person or company that beneficially owns and controls or directs, directly or indirectly, more than 10% of the Common Shares, or any associate or affiliate of such person, company or director or executive officer, have had any material interest, direct or indirect, in any material transaction of Silvercorp within the Company's three most recently completed financial years or during the current financial year, which has materially affected or is reasonably expected to materially affect Silvercorp.

ITEM 15 TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar is Computershare Investor Services Inc. of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

ITEM 16 MATERIAL CONTRACTS

There are no contracts other than those entered into in the ordinary course of the Company's business, that are material to the Company and which were entered into in the most recently completed financial year ended March 31, 2018, or before the most recently completed financial year but are still in effect as of the date of this AIF.

ITEM 17 INTERESTS OF EXPERTS

Names of Experts

Ying Report

AMC Mining Consultants (Canada) Ltd ("**AMC**") was commissioned by the Company to prepare the latest technical report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China*" (the "**Ying Report**") dated effective December 31, 2016, and signed on February 15, 2017.

Persons who prepared, or contributed to, the Ying Report are identified in that report as follows:

Qualified Persons responsible for the preparation of this Technical Report						
Qualified Person	**Position**	**Employer**	**Independent of Silvercorp**	**Date of last site visit**	**Professional designation**	**Sections of report**
Mr P R Stephenson	Associate Principal Geologist	AMC Mining Consultants (Canada) Ltd	Yes	13-16 July 2016	PGeo (BC), PGeo (Sask), BSc (Hons), FAusIMM (CP), MCIM	1-12, 20, 23, 24, 27 and parts of 1, 25 and 26.
Mr H A Smith	Senior Principal Mining Engineer	AMC Mining Consultants (Canada) Ltd	Yes	13-16 July 2016	PEng (BC), PEng (Ontario), PEng (Alberta) MSc, BSc	15, 16,18, 21, 22 and parts of 1, 25 and 26
Dr A Ross	Principal Geologist	AMC Mining Consultants (Canada) Ltd	Yes	13-20 July 2016	PGeo (BC), PGeo (AB), PhD	14
Mr H Muller	Principal Metallurgical Consultant	AMC Mining Consultants (Canada) Ltd	Yes	none	FAusIMM	13, 17, 19, parts of 22,
Other experts who assisted the Qualified Persons						
Expert	**Position**	**Employer**		**Independent of Silvercorp**	**Visited site**	**Sections of report**
Mr A Zhang, P.Geo	Vice-President, Exploration	Silvercorp Metals Inc.		No	Since February, 2015	General
Mr. Luke Liu	Vice President, China Operations	Silvercorp Metals Inc.		No	Since July, 2014	General
Mr R Jiang, P.Geo	Silvercorp consultant	Independent		No	Since January, 2012	General
Mr Z Li, P.Eng	Senior Mining Engineer	Silvercorp Metals Inc.		No	Since April, 2010	Parts of 15 to 21

Mr Y Wang	Chief Environment Engineer, Ying Mines	Silvercorp Metals Inc.	No	Since March, 2010	20
Mr JM Shannon	Geology Manager, Principal Geologist	AMC Mining Consultants (Canada) Ltd	Yes	none	Overall compilation
Mr G Methven	Principal Mining Engineer	AMC Mining Consultants (Canada) Ltd	Yes	No	15, 16
Mr A. Riles	Principal Metallurgical Consultant	Riles Integrated Resource Management Ltd	Yes	3-6 September 2013	13, 17, 19, parts of 22,

GC Report

AMC was commissioned by Silvercorp to review a report titled "Mining and Dressing Project of Gaocheng Lead-Zinc Ore in Yun'an County, Guangdong Province" prepared by the Guangdong Metallurgical & Architectural Design Institute ("**GMADI**") in January 2011, and to prepare an independent Technical Report on the property incorporating its findings on the GMADI report. AMC prepared a previous Technical Report on the GC mine in June 2009 titled "*NI 43-101 Technical Report Update on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*" (AMC report number 709003). Persons who prepared, or contributed to, the GC Report are set out as follows:

Qualified Person	Position	Employer	Independent of Silvercorp	Date of Last Site Visit	Professional Designation	Sections of Report
Mr. B O'Connor	Principal Geologist	AMC Mining Consultants (Canada) Ltd.	Yes	23 – 31 May 2011	PGeo, BSc MCIM	Sections 2 to 12, 14, 20, 23, 24
Mr. P Mokos	Principal Mining Engineer	AMC Mining Consultants (Canada) Ltd.	Yes	23 – 31 May 2011	BSc (Eng), DipEng (Mining), MAusIMM (CP)	15, 16
Mr. A Riles	Principal Metallurgical Consultant	Riles Integrated Resource Management Ltd.	Yes	23 – 31 May 2011	BSc (Hons) Grad Dipl Business Management, MAIG	13, 17, 19, 21, 22, part of 18
Mr. O Watson	Senior Geotechnical Engineer	AMC Mining Consultants (Canada) Ltd.	Yes	23 – 31 May 2011	BEng (Geological) (Hons) MAusIMM (CP), MCIM	Parts of 15, 16
Mr. M Molavi	Director, Principal Mining Engineer	AMC Mining Consultants (Canada) Ltd.	Yes	No visit	PEng, M Eng, B Eng	Parts of 18
Mr. P Stephenson	Associate Principal Geologist	AMC Mining Consultants (Canada) Ltd.	Yes	No visit	PGeo, BSc (Hons), FAusIMM (CP), MAIG, MCIM	1, 25, 26
Other Experts upon whose contributions the Qualified Persons have relied						
Expert	**Position**	**Employer**	**Independent of Silvercorp**	**Visited Site**	**Sections of Report**	
Mr. B Fallaw	Senior Tailings and Backfill Consultant	AMC Consultants Pty Ltd.	Yes	No visit	Part of 18	
Mr. S Wyllie	Senior Mining Consultant	AMC Mining Consultants (Canada) Ltd.	Yes	No visit	Parts of 15, 16	

Note: Mr. B O'Connor left AMC in May 2012. Mr. Stephenson has accepted Qualified Person responsibility for Sections 2 to 12, 14, 20, 23, and 24 of the report.

Interests of Experts

None of the independent consulting geologists and independent "Qualified Persons" named in "Item 16 Names of Experts", when or after they prepared the statement, report or valuation, has received any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company except as disclosed below. This information has been provided to the Company by the individual experts.

The Qualified Persons who were responsible for the preparation of the Ying Report and GC Report beneficially owned, directly or indirectly, less than 1% of the Common Shares. The Company confirms that its personnel named herein are non-independent Qualified Persons.

Auditor

Deloitte LLP is the independent registered public accounting firm of Silvercorp and is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ITEM 18 ADDITIONAL INFORMATION

Additional information on the Company can be found on the Company's website at www.silvercorp.ca or on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional information is provided in the Company's most recent financial statements and the management's discussion and analysis for its most recently completed financial year.

SCHEDULE "A"

SILVERCORP METALS INC.

AUDIT COMMITTEE CHARTER

I. Purpose

The main objective of the Audit Committee is to act as a liaison between the Board and the Company's independent auditors (the "Auditors") and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Company to its shareholders, the public and others, (b) the Company's compliance with legal and regulatory requirements, (c) the qualification, independence and performance of the Auditors and (d) the Company's risk management and internal financial and accounting controls, and management information systems.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.

II. Organization

The Committee shall consist of three or more directors and shall satisfy the laws governing the Company and the independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Company.

The members of the Committee and the Chair of the Committee shall be appointed by the Board. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

III. Meetings

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.

The Company's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

IV. Responsibilities

The Committee shall recommend to the Board of directors: the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and the compensation of the external auditor.

The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

The Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

The Committee must review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in subsection (4), and must periodically assess the adequacy of those procedures.

The Committee must establish procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

An audit committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

V. Authority

The Committee shall have the following authority:

(a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

(b) to set and pay the compensation for any advisors employed by the Committee, and

(c) to communicate directly with the internal and external auditors.



SILVERCORP METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2018

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

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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 audited consolidated financial statements for the year ended March 31, 2018 and the related notes contained therein. The Company reports its financial position, financial performance and cash flow in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Silvercorp's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for the year ended March 31, 2018. This MD&A refers to various non-IFRS measures, such as total and cash costs per ounce of silver, net of by-product credits, all-in & all-in sustaining costs per ounce of silver, net of by-product credits, and 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, we have provided detailed descriptions and reconciliations, in section 12 of this MD&A. This MD&A is prepared as of May 23, 2018 and expressed in thousands of U.S. dollars, except share, per share, unit cost, and production data, unless otherwise stated. Figures may not add up precisely due to rounding.

1. Core Business and Strategy

Silvercorp Metals Inc. is engaged in the acquisition, exploration, development and mining of high-grade silver-related mineral properties in China. Silvercorp is the largest primary silver producer in China through the operation of several silver-lead-zinc mines at the Ying Mining District in Henan Province, China and its GC silver-lead-zinc mine in Guangdong Province, China. The Company's shares are traded on Toronto Stock Exchange and commencing May 15, 2017, on NYSE American Stock Exchange.

2. Fiscal Year 2018 Highlights

- Net income attributable to equity shareholders of $47.0 million, or $0.28 per share [1], up 8% compared to net income attributable to equity shareholders of $43.7 million, or $0.26 per share in the prior year. Adjusted net income attributable to equity shareholders[2] of $41.5 million or $0.25 per share after adjustment of impairment reversal and dilution gain compared to adjusted net income attributable to equity shareholders of $38.6 million or $0.23 per share in the prior year;
- Gross margin of 52% compared with 54% in the prior year;
- Sales of $170.0 million, up 4% compared to $163.5 million in the prior year;
- Silver, lead, and zinc metals sold amounted to approximately to 6.0 million ounces of silver, 61.9 million pounds of lead, and 19.6 million pounds of zinc, compared to 6.5 million ounces of silver, 70.5 million pounds of lead, and 18.3 million pounds of zinc in the prior year. The decrease of silver and lead sold was mainly due to silver-lead concentrate inventory built up as inventories of silver-lead concentrate stood at 4,070 tonnes (containing approximately 0.4 million ounces of silver);
- Total and cash mining costs per tonne ore[2] of $73.48 and $54.60, respectively, compared to $64.16 and $46.07 in the prior year;
- Cash cost per ounce of silver[2], net of by-product credits, of negative $4.73, compared to negative $3.09 in the prior year;
- All-in sustaining cost per ounce of silver[2], net of by-product credits, of $3.27, compared to $3.82 in the prior year;
- Spent $4.2 million to buyback 1,717,100 common shares of the Company;
- Paid $3.4 million of dividends to equity shareholders of the Company;
- Invested $23.4 million to participate in a private placement of New Pacific Metals Corp; and,

[1] *Earnings per share in this MD&A refers to basic earnings per share*

[2] *Non IFRS measure, please refer reconciliation on section 12 for MD&A for the corresponding period*

- Ended the fiscal year with $106.1 million in cash and cash equivalents and short-term investments, an increase of $9.6 million or 10% compared to $96.5 million as at March 31, 2017.

3. Operating Performance

The following table summarizes consolidated and each mining district's operational information for the year ended March 31, 2018:

	Year ended March 31, 2018		
	Ying Mining District[1]	GC[2]	Consolidated
Production Data			
Mine Data			
Ore Mined (tonne)	614,141	245,783	859,924
Ore Milled (tonne)	618,732	244,338	863,070
+ **Mining cost per tonne of ore mined ($)**	84.59	45.73	73.48
Cash mining cost per tonne of ore mined ($)	61.46	37.48	54.60
Non cash mining cost per tonne of ore mined ($)	23.13	8.25	18.88
+ **Unit shipping costs($)**	4.01	-	2.87
+ **Milling cost per tonne of ore milled ($)**	11.71	19.17	13.82
Cash milling cost per tonne of ore milled ($)	9.49	15.72	11.25
Non cash milling cost per tonne of ore milled ($)	2.22	3.45	2.57
+ **Average Production Cost**			
Silver ($ per ounce)	5.93	6.52	6.21
Gold ($ per ounce)	443	-	475
Lead ($ per pound)	0.43	0.61	0.46
Zinc ($ per pound)	0.48	0.66	0.50
Other ($ per pound)	0.41	0.01	0.02
+ **Total production cost per ounce of Silver, net of by-product credits ($)**	(1.07)	(7.41)	(1.70)
+ **Total cash cost per ounce of Silver, net of by-product credits ($)**	(3.88)	(12.37)	(4.73)
+ **All-in sustaining cost per ounce of Silver, net of by-product credits ($)**	2.04	(3.69)	3.27
+ **All-in cost per ounce of Silver, net of by-product credits ($)**	2.72	(2.88)	4.01
Recovery Rates			
Silver (%)	95.7	76.2	93.5
Lead (%)	96.3	85.4	95.1
Zinc (%)	52.3	81.8	68.7
Head Grades			
Silver (gram/tonne)	305	98	246
Lead (%)	4.4	1.5	3.6
Zinc (%)	0.9	2.8	1.4
Concentrate in stock			
Lead concentrate (tonne)	4,050	20	4,070
Zinc concentate (tonne)	350	20	370
Sales Data			
Metal Sales			
Silver (in thousands of ounces)	5,437	603	6,040
Gold (in thousands of ounces)	3.1	-	3.1
Lead (in thousands of pounds)	55,180	6,754	61,934
Zinc (in thousands of pounds)	6,136	13,433	19,569
Other (in thousands of pounds)	524	16,276	16,800
Metal Sales			
Silver (in thousands of $)	75,891	6,463	82,354
Gold (in thousands of $)	3,232	-	3,232
Lead (in thousands of $)	55,488	6,763	62,251
Zinc (in thousands of $)	7,000	14,462	21,462
Other (in thousands of $)	502	238	740
	142,113	27,926	170,039
Average Selling Price, Net of Value Added Tax and Smelter Charges			
Silver ($ per ounce)	13.96	10.72	13.63
Gold ($ per ounce)	1,043	-	1,043
Lead ($ per pound)	1.01	1.00	1.01
Zinc ($ per pound)	1.14	1.08	1.10

1 Ying Mining District i ncludes mines: SGX, TLP, HPG,LM, BCG and HZG.

2 GC Silver recovery rate consists of 55.2% from lead concentrates and 21.0% from zinc concentrates.

2 GC Silver sold in zinc concentrates is subjected to higher smelter and refining charges which lowers the net silver selling price .

+ Non-IFRS measures, see section 12 for reconciliation

The following table summarizes consolidated and each mining district's operational information for the year ended March 31, 2017:

	Year ended March 31, 2017		
	Ying Mining District[1]	GC[2]	Total
Production Data			
Mine Data			
Ore Mined *(tonne)*	636,760	260,746	897,506
Ore Milled *(tonne)*	638,211	260,696	898,907
+ **Mining cost per tonne of ore mined** ($)	74.04	40.03	64.16
Cash mining cost per tonne of ore mined ($)	51.79	32.10	46.07
Non cash mining cost per tonne of ore mined ($)	22.25	7.93	18.09
+ **Unit shipping costs($)**	3.88	-	2.75
+ **Milling cost per tonne of ore milled** ($)	11.26	17.40	13.04
Cash milling cost per tonne of ore milled ($)	9.03	14.35	10.57
Non cash milling cost per tonne of ore milled ($)	2.23	3.05	2.47
+ **Average Production Cost**			
Silver *($ per ounce)*	5.71	6.98	6.03
Gold *($ per ounce)*	410	-	443
Lead *($ per pound)*	0.33	0.50	0.35
Zinc *($ per pound)*	0.30	0.47	0.32
Other *($ per pound)*	-	0.03	0.02
+ **Total production cost per ounce of Silver, net of by-product credits ($)**	(0.23)	(1.86)	(0.37)
+ **Total cash cost per ounce of Silver, net of by-product credits ($)**	(2.76)	(6.64)	(3.09)
+ **All-in sustaining cost per ounce of Silver, net of by-product credits ($)**	2.61	0.20	3.82
+ **All-in cost per ounce of Silver, net of by-product credits ($)**	3.18	0.80	4.40
Recovery Rates			
Silver *(%)*	95.5	75.7	93.2
Lead *(%)*	96.5	85.7	95.3
Zinc *(%)*	46.0	84.7	67.2
Head Grades			
Silver *(gram/tonne)*	303	94	242
Lead *(%)*	4.7	1.4	3.7
Zinc *(%)*	1.0	2.8	1.5
Concentrate in stock			
Lead concentrate *(tonne)*	2,293	198	2,491
Zinc concentate *(tonne)*	480	1,503	1,983
Sales Data			
Metal Sales			
Silver *(in thousands of ounces)*	5,930	564	6,494
Gold *(in thousands of ounces)*	3.3	-	3.3
Lead *(in thousands of pounds)*	63,418	7,055	70,473
Zinc *(in thousands of pounds)*	5,848	12,446	18,294
Other *(in thousands of pound)*	-	12,025	12,025
Metal Sales			
Silver *(in thousands of $)*	83,606	5,950	89,556
Gold *(in thousands of $)*	3,344	-	3,344
Lead *(in thousands of $)*	51,479	5,373	56,852
Zinc *(in thousands of $)*	4,332	8,909	13,241
Other *(in thousands of $)*	-	478	478
	142,761	20,710	163,471
Average Selling Price, Net of Value Added Tax and Smelter Charges			
Silver *($ per ounce)*	14.10	10.55	13.79
Gold *($ per ounce)*	1,013	-	1,013
Lead *($ per pound)*	0.81	0.76	0.81
Zinc *($ per pound)*	0.74	0.72	0.72

[1] Ying Mining District includes mines: SGX, TLP, HPG,LM, BCG and HZG.

[2] GC Silver recovery rate consists of 53.7% from lead concentrates and 21.9% from zinc concentrates.

[2] GC Silver sold in zinc concentrates is subjected to higher smelter and refining charges which lower the net silver selling price.
+ Mineral resouces tax was excluded from production costs, but presented as a separate line item on the consolidated statements of income
+ Non-IFRS measures, see section 12 for reconciliation

(a) Mine and Milling Production

For the year ended March 31, 2018 ("Fiscal 2018"), on a consolidated basis, the Company mined 859,924 tonnes of ore, a decrease of 4% or 37,582 tonnes, compared to 897,506 tonnes in the year ended March 31, 2017 ("Fiscal 2017"). Correspondingly, ore milled decreased by 4% or 35,837 tonnes to 863,070 tonnes compared to 898,907 tonnes in Fiscal 2017. Ore mined at the Ying Mining District decreased by 4% or 22,619 tonnes to 614,141 tonnes from 636,760 tonnes in Fiscal 2017. In Fiscal 2018, at the Ying Mining District, approximately 5,000 tonnes of ore production were affected by the power downtime arising from power grid update work by the State Grid Corporation of China and approximately 15,000 tonnes of ore production were affected by public safety measures, such as explosive supply limitation and temporary suspension of mining activities, brought by the local governments for the 19th National Congress of Communist Party of China.

(b) Metal Sales

In Fiscal 2018, the Company sold 6.0 million ounces of silver, 3,100 ounces of gold, 61.9 million pounds of lead, and 19.6 million pounds of zinc, compared to 6.5 million ounces of silver, 3,300 ounces of gold, 70.5 million pounds of lead, and 18.3 million pounds of zinc, respectively, in Fiscal 2017. The decrease of silver and lead sold was mostly due to silver-lead concentrate inventory built up.

As at March 31, 2018, silver-lead concentrate inventories were 4,070 tonnes containing approximately 0.4 million ounces of silver and 4.2 million pounds of lead, an increase of 63% or 1,579 tonnes, compared to 2,491 tonnes silver-lead concentrate inventories containing approximately 0.2 million ounces of silver and 2.8 million pounds of lead held as at March 31, 2017.

(c) Mining and Milling Costs[2]

In Fiscal 2018, the consolidated total mining costs and cash mining costs were $73.48 and $54.60 per tonne, respectively, an increase of 15% and 19%, respectively, compared to $64.16 and $46.07 per tonne, respectively, in Fiscal 2017. The increase in cash mining costs were mainly due to: i) a $2.6 million increase in mining preparation costs resulting from more underground tunnelling being expensed in Fiscal 2018, ii) a $2.0 million increase in raw material supply costs, and iii) a $0.6 million increase in mining labor costs.

The consolidated total milling costs and cash milling costs were $13.82 and $11.25 per tonne, respectively, in Fiscal 2018, an increase of 6% and 6% compared to $13.04 and $10.57 per tonne, respectively, in Fiscal 2017. The increase in milling costs was mainly due to a $0.5 million increase in raw material costs.

Correspondingly, the consolidated cash production costs of ore processed was $68.72 per tonne in Fiscal 2018, an increase of 16%, compared to $59.39 per tonne in the prior year.

(d) Total and Cash Cost per Ounce of Silver, Net of By-Product Credits

In Fiscal 2018, the consolidated total production costs and cash costs per ounce of silver, net of byproduct credits, were negative $1.70 and negative $4.73, compared to negative $0.37 and negative $3.09, respectively, in the prior year. The overall improvement in cash cost per ounce of silver, net of by-product credits, is mainly due to a 19% increase in by-product credits, mainly arising from 25% and 53% increase in lead and zinc realized selling prices, offset by 12% decrease in lead metals sold. Sales from lead and zinc accounted for 49% of the total sales and amounted to $83.7 million, an increase of $13.6 million, compared to $70.1 million in the prior year.

(e) All-in Sustaining Cost per Ounce of Silver, Net of By-Product Credits

In Fiscal 2018, the consolidated all-in sustaining cost per ounce of silver, net of by-product credits, was

[2] *Non IFRS measure, please refer reconciliation on section 12 for MD&A for the corresponding period*

$3.27 compared to $3.82 in Fiscal 2017. The improvement was mainly due to a $13.7 million increase in by-product credits offset by a $1.9 million increase in general and administrative expenditures and a $1.5 million increase in sustaining capital expenditures.

(f) Operation Review

(i) Ying Mining District

The Ying Mining District consists of several mines, including SGX, HPG, TLP, LM, PCG, and HZG mines, and is the Company's primary source of production.

The operational results at the Ying Mining District for the past five quarters and for the years ended March 31, 2018 and 2017 are summarized in the table below:

Operational results - Ying Mining District	Q4 2018 March 31, 2018	Q3 2018 December 31, 2017	Q2 2018 September 30, 2017	Q1 2018 June 30, 2017	Q4 2017 March 31, 2017	Fiscal year ended March 31, 2018	2017*
Ore Mined (tonne)	**113,820**	166,619	173,294	160,408	112,755	**614,141**	636,760
Ore Milled (tonne)	**112,285**	167,543	173,946	164,959	108,051	**618,732**	638,211
Head Grades							
Silver (gram/tonne)	**309**	315	294	304	298	**305**	303
Lead (%)	**4.3**	4.5	4.3	4.6	4.8	**4.4**	4.7
Zinc (%)	**1.0**	1.0	0.8	0.8	0.8	**0.9**	1.0
Recoveries							
Silver (%)	**95.9**	95.8	95.6	95.8	96.6	**95.7**	95.5
Lead (%)	**96.5**	96.4	96.2	96.3	95.6	**96.3**	96.5
Zinc (%)	**54.5**	57.3	50.7	45.8	46.2	**52.3**	46.0
Metal Sales							
Silver (in thousands of ounce)	**1,319**	1,322	1,472	1,324	1,255	**5,437**	5,930
Gold (in thousands of ounce)	**0.7**	0.7	0.8	0.9	0.7	**3.1**	3.3
Lead (in thousands of pound)	**12,649**	13,487	15,279	13,765	13,520	**55,180**	63,418
Zinc (in thousands of pound)	**1,106**	2,006	2,269	755	1,033	**6,136**	5,848
Cash mining costs ($ per tonne)	**65.88**	66.71	59.67	54.78	49.99	**61.46**	51.79
Total mining costs ($ per tonne)	**92.81**	90.12	81.20	76.67	53.50	**84.59**	74.04
Cash milling costs ($ per tonne)	**12.59**	9.84	8.50	8.07	10.43	**9.49**	9.03
Total milling costs ($ per tonne)	**15.80**	11.87	10.45	10.10	13.60	**11.71**	11.26
Cash production costs ($ per tonne)	**82.84**	80.60	71.85	66.93	64.34	**74.96**	64.70
Cash costs per ounce of silver ($)	**(3.41)**	(4.53)	(4.27)	(2.97)	(3.73)	**(3.88)**	(2.76)
All-in sustaining costs per ounce of silver ($)	**1.39**	2.13	1.08	3.66	0.74	**2.04**	2.61

** Milling costs were adjusted to exclude mineral resources tax*

i) Fiscal 2018 vs. Fiscal 2017

In Fiscal 2018, the total ore mined at the Ying Mining District was 614,141 tonnes, a decrease of 4% or 22,619 tonnes, compared to 636,760 tonnes mined in Fiscal 2017. Correspondingly, ore milled in Fiscal 2018 decreased by 3% to 618,732 tonnes from 638,211 tonnes in the prior year.

Head grades were 305 g/t for silver, 4.4% for lead, and 0.9% for zinc, compared to 303 g/t for silver, 4.7% for lead and 1.0% for zinc in the prior year. The Company continues to achieve improvements in dilution control using its "Enterprise Blog" to assist manage daily operations.

In Fiscal 2018, the Ying Mining District sold approximately 5.4 million ounces of silver, 55.2 million pounds of lead, and 6.1 million pounds of zinc, compared to 5.9 million ounces of silver, 63.4 million pounds of lead, and 5.8 million pounds of zinc in the prior year. The decrease of silver and lead sold was mostly due to silver-lead concentrate inventory built up.

As at March 31, 2018, silver-lead concentrate inventories at the Ying Mining District were 4,050 tonnes containing approximately 0.4 million ounces of silver and 4.2 million pounds of lead, an increase of 77% or 1,757 tonnes, compared to 2,293 tonnes silver-lead concentrate inventories containing approximately 0.2 million ounces of silver and 2.6 million pounds of lead held as at March 31, 2017.

Total and cash mining costs at the Ying Mining District were $84.59 and $61.46 per tonne, respectively, in Fiscal 2018, compared to $74.04 and $51.79 per tonne, respectively, in Fiscal 2017. The increase in cash mining costs were mainly due to: i) a $2.0 million increase in raw material supply costs, ii) a $1.7 million increase in mining preparation costs resulting from more underground drilling and tunnelling

being expensed in Fiscal 2018, and iii) a $0.5 million increase in mining labour costs.

Total and cash milling costs at the Ying Mining District in Fiscal 2018 were $11.71 and $9.49 per tonne, respectively, compared to $11.26 and $9.03 per tonne, respectively, in Fiscal 2017. The increase in cash milling costs was mainly due to a 15% increase in per tonne raw material supply costs.

Correspondingly, cash production cost per tonne of ore processed in Fiscal 2018 at the Ying Mining District was $74.96, an increase of 16% compared to $64.70 in the prior year.

Cash cost per ounce of silver, net of by-product credits, in Fiscal 2018 at the Ying Mining District, was negative $3.88, compared to negative $2.76 in the prior year.

All-in sustaining costs per ounce of silver, net of by-product credits, in Fiscal 2018 at the Ying Mining District was $2.04 compared to $2.61 in the prior year.

In Fiscal 2018, approximately 104,798 m or $2.3 million of underground diamond drilling (Fiscal 2017 –93,735 m or $2.1 million) and 19,723 m or $5.8 million of preparation tunnelling (Fiscal 2017 – 17,787 m or $5.0 million) were completed and expensed as mining preparation costs at the Ying Mining District. In addition, approximately 61,827 m or $20.1 million of horizontal tunnels, raises and declines (Fiscal 2017 – 60,241 m or $18.1 million) were completed and capitalized.

ii) Q4 Fiscal 2018 vs. Q4 Fiscal 2017

In Q4 Fiscal 2018, a total of 113,820 tonnes of ore were mined and 112,285 tonnes milled at the Ying Mining District, up by 1% and 4%, compared to 112,755 tonnes mined and 108,051 tonnes milled in Q4 Fiscal 2017.

Average head grades were 309 g/t for silver, 4.3% for lead, and 1.0% for zinc, compared to 298 g/t for silver, 4.8% for lead, and 0.8% for zinc, respectively, in the same prior year quarter.

Metals sold were approximately 1.3 million ounces of silver, 700 ounces of gold, 12.6 million pounds of lead, and 1.1 million pounds of zinc, compared to 1.3 million ounces of silver, 700 ounces of gold, 13.5 million pounds of lead, and 1.0 million pounds of zinc in Q4 Fiscal 2017.

The cash mining costs at the Ying Mining District in Q4 Fiscal 2018 was $65.88 per tonne, compared to $49.99 per tonne in Q4 Fiscal 2017. The increase in cash mining costs were mainly due to: i) a $0.3 million increase in raw material supply costs, ii) a $0.4 million increase in mining preparation costs, and iii) a $0.7 million increase in direct mining contractor costs.

The cash milling cost at the Ying Mining District was $12.59 per tonne in Q4 Fiscal 2018, an increase of 21% compared to $10.43 per tonne in Q4 Fiscal 2017.

Cash cost per ounce of silver and all-in sustaining costs per ounce of silver, net of by product credits, at the Ying Mining District, for Q4 Fiscal 2018, were negative $3.41 and $1.39, respectively, compared to negative $3.73 and $0.74, respectively, in Q4 Fiscal 2017.

In Q4 Fiscal 2018, approximately 18,791 m or $0.6 million of underground diamond drilling (Q4 Fiscal 2017 – 21,961 m or $0.4 million) and 2,809 m or $0.9 million of preparation tunnelling (Q4 Fiscal 2017 –2,718 m or $0.8 million) were completed and expensed as mining preparation costs at the Ying Mining District. In addition, approximately 9,653 m or $3.9 million of horizontal tunnels, raises, and declines (Q4 Fiscal 2017 – 9,741 m or $2.9 million) were completed and capitalized.

(ii) GC Mine

The operational results at the GC Mine for the past five quarters are summarized in the table below:

Operational results - GC Mine	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Fiscal year ended March 31,	
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	2018	2017 *
Ore Mined (tonne)	**29,442**	85,665	65,812	64,865	40,224	**245,783**	260,746
Ore Milled (tonne)	**26,252**	88,494	63,648	65,944	39,929	**244,338**	260,696
Head Grades							
Silver (gram/tonne)	**96**	97	102	98	91	**98**	94
Lead (%)	**1.3**	1.4	1.4	1.6	1.3	**1.5**	1.4
Zinc (%)	**2.9**	2.8	2.8	2.7	2.6	**2.8**	2.8
Recovery Rates							
Silver (%)	**76.3**	73.6	74.4	81.2	72.8	**76.2**	75.7
Lead (%)	**87.5**	83.9	82.8	88.8	82.4	**85.4**	85.7
Zinc (%)	**85.7**	81.3	81.6	80.9	74.8	**81.8**	84.7
Metal Sales							
Silver (in thousands of ounce)	**63**	196	155	189	53	**603**	564
Lead (in thousands of pound)	**688**	2,263	1,656	2,147	818	**6,754**	7,055
Zinc (in thousands of pound)	**1,479**	4,399	3,311	4,244	455	**13,433**	12,446
Cash mining cost ($ per tonne)	**45.92**	35.48	34.60	39.20	37.91	**37.48**	32.10
Total mining cost ($ per tonne)	**57.47**	43.10	42.62	46.99	45.37	**45.73**	40.03
Cash milling cost ($ per tonne)	**25.07**	14.09	14.63	16.73	20.06	**15.72**	14.35
Total milling cost ($ per tonne)	**33.41**	16.45	17.90	19.85	24.99	**19.17**	17.40
Cash production cost ($ per tonne)	**70.99**	49.57	49.23	55.93	57.97	**53.20**	46.45
Cash cost per ounce of silver ($)	**(13.95)**	(15.34)	(13.56)	(7.80)	(1.72)	**(12.37)**	(6.64)
All-in sustaining cost per ounce of silver ($)	**(4.57)**	(4.52)	(3.77)	(2.48)	14.55	**(3.69)**	0.20

** Milling costs were adjusted to exclude mineral resources tax*

i) Fiscal 2018 vs. Fiscal 2017

In Fiscal 2018, the total ore mined at the GC Mine was 245,783 tonnes, a decrease of 14,963 tonnes or 6%, compared to 260,746 tonnes mined in Fiscal 2017, while ore milled decreased by 6% to 244,338 tonnes from 260,696 tonnes in the prior year. The decrease of ore mined at the GC Mine was mainly due to the impact arising from a changeover of a mining contractor and lack of skilled miners in the fourth quarter of Fiscal 2018.

Head grades were 98 g/t for silver, 1.5% for lead, and 2.8% for zinc in Fiscal 2018, compared to 94 g/t for silver, 1.4% for lead, and 2.8% for zinc in the prior year.

In Fiscal 2018, the GC Mine sold 603,000 ounces of silver, 6.8 million pounds of lead, and 13.4 million pounds of zinc, compared to 564,000 ounces of silver, 7.1 million pounds of lead, and 12.4 million pounds of zinc sold in Fiscal 2017.

Total and cash mining costs at the GC Mine in Fiscal 2018 were $45.73 and $37.48 per tonne, respectively, compared to $40.03 and $32.10 per tonne in Fiscal 2017. The increase in cash mining costs was mainly due to a $0.9 million increase in mining preparation costs resulting from more underground drilling expensed in Fiscal 2018.

Total and cash milling costs at the GC Mine in Fiscal 2018 were $19.17 and $15.72 per tonne, respectively, compared to $17.40 and $14.35 per tonne, respectively, in Fiscal 2017. The increase in milling costs was mainly due to higher raw material supply costs.

Correspondingly, cash production costs per tonne of ore processed in Fiscal 2018 at the GC Mine increased by 14% to $53.20 from $46.45 in the prior year due to the increase in both per tonne cash mining and milling costs.

Cash costs per ounce of silver, net of by-product credits, at the GC Mine, was negative $12.37 in Fiscal 2018 compared to negative $6.64 in the prior year. The improvement was mainly due to a 45% increase in by-product credits, mainly arising from an 8% increase in zinc sold and a 32% and 50% increase in net realized lead and zinc selling prices, offset by a 4% decrease in lead sold. Sales from lead and zinc accounted for 76% of the total sales at the GC Mine in Fiscal 2018, and amounted to $21.2 million, an increase of $6.9 million, compared to $14.3 million in the prior year.

All-in sustaining costs per ounce of silver, net of by-product credits, in Fiscal 2018 at the GC Mine was negative $3.69 compared to $0.20 in the prior year. The improvement was mainly due to higher byproduct credits achieved as discussed above.

In Fiscal 2018, approximately 21,717 m or $1.1 million of underground diamond drilling (Fiscal 2017 –12,484 m or $0.8 million) and 15,811 m or $4.5 million of tunnelling (Fiscal 2017 – 14,690 m or $4.0 million) were completed and expensed as mining preparation costs at the GC Mine. In addition, approximately 320 m or $0.3 million of horizontal tunnels, raises and declines (Fiscal 2017 – 1,721 m or $0.7 million) were completed and capitalized.

ii) Q4 Fiscal 2018 vs Q4 Fiscal 2017

In Q4 Fiscal 2018, a total of 29,442 tonnes of ore were mined and 26,252 tonnes were milled at the GC Mine compared to 40,224 tonnes mined and 39,929 tonnes milled in Q4 Fiscal 2017.

Average head grades were 96 g/t for silver, 1.3% for lead, and 2.9% for zinc compared to 91 g/t for silver, 1.3% for lead, and 2.6% for zinc, respectively, in Q4 Fiscal 2017.

Metals sold were approximately 63,000 ounces of silver, 0.7 million pounds of lead, and 1.5 million pounds of zinc, compared to 53,000 ounces of silver, 0.8 million pounds of lead, and 0.5 million pounds of zinc in Q4 Fiscal 2017.

The cash mining costs at the GC Mine was $45.92 per tonne, an increase of 21% compared to $37.91 per tonne in Q4 Fiscal 2017. The increase in cash mining costs was mainly due to lower production output resulting in higher unit costs allocation.

Correspondingly, the cash milling costs at the GC Mine in Q4 Fiscal 2018 increased by 25% to $25.07 per tonne, compared to $20.06 per tonne in Q4 Fiscal 2017.

Cash costs per ounce of silver and all-in sustaining costs per ounce of silver, net of by product credits, at the GC Mine, for Q4 Fiscal 2018, were negative $13.95 and negative $4.57, respectively, compared to negative $1.72 and $14.55 in Q4 Fiscal 2017. The improvement is mainly due to higher by-product credits achieved arising from a 225% increase in zinc metal sold along with a 34% and 48% increase, respectively, in lead and zinc realized selling prices.

In Q4 Fiscal 2018, approximately 3,464 m or $0.2 million of underground diamond drilling (Q4 Fiscal 2017 – 2,995 m or $0.2 million) and 1,526 m or $0.7 million of tunnelling (Q4 Fiscal 2017 – 2,714 m or $0.8 million) were completed and expensed as mining preparation costs at the GC Mine. In addition, approximately 40 m or $0.1 million of horizontal tunnels, raises, and declines (Q4 Fiscal 2017 – 40 m or $0.1 million) were completed and capitalized.

(iii) BYP Mine

The BYP mine was placed on care and maintenance in August 2014 in consideration of the required capital upgrades to sustain its ongoing production and the current market environment. The Company continues to review alternatives for this project and is also carrying out activities to renew its mining license.

(iv) XHP Project

Activities at the XHP project, a development stage project, were suspended in Fiscal 2014. In light of the recent increase of lead and zinc metal prices, the Company has resumed activities at the XHP project to review and evaluate alternatives for this project.

(v) Comparison of Fiscal 2018 Results with Fiscal 2018 Guidance

The following table provides a comparison of Fiscal 2018 results to the Fiscal 2018 production guidance provided at the start of Fiscal 2018:

Fiscal 2018	Ying Mining District		GC Mine		Consolidated	
	Actual	Guidance	Actual	Guidance	Actual	Guidance
Ore (tonne)	614,141	650,000	245,783	250,000	859,924	900,000
Head Grades						
Silver (gram/tonne)	305	275	98	90		
Lead (%)	4.4	4.2	1.5	1.5		
Zinc (%)	0.9	0.9	2.8	2.6		
Metal Production*						
Silver ('000 Oz)	5,462	5,300	570	400	6,032	5,700
Lead (million pounds)	56.7	56.0	6.7	7.1	63.4	63.1
Zinc (million pounds)	6.1	6.0	12.2	12.3	18.3	18.3
Costs						
Cash production cost ($/tonne of ore)	74.96	66.80	53.20	46.10	68.72	61.00
AISC**	2.04	4.20	(3.69)	(1.00)	3.27	5.40

**Metal production is estimated based on head grades of the ore processed and metal recoveries.*
***AISC is referred to all-in sustaining costs per ounce of silver, net of by-product credits.*

On a consolidation basis, silver production surpassed the guidance by 6% respectively, while lead and zinc production was in line with the guidance. The cash production costs per tonne was 13% higher, while the all-in sustaining costs, net of by-product credits, was 39% lower compared to the guidance.

At the Ying Mining District, silver, lead, and zinc production surpassed the guidance by 3%, 1%, and 1%, respectively, mainly due to the increase of head grades offset by lower ore production achieved. Silver and lead head grades increased by 11% and 6%, respectively, to 305 g/t for silver and 4.4% for lead from the guidance of 275 g/t for silver and 4.2% for lead. Cash production costs per tonne were higher than the guidance mainly due to more drilling and tunnelling expensed and higher material costs, while the all-in sustaining costs per ounce of silver, net of by-product credits, were better than the guidance.

At the GC Mine, silver production surpassed the guidance by 42%, while there was a 6% and 1% shortfall in lead and zinc production mainly due to 2% less ore processed and 3% decrease in lead head grades. Cash production costs per tonne were higher than the guidance, while the all-in sustaining costs per ounce of silver, net of by-product credits, were better than the guidance mainly due to higher byproduct credits achieved with a 34% and 48% increase, respectively, in lead and zinc realized selling prices.

4. Fiscal 2019 Production and Cash Costs Guidance

Fiscal 2019 production guidance was previously announced in our news release dated February 8, 2018. The Company continues to expect production of approximately 880,000 tonnes of ore, yielding 6.0 million ounces of silver, 63.6 million pounds of lead, and 19.8 million pounds of zinc in Fiscal 2019. Fiscal 2019 production guidance compared to the prior year's guidance released on February 2, 2017 represents an increase of approximately 4% in silver production, 1% in lead production, and 8% in zinc production.

	Ore processed (tonnes)	Silver (g/t)	Lead (%)	Zinc (%)	
Ying Mining District	630,000	285	4.3	0.9	
GC Mine	250,000	98	1.6	3.0	

	Silver (Moz)	Lead (Mlbs)	Zinc (Mlbs)	Cash cost* ($/t)	AISC* ($/t)
Ying Mining District	5.4	56.1	6.2	75.4	123.7
GC Mine	0.6	7.5	13.6	57.2	75.5
Consolidated	6.0	63.6	19.8	70.2	122.2

**Both AISC and cash costs are non-IFRS measures. AISC refers to all-in sustaining costs per ounce of silver, net of credits from gold, lead, zinc and other metals. Cash costs refers to cash production costs per tonne of ore processed. Foreign exchange rates assumptions used are: US$1 = CAD$1.25, US$1 = RMB¥6.50.*

(a) Ying Mining District, Henan Province, China

In Fiscal 2019, Ying Mining District plans to mine and process 630,000 tonnes of ore averaging 285 g/t silver, 4.3% lead, and 0.9% zinc with expected metal production of 5.4 million ounces of silver, 56.1 million pounds of lead and 6.2 million of zinc. Fiscal 2019 production guidance at the Ying Mining District represents an increase of approximately 4% in silver head grade and 2% in lead head grade compared to prior year's guidance. Metal production is comparable to prior year's guidance.

The cash production costs is expected to be $75.4 per tonne of ore, and the all-in sustaining costs is estimated at $123.7 per tonne of ore processed.

Capital expenditures at the Ying Mining District in Fiscal 2019 are budgeted at $31.8 million, including $23.2 million for mine tunnelling and ramp development and $8.6 million for equipment and infrastructure.

As reported on the Company's new releases dated April 16, 2018 and May 1, 2018, the Company reported a spillage incident at the Ying Mining District that a small amount of tailings leaking from the No. 2 tailing facility to Chong-Yang Creek at approximately 9:30 pm on April 12, 2018. Silvercorp's subsidiary, Henan Found, took immediate actions and the leakage was fully controlled and stopped as of 12:00 pm of April 13, 2018. No personal injuries were incurred and the results of ongoing water tests from Chong-Yang Creek are within the acceptable national water quality standards. Due to the incident, milling operations at the Ying Mining District were temporarily suspended. On April 28, 2018, one floatation line of 1,000 tonnes per day at the No. 2 mill, using the No. 1 tailing storage facility resumed operation, and full mill operations resumed on May 23, 2018. As the milling capacity of Henan Found is approximately 25% greater than the mining capacity, the temporary suspension of the milling operations is expected to have minimal impact on overall annual production.

(b) GC Mine, Guangdong Province, China

In Fiscal 2019, GC Mine plans to mine and process 250,000 tonnes of ore averaging 98 g/t silver, 1.6% lead, and 3.0% zinc with expected metal production of 0.6 million ounces of silver, 7.5 million pounds of lead and 13.6 million pounds of zinc. Fiscal 2019 represents an increase of approximately 50% in silver production, 6% in lead production, and 11% in zinc production compared to the prior year's guidance released on February 2, 2017.

The cash production cost is expected to be $57.2 per tonne of ore, and the all-in sustaining costs would be $57.2 per tonne of ore processed.

Capital expenditures at GC Mine in Fiscal 2019 are budgeted at $3.0 million, including $1.7 million for mine tunneling and ramp development and $1.3 million for equipment and infrastructure.

5. Investment in New Pacific Metals Corp. ("NUAG")

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

In July 2017, the Company participated in NUAG's private placement and subscribed for 25,000,000 common shares of NUAG for $20.0 million.

In November 2017, the Company participated in NUAG's strategic private placement. The placement was for 19,000,000 units, and the Company subscribed for 3,000,000 units while Pan American Silver Corp. subscribed for 16,000,000 units, at a price of CAD$1.42 per unit. Each unit is comprised of one common share of NUAG and one half of one common share purchase warrant. Arising from this strategic private placement, the Company's ownership in NUAG was diluted from 32.2% to 29.8% and a dilution gain of $0.8 million was recorded along with the reclassification of loss of $18 from other comprehensive income to net income.

The Company also acquired an additional 474,600 NUAG common shares from the public market for $0.5 million during the year ended March 31, 2018.

As at March 31, 2018, the Company owned 39,280,900 NUAG common shares (March 31, 2017 –10,806,300), representing an ownership interest of 29.8% (March 31, 2017 – 16.1%). The summary of the investment in NUAG common shares and its market value as at the respective balance sheet dates are as follows:

	Number of shares		Amount		Value of NUAG's common shares per quoted market price
Balance, April 1, 2016	10,806,300	$	3,133	$	2,333
Share of net income			282		
Share of other comprehensive loss			(12)		
Impairment recovery			5,278		
Foreign exchange impact			(164)		
Balance, March 31, 2017	10,806,300		8,517		8,517
Participate in Private placement	28,000,000		23,352		
Purchase from open market	474,600		509		
Share of net loss			(700)		
Share of other comprehensive income			461		
Impairment recovery			4,714		
Dilution gain			822		
Foreign exchange impact			326		
Balance March 31, 2018	**39,280,900**	**$**	**38,001**	**$**	**50,266**

For the year ended March 31, 2018, an impairment recovery of $4,714 (year ended March 31, 2017 -$5,278) was recognized for the investment in NUAG based on the quoted market price of NUAG common shares.

Summarized financial information for the Company's investment in NUAG on a 100% basis is as follows:

	Years ended March 31,	
	2018 (1)	2017 (1)
(Loss) income from investments	**$ (976)**	$ 3,999
General and administrative expense	**(2,527)**	(1,197)
Foreign exchange (loss) gain	**(358)**	388
Impairment charge	**-**	(2,933)
Other income	**372**	100
Net (loss) income of associate	**$ (3,489)**	$ 357
Adjustments to net (loss) income of associate	**760**	**1,391**
Net (loss) income of associate qualified for pick-up	**$ (2,729)**	$ 1,748
Company's share of net (loss) income	**$ (700)**	$ 282

	March 31, 2018(1)	March 31, 2017(1)
Current assets	**$ 28,279**	$ 16,152
Non-current assets	**57,268**	9,248
Total assets	**$ 85,547**	$ 25,400
Current liabilities	**970**	600
Long-term liabilities	**4,839**	-
Total liabilities	**5,809**	**600**
Net assets	**$ 79,738**	$ 24,800
Company's share of net assets of associate	**$ 23,730**	$ 4,003

(1)NUAG's fiscal year-end is on June 30. NUAG's quarterly financial results were used to compile the financial information that matched with the Company's year-end on March 31.

NUAG acquired a 100% interest in the Silver Sand Property, an early-stage exploration project in the Potosi Department of Bolivia, in July 2017 and commenced a 30,000 metres exploration drilling program in October 2017. Exploration results of this drilling program have not yet been released by NUAG as of the date of this MD&A.

6. Fiscal Year 2018 Financial Results

(a) Selected Annual Information

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Sales	170,039	$ 163,471	$ 107,940
Gross Profit	87,884	88,186	36,015
Expenses and foreign exchange	(23,284)	(20,486)	(23,220)
Impairment reversal	4,714	5,097	-
Dilution gain on investment in associate	822	-	-
Gain on disposal of NSR	4,320	-	-
Other Items	3,359	1,938	(107)
Net income (loss)	58,896	55,498	9,939
Net income (loss) attributable to the equity holders of the Company	46,994	43,674	6,336
Basic earnings (loss) per share	0.28	0.26	0.04
Diluted earnings (loss) per share	0.27	0.25	0.04
Cash dividend declared	3,362	1,585	685
Cash dividended declared per share	0.020	0.015	0.005
Total Assets	476,894	397,970	372,019
Total non-current liabilities	46,408	39,878	43,348

Financial results including sales, gross profit, net income, basic earnings per share, and diluted earnings per share are heavily influenced by changes in commodity prices, particularly, the silver price.

(b) Financial Results – Fiscal 2018 compared to Fiscal 2017

Net income attributable to the shareholders of the Company in Fiscal 2018 was $47.0 million, or $0.28 per share, up 8% compared to $43.7 million, or $0.26 per share in Fiscal 2017. The adjusted net income attributable to the shareholders of the Company was $41.5 million, or $0.25 per share after adjustments of impairment reversal and dilution gain, compared to the adjusted net income of $38.6 million, or $0.23 per share in Fiscal 2017.

Sales in Fiscal 2018 were $170.0 million, up 4% compared to $163.5 million in Fiscal 2017. Silver and gold sales represented $82.4 million and $3.2 million, respectively, while base metals represented $84.5 million of total sales compared to silver, gold and base metal sales of $89.6 million, $3.3 million, and $70.6 million, respectively, in Fiscal 2017.

In Fiscal 2018, the Company's consolidated financial results were mainly impacted by the following: i) an increase of 25% and 53%, in net realized selling prices for lead and zinc; ii) a decrease of 1% in the net realized selling price for silver, iii) less silver and lead sold as inventory built up; and iv) higher per tonne production costs.

Fluctuations in sales revenue are mainly dependent on metal production and the realized metal prices. The net realized selling price is calculated using Shanghai Metal Exchange ("SME") prices, less smelter charges and recovery, and a value added tax ("VAT") at a rate of 17% (VAT is not applied to gold sales). The following table is a reconciliation of the Company's net realized selling prices in Fiscal 2018, including a comparison with London Metal Exchange ("LME") prices:

	Silver (in US$/ounce)		Gold (in US$/ounce)		Lead (in US$/pound)		Zinc (in US$/pound)	
	F2018	F2017	F2018	F2017	F2018	F2017	F2018	F2017
Net realized selling prices	**$ 13.63**	$ 13.79	**$ 1,043**	$ 1,013	**$ 1.01**	$ 0.81	**$ 1.10**	$ 0.72
Add back: Value added taxes	**2.32**	2.34	**-**	-	**0.17**	0.14	**0.19**	0.12
Add back: Smelter charges and recovery	**1.91**	2.23	**252**	256	**0.09**	0.11	**0.40**	0.42
SME	**$ 17.86**	$ 18.37	**$ 1,295**	$ 1,269	**$ 1.27**	$ 1.05	**$ 1.69**	$ 1.27
LME	**$ 16.88**	$ 17.77	**$ 1,286**	$ 1,260	**$ 1.08**	$ 0.91	**$ 1.39**	$ 1.07

Cost of sales in Fiscal 2018 was $82.2 million compared to $75.3 million in Fiscal 2017. The cost of sales included $59.1 million cash production costs (Fiscal 2017 - $53.8 million), $4.8 million mineral resource tax (Fiscal 2017 - $3.8 million), and $18.2 million depreciation, amortization and depletion charges (Fiscal 2017 - $17.7 million).

Gross profit margin in Fiscal 2018 was 52% compared to 54% in Fiscal 2017. Ying Mining District's gross profit margin was 55% compared to a 57% gross profit margin in the prior year, while GC Mine's gross profit margin was 36% compared to a 31% gross profit margin in the prior year.

General and administrative expenses in Fiscal 2018 were $18.7 million, an increase of 11% compared to $16.8 million in Fiscal 2017. The increase was mainly due to increased compensation to management and employees and increased costs of administration due to the resumption of activities at the XHP project and the BYP Mine. Items included in general and administrative expenses are as follows:

(i) **Amortization expenses** of $1.2 million (Fiscal 2017 - $1.2 million);

(ii) **Office and administrative expenses** of $6.7 million (Fiscal 2017 - $5.5 million);

(iii) **Salaries and benefits** of $8.4 million (Fiscal 2017 - $7.4 million);

(iv) **Stock based compensation expense** of $1.6 million (Fiscal 2017 - $1.0 million); and

(v) **Professional fees** of $0.9 million (Fiscal 2017 - $1.7 million).

Government fees and other taxes in Fiscal 2018 were $3.0 million (Fiscal 2017 - $4.0 million). Government fees included mineral resource compensation fees and environmental protection fees paid to the state and local Chinese governments. Other taxes were composed of surtax on value-added tax, land usage levy, stamp duty, and other miscellaneous levies, duties and taxes imposed by the state and local Chinese government.

Foreign exchange loss in Fiscal 2018 was $1.6 million compared to foreign exchange gain of $339 in Fiscal 2017. The foreign exchange gain or loss is mainly driven by the fluctuations of the RMB and US dollar against the functional currency of the entities.

Loss on disposal of plant and equipment in Fiscal 2018 was $329 compared to $538 in the prior year. The loss was related to the disposal of obsolete equipment.

Gain on disposal of mineral rights and properties in Fiscal 2018 was $4.3 million (Fiscal 2017 - $nil). On April 5, 2017, the Company entered into a royalty purchase and sale agreement (the "Agreement") with Maverix Metals Inc. ("Maverix"), a publicly traded (TSX-V: MMX) Canadian precious metals royalty and streaming company, to sell its 2.5% net smelter return ("NSR") on the Silvertip Mine for consideration of up to 6,600,000 of Maverix's common shares payable as follows:

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

On April 19, 2017, the transaction closed and the Company received a total of 3,800,000 Maverix common shares valued at $4,319 (CAD$ 5.8 million) and recognized a gain of $4,320 on the disposal of the NSR.

Share of loss in an associate in Fiscal 2018 was $0.7 million (Fiscal 2017 – gain of $0.3 million), representing the Company's equity pickup in NUAG.

Dilution gain on investment in an associate in Fiscal 2018 was $0.8 million (Fiscal 2017 - $nil). In Fiscal 2018, the Company's equity interest in NUAG was diluted to 29.8% from 32.2%, resulting in a dilution gain of $0.8 million.

Impairment reversal of investment in associate in Fiscal 2018 was $4.7 million (Fiscal 2017 - $5.3 million). Based on the quoted market price of NUAG as at March 31, 2018, using fair value less costs to

sell approach, the Company reversed $4.7 million impairment charges (Fiscal 2017 - $5.3 million) taken in prior years against the carrying value of the Company's investment in NUAG.

Finance income in Fiscal 2018 was $2.8 million compared to $2.2 million in the prior year. The Company invests in short-term investments which include term deposit and bonds.

Finance costs in Fiscal 2018 were $0.4 million compared to $0.8 million in the prior year. The finance costs in Fiscal 2018 were related to the unwinding of discount of environmental rehabilitation provision.

Income tax expenses in Fiscal 2018 were $18.9 million, compared to $19.2 million in Fiscal 2017. The income tax expense recorded in Fiscal 2018 included current income tax expense of $16.1 million (Fiscal 2017 - $13.1 million) and deferred income tax expenses of $2.8 million (Fiscal 2017 - $6.1 million).

7. Fourth Quarter Financial Results

(a) Summary of Quarterly Results

The tables below set out selected quarterly results for the past eight quarters:

	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017
Sales	$ 38,449	$ 44,352	$ 47,541	$ 39,697
Gross Profit	19,107	23,166	25,606	20,005
Expenses and foreigh exchange	(4,403)	(5,581)	(6,274)	(7,026)
Impairment reversal	4,714	-	-	-
Dilution gain on investment in associate	-	822	-	-
Gain on disposal of NSR	-	-	-	4,320
Other Items	628	1,962	533	236
Net (loss) income	14,713	16,067	14,602	13,514
Net (loss) income, attributable to the shareholders of the Company	12,194	12,718	11,145	10,937
Basic (loss) earnings per share	0.07	0.08	0.07	0.07
Diluted (loss) earnings per share	0.07	0.07	0.07	0.06
Cash dividend declared	-	1,683	-	1,679
Cash dividended declared per share	-	0.01	-	0.01

	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Sales	$ 34,064	$ 47,838	$ 46,298	$ 35,271
Gross Profit	20,304	26,379	25,759	15,744
Expenses and foreigh exchange	(5,083)	(4,557)	(4,643)	(6,203)
Impairment reversal (charges)	5,278		-	(181)
Other Items	981	169	827	(39)
Net Income (Loss)	16,334	16,638	16,006	6,520
Net income (Loss), attributable to the shareholders of the Company	13,507	13,115	12,378	4,674
Basic earnings (loss) per share	0.08	0.08	0.07	0.03
Diluted earnings (loss) per share	0.08	0.08	0.07	0.03
Cash dividend declared	-	1,585	-	-
Cash dividended declared per share (CAD)	-	0.01	-	-

Financial results including sales, gross profit, net income, basic earnings per share, and diluted earnings per share are heavily influenced by changes in commodity prices, particularly, the silver price.

(b) Financial Results – Three months ended March 31, 2018 ("Q4 Fiscal 2018")

Net income attributable to equity shareholders of the Company in Q4 Fiscal 2018 was $12.2 million, or $0.07 per share, compared to $13.5 million, or $0.08 per share in Q4 Fiscal 2017. The adjusted net income attributable to equity shareholders was $7.5 million, or $0.04 per share after adjustment of impairment reversal of $4.7 million (Q4 Fiscal 2017 - $5.3 million) compared to $8.2 million or $0.05 per

share in Q4 Fiscal 2017.

The Company's consolidated financial results in Q4 Fiscal 2018 were mainly impacted by the following: i) an increase of 2%, 16%, and 35% in the net realized selling prices for silver, lead, and zinc, respectively, compared to the prior year quarter; ii) an increase of 6% and 74% in silver and zinc sold; and iii) higher per tonne production costs.

Sales were $38.4 million, up 13%, in Q4 Fiscal 2018, compared to $34.1 million in Q4 Fiscal 2017. Silver and gold sales represented $19.8 million and $0.8 million, respectively, while base metals represented $17.9 million of total sales compared to silver, gold and base metals of $18.3 million, $0.7 million, and $15.1 million, respectively, in the prior year quarter.

Cost of sales was $19.3 million in Q4 Fiscal 2018 compared to $13.8 million in Q4 Fiscal 2017. The cost of sales included $13.3 million cash production costs (Q4 Fiscal 2017 - $11.0 million), $1.1 million mineral resource taxes (Q4 Fiscal 2017 - $1.0 million), and $5.0 million depreciation, amortization and depletion charges (Q4 Fiscal 2017 - $1.8 million).

Gross profit margin decreased to 50% in Q4 Fiscal 2018, compared to 60% in Q4 Fiscal 2017.

General and administrative expenses were $4.7 million, an increase of 9%, in Q4 Fiscal 2018, compared to $4.4 million in Q4 Fiscal 2017. Items included in general and administrative expenses in Q4 Fiscal 2018 are as follows:

(i) **Amortization expenses** of $0.3 million (Q4 Fiscal 2017 - $0.2 million);

(ii) **Office and administrative expenses** of $1.8 million (Q4 Fiscal 2017 - $1.4 million);

(iii) **Salaries and benefits** of $2.1 million (Q4 Fiscal 2017 - $2.1 million);

(iv) **Stock based compensation expense** of $0.4 million (Q4 Fiscal 2017 - $0.3 million); and

(v) **Professional fees** of $0.1 million (Q4 Fiscal 2017 - $0.2 million).

Government fees and other taxes in Q4 Fiscal 2018 were $0.5 million (Q4 Fiscal 2017 - $0.5 million).

Foreign exchange gain was $862 in Q4 Fiscal 2018, compared to a loss of $197 in Q4 Fiscal 2017. The foreign exchange gain or loss is mainly driven by the fluctuation of the RMB and US dollar against the functional currency of the entities.

Loss on disposal of plant and equipment was $6 in Q4 Fiscal 2018, compared to $80 in the prior year quarter. The loss was related to the disposal of obsolete equipment.

Share of loss in an associate in Q4 Fiscal 2018 was $189 (Q4 Fiscal 2017 - gain of $122), representing the Company's equity pickup in NUAG.

Impairment reversal of investment in associate in Q4 Fiscal 2018 was $4.7 million (Fiscal 2017 - $5.3 million). Based on the quoted market price of NUAG as at March 31, 2018, using fair value less costs to sell approach, the Company reversed $4.7 million in impairment charges taken in prior years against the carrying value of the Company's investment in NUAG.

Income tax expenses in Q4 Fiscal 2018 were $5.3 million, compared to income tax expenses of $5.1 million in the same period last year. The income tax expenses recorded in Q4 Fiscal 2018 included current income tax expenses of $4.6 million (Q4 Fiscal 2017 - recoveries of $2.8 million) and deferred income taxes expenses of $703 (Q4 Fiscal 2017 – $2.3 million).

8. Liquidity and Capital Resources

Cash and cash equivalents and short-term investments as at March 31, 2018 were $106.1 million, an increase of $9.6 million or 10%, compared to $96.5 million cash and cash equivalents and short-term investment as at March 31, 2017.

Working capital as at March 31, 2018 was $90.5 million, an increase of $19.8 million or 28%, compared to $70.7 million working capital as at March 31, 2017.

Cash flows provided by operating activities in Fiscal 2018 were $67.9 million, a decrease of $9.6 million or 12%, compared to $77.5 million in the prior year. Before changes in non-cash operating working capital, cash flows provided by operating activities in Fiscal 2018 were $70.5 million, a decrease of $2.5 million or 3%, compared to $73.0 million in the prior year. The decrease was mainly due to increased income taxes paid in Fiscal 2018.

In Q4 Fiscal 2018, cash flow provided by operating activities were $2.9 million compared to $4.1 million in Q4 Fiscal 2017. Before changes in non-cash operating working capital, cash flows provided by operating activities in the current quarter were $11.1 million, an increase of $2.9 million, compared to $8.2 million in the prior year quarter.

Cash flows used in investing activities in Fiscal 2018 were $81.7 million (Fiscal 2017 - $40.6 million), comprising mainly of $20.9 million for capital mineral exploration and development expenditure, $6.2 million for acquisition of plant and equipment, $23.9 million for the investment in NUAG, and net purchase of short-term investment of $30.8 million. In Fiscal 2017, the $40.6 million cash used in investing activities mainly comprised of the payment of $8.7 million to retire the mineral right fee incurred in prior years for the mining permit of SGX mine, $1.3 million to renew the mining permit for TLP and LM Mine, $17.8 million for capital mineral exploration and development expenditures, $8.0 million for acquisition of plant and equipment, $0.8 million for other investments, and $4.1 million for net purchases of short-term investments.

In Q4 Fiscal 2018, cash flows used in investing activities were $15.5 million compared with $1.8 million cash provided by investing activities in the prior year quarter. In Q4 Fiscal 2018, $9.5 million cash was used for net purchases of short-term investments, $4.3 million cash was used for capital mineral exploration and development expenditures, and $1.7 million was used for acquisition of plant and equipment. In Q4 Fiscal 2017, $7.4 million cash was from net redemption of short-term investments offset by $2.2 million cash used for capital mineral exploration and development expenditures, and $3.4 million for acquisition of plant and equipment.

Cash flows used in financing activities in Fiscal 2018 were $14.8 million, comprising mostly of $7.8 million cash distribution to non-controlling shareholders, $4.2 million cash for common shares buyback, and $3.4 million cash dividends distributed to equity shareholders of the Company, offset by $0.6 million cash from the issuance of common shares of the Company arising from stock options exercised. In Fiscal 2017, cash flows used in financing activities were $7.2 million, comprising mostly of $4.3 million repayment of a bank loan, $2.2 million cash distribution to non-controlling shareholders, and $1.6 million cash dividends distributed to equity shareholders of the Company, offset by $0.9 million cash from the issuance of common shares of the Company arising from stock options exercised.

Cash flows used in financing activities in Q4 Fiscal 2018 were $5.1 million in Q4 Fiscal 2018, comprising mostly of $2.9 cash distribution to non-controlling shareholders and $2.4 million cash for common shares buyback, offset by $0.2 million cash from the issuance of common shares of the Company arising from stock options exercised. In Q4 Fiscal 2017, cash used in financing activities were $4.7 million, comprising mostly of $4.3 million repayment of a bank loan and $0.8 cash distribution to non-controlling shareholders, offset by $0.4 million cash from the issuance of common shares of the Company arising from stock options exercised.

Contractual commitments and contingencies not disclosed elsewhere in this MD&A were as follows:

	Total	Less than 1 year	1-5 years	After 5 years
Operating leases	$ 3,353	$ 888	$ 2,465	$ -
Commitments	$ 6,418	$ -	$ -	$ 6,418

As of March 31, 2018, the Company has two office rental agreements totaling $3,353 for the next four years and commitments of $6,418 related to the GC property. During the year ended March 31, 2018,

the Company incurred rental expenses of $684 (year ended March 31, 2017 - $611), which were included in office and administrative expenses on the consolidated statement of income.

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

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

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

- On August 19, 2014, an action was commenced against the Company in the Supreme Court of British Columbia seeking an unspecified amount of damages for a claim of false imprisonment and defamation (the "Huang Action"). The case was scheduled for a 60 day jury trial, commencing February 2018. The Company also commenced third party proceedings against other parties (the "Third Parties"), claiming contribution and indemnity. On August 22, 2016, the Company commenced an action against the parties to the Huang Action and others seeking damages (the "Silvercorp Action"). In January 2018, the parties to the Huang Action and Silvercorp Action reached a confidential settlement agreement. The settlement resolves all claims between the Company, Mr. Huang, and the Third Parties in all actions, including the Huang Action and the Silvercorp Action, all of which have been dismissed by consent. Nothing contained in this settlement represents an admission of liability, fault, or wrongdoing on the part of any of the parties.

- During the year ended March 31, 2016, an action was initiated by Luoyang Mining Group Co., Ltd. ("Luoyang Mining") against Henan Found seeking payment of $1.6 million (RMB10.0 million) plus interest related to the acquisition agreements Henan Found entered into in August 2012 to acquire the XHP Project. The $1.6 million has been included into the accounts payable and accrued liabilities on the consolidated statements of financial position of the Company. Henan Found did not make the final payment as certain commercial conditions were not fulfilled by Luoyang Mining.
  In April 2016, Henan Found filed a counter claim in Luoyang People's Court against Luoyang Mining to have the original acquisition agreements nullified and is seeking repayment of the amount paid to date of $9.7 million (RMB62.8 million) plus compensation of direct loss of $2.5 million (RMB16.5 million) arising from the XHP Project. A trial was heard in March 2017 and the court decision is pending. The acquisition costs of the XHP Project was impaired to $nil in fiscal year 2015.

- During the year ended March 31, 2016, SX Gold, a 100% owned subsidiary of Henan Found, commenced a legal action against Luoyang HA Mining Co. Ltd. ("HA Mining") to seek payment of $4.0 million (RMB26.0 million) plus interest related to a share transfer agreement that SX Gold entered into with HA Mining in September 2013. Pursuant to the agreement, SX Gold was to transfer all shares it held in Songxian Zhongxin Mining Co. Ltd. to HA Mining for $11.8 million (RMB76.0 million). SX Gold fulfilled its responsibilities and the title of the shares was transferred to HA Mining, who paid $7.8 million (RMB50.0 million). The remaining $4.0 million (RMB26.0 million) was not paid and was written off by the Company in prior years. In April 2016, HA Mining filed a counter claim for $2.2 million (RMB14.0 million). On June 17, 2016, the court issued an order in favour of SX Gold. The Luoyang Intermediate People's Court, Henan, China issued a court order demanding HA Mining to pay $3.4 million (RMB22.75 million) to SX Gold. On July 1, 2016, HA

Mining filed an appeal to the Henan High People's Count, China. A trial was heard in April 2017 and on June 16, 2017, the Henan High People's Court, China dismissed HA Mining's appeal and upheld the rulings made by the Luoyang Intermediate People's Court, Henan, China. On August 4, 2017, HA Mining submitted an application to the Supreme People's Court of China (the "Supreme Court") to rehear the case, the application was rejected by the Supreme Court on November 24, 2017. On December 6, 2017, SX Gold and HA Mining reached a mutual settlement agreement that HA Mining would pay $2.3 million (RMB15.0 million) to SX Gold. As of March 31, 2018, HA Mining paid $2.3 million (RMB15.0 million) to the Company, which was included in other income of the consolidated statements of income, and the case was closed.

Available sources of funding

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

9. Financial Instruments and Related Risks

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

(a) *Fair value*

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

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

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

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

The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy as at March 31, 2018 and March 31, 2017 that are not otherwise disclosed. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value as at March 31, 2018			
Recurring measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**$ 49,199**	**$ -**	**$ -**	**$ 49,199**
Investments in publicly traded companies	**6,132**	**-**	**-**	**6,132**

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

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at March 31, 2018 and March 31, 2017, respectively, due to the short-term nature of these instruments.

There were no transfers into or out of Level 3 during the years ended March 31, 2018 and 2017.

(b) *Liquidity risk*

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

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

	March 31, 2018				March 31, 2017
	Within a year	**2-3 years**	**4-5 years**	**Total**	Total
Accounts payable and accrued liabilities	**$ 25,198**	**$ -**	**$ -**	**$ 25,198**	$ 30,374

(c) *Foreign exchange risk*

The Company reports its financial statements in US dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is CAD and the functional currency of all Chinese subsidiaries is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follow:

	March 31, 2018	March 31, 2017
Financial assets denominated in U.S. Dollars	**$ 27,256**	$ 29,093
Financial assets denominated in Chinese RMB	**$ -**	$ 7,115

As at March 31, 2018, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately $2.7 million.

(d) *Interest rate risk*

The Company is exposed to interest rate risk on its cash equivalents and short term investments. As at March 31, 2018, all of its interest-bearing cash equivalents and short term investments earn interest at market rates that are fixed to maturity or at variable interest rate with terms of less than one year. The Company monitors its exposure to changes in interest rates on cash equivalents and short term investments. Due to the short term nature of the financial instruments, fluctuations in interest rates would not have a significant impact on the Company's after-tax net income.

(e) *Credit risk*

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

The Company undertakes credit evaluations on counterparties as necessary, requests deposits from customers prior to delivery, and has monitoring processes intended to mitigate credit risks. The Company has trade receivables from time to time from its major customers primarily in China engaged in the mining and milling of base and polymetallic metals. The historical level of customer default is zero and aging of trade receivables are no more than 180 days, and, as a result, the credit risk associated with trade receivables from customers as at March 31, 2018 is considered to be immaterial. There were no amounts in receivables which were past due at March 31, 2018 (at March 31, 2017 - $nil) for which no provision is recognized.

(f) *Equity price risk*

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's marketable securities holding are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio at March 31, 2018, a 10% increase (decrease) in the market price of the securities held, ignoring any foreign currency effects would have resulted in an increase (decrease) to comprehensive income of approximately $610.

10. Off-Balance Sheet Arrangements

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

11. Transactions with Related Parties

Related party transactions not disclosed elsewhere in this MD&A are as follows:

Due from a related party	**March 31, 2018**	March 31, 2017
NUAG (a)	**$ 11**	$ 92

(a) Pursuant to a services and administrative costs reallocation agreement between the Company and NUAG, the Company recovers costs for services rendered to NUAG and expenses incurred on behalf of NUAG. During the year ended March 31, 2018, the Company recovered $433 (year ended March 31, 2017 - $194) from NUAG for services rendered and expenses incurred on behalf of NUAG. The costs recovered from NUAG were recorded as a direct reduction of general and administrative expenses on the consolidated statements of income.

Transactions with related parties are made on terms agreed upon by the two parties. The balances with related parties are unsecured, non-interest bearing, and due on demand.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel, who are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, for the years ended March 31, 2018 and 2017 were as follows:

	Years Ended March 31,	
	2018	2017
Directors' fees	**$ 168**	$ 151
Salaries and bonus for key management personnel	**2,656**	2,031
Share-based compensation	**981**	727
	$ 3,805	$ 2,909

Share-based compensation expenses were measured at grant date fair value.

12. 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 do not have standardized meaning. 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 following tables provides the reconciliation of these measures to the financial statements for the years ended March 31, 2018 and 2017:

(a) Adjusted Net Income and Adjusted Earnings Per Share

Adjusted net income and adjusted earnings per share are non-IFRS measures that the Company considers to better reflect normalized earnings as it eliminates items that may be volatile from period to period, relate to positions that will settle in future periods. 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 Company adjusts certain items in the periods that they occurred but does not reverse or otherwise unwind the effect of such items in future periods. Neither adjusted net income nor adjusted earnings per share have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. The following table shows a reconciliation of adjusted net income and loss for the three and twelve months ended March 31, 2018 and 2017, to the net (loss) earnings for each period.

	Three monthns ended March 31,		Year ended March 31,	
('000s US$)	**2018**	2017	**2018**	**2017**
Net income as reported for the period	**$ 14,713**	$ 16,334	**$ 58,896**	$ 55,498
Adjust impairment loss on plant and equipment and mineral rights and properties	**-**	-	**-**	181
Adjust dilution gain on investment in associate	**-**	-	**(822)**	-
Adjust impairment reversal of investment in associate	**(4,714)**	(5,278)	**(4,714)**	(5,278)
Adjust gain on disposal of mineral rights and properties	**-**	-	**-**	-
Adjusted net income for the year	**$ 9,999**	$ 11,056	**$ 53,360**	$ 50,401
Non-controlling interest	**2,519**	2,827	**11,902**	11,824
Adjusted net income attributable to equity holders	**$ 7,480**	$ 8,229	**$ 41,458**	$ 38,577
Adjusted earnings per share attributable to the equity shareholders of the Company				
Basic adjusted earning per share	**$ 0.04**	$ 0.05	**$ 0.25**	$ 0.23
Diluted adjusted earning per share	**$ 0.04**	$ 0.05	**$ 0.24**	$ 0.23
Basic weighted average shares outstanding	**167,374,757**	167,602,781	**167,848,117**	167,185,234
Basic adjusted earnings per share	**171,756,605**	171,984,629	**171,405,904**	171,350,024

(b) Cash and Total Costs per Ounce

Cash and total costs per ounce of silver are used by the Company to manage and evaluate operating performance at each of the Company's operating mining units, and are widely reported in the mining industry as benchmarks for performance. The Company believes these measures provide investors and analysts with useful information about the Company's underlying cash costs of operations and the impact of by-product credits on the Company's cost structure, operating profitability and ability to generate cash flows. Cash and total costs on a by-product basis are calculated by deducting revenue from the sales of by-product metals from the Company's cash and total cost of sales.

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

Year ended March 31, 2018				
		Ying Mining District	GC	Total
Cost of sales		**$ 64,321**	**$ 17,834**	**$ 82,155**
Less: mineral resources tax		**(3,927)**	**(837)**	**(4,764)**
Total production costs expensed into cost of sales	**A**	**60,394**	**16,997**	**77,391**
Less: Amortization and depletion		**(15,251)**	**(2,996)**	**(18,247)**
Total cash production cost expensed into cost of sales	**B**	**45,143**	**14,001**	**59,144**
By-product sales				
Gold		**(3,232)**	**-**	**(3,232)**
Lead		**(55,488)**	**(6,763)**	**(62,251)**
Zinc		**(7,000)**	**(14,462)**	**(21,462)**
Other		**(502)**	**(238)**	**(740)**
Total by-product sales	**C**	**(66,222)**	**(21,463)**	**(87,685)**
Silver ounces sold ('000s)	**D**	**5,437**	**603**	**6,040**
Total production cost per ounce of silver, net of by-product credits	**(A+C)/D**	**$ (1.07)**	**$ (7.41)**	**$ (1.70)**
Total cash cost per ounce of silver, net of by-product credits	**(B+C)/D**	**$ (3.88)**	**$ (12.37)**	**$ (4.73)**
Total production cost per ounce of silver, before by-product credits	**A/D**	**$ 11.11**	**$ 28.19**	**$ 12.81**
Total cash cost per ounce of silver, before by-product credits	**B/D**	**$ 8.30**	**$ 23.22**	**$ 9.79**
By-product credits per ounce of silver				
Gold		**$ (0.59)**	**$ -**	**$ (0.54)**
Lead		**(10.21)**	**(11.22)**	**(10.31)**
Zinc		**(1.29)**	**(23.98)**	**(3.55)**
Other		**(0.09)**	**(0.39)**	**(0.12)**
Total by-product credits per ounce of silver		**$ (12.18)**	**$ (35.59)**	**$ (14.52)**

Year ended March 31, 2017				
		Ying Mining District	GC	Total
Cost of sales		$ 60,994	$ 14,291	$ 75,285
Less: mineral resources tax		(3,198)	(579)	(3,777)
Total production costs expensed into cost of sales	A	57,796	13,712	71,508
Amortization and depletion		(14,987)	(2,699)	(17,686)
Total cash cost	B	42,809	11,013	53,822
By-product sales				
Gold		(3,344)	-	(3,344)
Lead		(51,479)	(5,373)	(56,852)
Zinc		(4,332)	(8,909)	(13,241)
Other		-	(478)	(478)
Total by-product sales	C	(59,155)	(14,760)	(73,915)
Silver ounces sold ('000s)	D	5,930	564	6,494
Total production cost per ounce of silver, net of by-product credits	(A+C)/D	$ (0.23)	$ (1.86)	$ (0.37)
Total cash cost per ounce of silver, net of by-product credits	(B+C)/D	$ (2.76)	$ (6.64)	$ (3.09)
Total production cost per ounce of silver, before by-product credits	A/D	$ 9.75	$ 24.31	$ 11.01
Total cash cost per ounce of silver, before by-product credits	B/D	$ 7.22	$ 19.53	$ 8.29
By-product credits per ounce of silver				
Gold		$ (0.56)	$ -	$ (0.51)
Lead		(8.68)	(9.53)	(8.75)
Zinc		(0.73)	(15.80)	(2.04)
Other		-	(0.85)	(0.07)
Total by-product credits per ounce of silver		$ (9.97)	$ (26.18)	$ (11.37)

Three months ended March 31, 2018				
		Ying Mining District	GC	Total
Cost of sales		**$ 16,867**	**$ 2,475**	**$ 19,342**
Less: mineral resources tax		**(977)**	**(103)**	**(1,080)**
Total production costs expensed into cost of sales	**A**	**15,890**	**2,372**	**18,262**
Less: Amortization and depletion		**(4,437)**	**(518)**	**(4,955)**
Total cash production cost expensed into cost of sales	**B**	**11,453**	**1,854**	**13,307**
By-product sales				
Gold		**(784)**	**-**	**(784)**
Lead		**(13,760)**	**(815)**	**(14,575)**
Zinc		**(1,396)**	**(1,914)**	**(3,310)**
Other		**(7)**	**(4)**	**(11)**
Total by-product sales	**C**	**(15,947)**	**(2,733)**	**(18,680)**
Silver ounces sold ('000s)	**D**	**1,319**	**63**	**1,382**
Total production cost per ounce of silver, net of by-product credits	**(A+C)/D**	**$ (0.04)**	**$ (5.73)**	**$ (0.30)**
Total cash cost per ounce of silver, net of by-product credits	**(B+C)/D**	**$ (3.41)**	**$ (13.95)**	**$ (3.89)**
Total production cost per ounce of silver, before by-product credits	**A/D**	**$ 12.05**	**$ 37.65**	**$ 13.21**
Total cash cost per ounce of silver, before by-product credits	**B/D**	**$ 8.68**	**$ 29.43**	**$ 9.63**
By-product credits per ounce of silver				
Gold		**$ (0.59)**	**$ -**	**$ (0.57)**
Lead		**(10.43)**	**(12.94)**	**(10.55)**
Zinc		**(1.06)**	**(30.38)**	**(2.40)**
Other		**(0.01)**	**(0.06)**	**(0.01)**
Total by-product credits per ounce of silver		**$ (12.09)**	**$ (43.38)**	**$ (13.53)**

Three months ended March 31, 2017				
		Ying Mining District	GC	Total
Cost of sales		$ 12,175	$ 1,585	$ 13,760
Less: mineral resources tax		(915)	(60)	(975)
Total production costs expensed into cost of sales	A	11,260	1,525	12,785
Amortization and depletion		(1,496)	(329)	(1,825)
Total cash cost	B	9,764	1,196	10,960
By-product sales				
Gold		(662)	-	(662)
Lead		(12,756)	(717)	(13,473)
Zinc		(1,024)	(395)	(1,419)
Other		-	(175)	(175)
Total by-product sales	C	(14,442)	(1,287)	(15,729)
Silver ounces sold ('000s)	D	1,255	53	1,308
Total production cost per ounce of silver, net of by-product credits	(A+C)/D	$ (2.54)	$ 4.49	$ (2.25)
Total cash cost per ounce of silver, net of by-product credits	(B+C)/D	$ (3.73)	$ (1.72)	$ (3.65)
Total production cost per ounce of silver, before by-product credits	A/D	$ 8.97	$ 28.77	$ 9.77
Total cash cost per ounce of silver, before by-product credits	B/D	$ 7.78	$ 22.57	$ 8.38
By-product credits per ounce of silver				
Gold		$ (0.53)	$ -	$ (0.51)
Lead		(10.16)	(13.53)	(10.30)
Zinc		(0.82)	(7.45)	(1.08)
Other		-	(3.30)	(0.13)
Total by-product credits per ounce of silver		$ (11.51)	$ (24.28)	$ (12.03)

(c) All-in & All-in Sustaining Costs per Ounce of Silver

All-in sustaining costs ("AISC") per ounce and all-in costs ("AIC") per ounce of silver are non-IFRS measures calculated based on guidance developed by the World Gold Council in an effort to provide a comparable standard within the precious metal industry. The measures do not have standardized meaning and should not be considered in isolation or as a substitute for measures of performance prepared in accordance to IFRS. These measures are used by the Company to manage and evaluate operating performance at each of the Company's mining units and consolidated group, and are widely reported in the silver mining industry as a benchmark for performance.

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 is based on the Company's cash production costs, net of by-product sales, and further include corporate general and administrative expense, government fee and other taxes, reclamation cost accretion, and sustaining capital expenditures. The Company believes that this measure represents the total sustainable costs of producing silver from current operations.

AIC further extends the AISC metric by including non-sustaining expenditures, mainly investment capital expenditures, which are deemed expansionary in nature that result in an increase in asset life, expanded mineral resources and reserves, or higher capacity and productivity.

The following tables provide a detailed reconciliation of these measures for the years ended March 31, 2018 and 2017:

Year ended March 31, 2018		Ying Mining District	BYP	GC	Developing Projects	Corporate	Total
Cost of sales (as reported)		**$ 64,321**	**$ -**	**$ 17,834**	**$ -**	**$ -**	**$ 82,155**
Depreciation, amortization and depletion		**(15,251)**	**-**	**(2,996)**	**-**	**-**	**(18,247)**
By-products credits		**(66,222)**	**-**	**(21,463)**	**-**	**-**	**(87,685)**
Total cash cost, net of by-product credits		**(17,152)**	**-**	**(6,625)**	**-**	**-**	**(23,777)**
General & administrative		**5,764**	**1,249**	**2,152**	**671**	**8,849**	**18,685**
Amortization included in general & administrative		**(413)**	**(317)**	**(267)**	**-**	**(199)**	**(1,196)**
Government fees and other taxes		**2,356**	**7**	**573**	**1**	**34**	**2,971**
Reclamation accretion		**374**	**34**	**30**	**11**	**-**	**449**
Sustaining capital		**20,165**	**38**	**1,910**	**258**	**277**	**22,648**
All-in sustaining cost, net of by-product credits	**A**	**$ 11,094**	**$ 1,011**	**$ (2,227)**	**$ 941**	**$ 8,961**	**$ 19,780**
Non-sustaining expenditures		**3,704**	**14**	**488**	**246**	**-**	**4,452**
All-in cost, net of by-product credits	**B**	**$ 14,798**	**$ 1,025**	**$ (1,739)**	**$ 1,187**	**$ 8,961**	**$ 24,232**
Ounces of silver sold	**C**	**5,437**	**-**	**603**	**-**	**-**	**6,040**
All-in sustaining cost per ounce of silver, net of by-product credits	**A/C**	**$ 2.04**	**$ -**	**$ (3.69)**	**$ -**	**$ -**	**$ 3.27**
All-in cost per ounce of silver, net of by-product credits	**B/C**	**$ 2.72**	**$ -**	**$ (2.88)**	**$ -**	**$ -**	**$ 4.01**

Year ended March 31, 2017		Ying Mining District	BYP	GC	Developing Projects	Corporate	Total
Cost of sales (as reported)		$ 60,994	$ -	$ 14,291	$ -	$ -	$ 75,285
Depreciation, amortization and depletion		(14,987)	-	(2,699)	-	-	(17,686)
By-products credits		(59,155)	-	(14,760)	-	-	(73,915)
Total cash cost, net of by-product credits		(13,148)	-	(3,168)	-	-	(16,316)
General & administrative		5,316	1,074	1,875	222	8,331	16,818
Amortization included in general & administrative		(463)	(380)	(208)	-	(176)	(1,227)
Government fees and other taxes		3,441	-	533	2	31	4,007
Reclamation accretion		344	30	26	(18)	-	382
Sustaining capital		19,977	76	1,055	-	32	21,140
All-in sustaining cost, net of by-product credits	A	$ 15,467	$ 800	$ 113	$ 206	$ 8,218	$ 24,804
Non-sustaining expenditures		3,403	-	336	-	-	3,739
All-in cost, net of by-product credits	B	$ 18,870	$ 800	$ 449	$ 206	$ 8,218	$ 28,543
Ounces of silver sold	C	5,930	-	564	-	-	6,494
All-in sustaining cost per ounce of silver, net of by-product credits	A/C	$ 2.61	$ -	$ 0.20	$ -	$ -	$ 3.82
All-in cost per ounce of silver, net of by-product credits	B/C	$ 3.18	$ -	$ 0.80	$ -	$ -	$ 4.40

Three month ended March 31, 2018	Ying Mining District	BYP	GC	Developing Projects	Corporate	Total
Cost of sales (as reported)	**$ 16,867**	**$ -**	**$ 2,475**	**$ -**	**$ -**	**$ 19,342**
Depreciation, amortization and depletion	**(4,438)**	**-**	**(518)**	**-**	**-**	**(4,956)**
By-products credits	**(15,947)**	**-**	**(2,733)**	**-**	**-**	**(18,680)**

Total cash cost, net of by-product credits			(3,518)		-		(776)		-		-		(4,294)
General & administrative			1,582		308		489		214		2,133		4,726
Amortization included in general & administrative			(109)		(82)		(79)		-		(41)		(311)
Government fees and other taxes			513		1		23		-		1		538
Reclamation accretion			99		9		8		4		-		120
Sustaining capital			3,261		-		47		14		96		3,418
All-in sustaining cost, net of by-product credits	A	$	1,828	$	236	$	(288)	$	232	$	2,189	$	4,197
Non-sustaining expenditures			1,874		14		453		246		-		2,587
All-in cost, net of by-product credits	B	$	3,702	$	250	$	165	$	478	$	2,189	$	6,784
Ounces of silver sold	C		1,319		-		63		-		-		1,382
All-in sustaining cost per ounce of silver, net of by-product credits	A/C	$	1.39	$	-	$	(4.57)	$	-	$	-	$	3.04
All-in cost per ounce of silver, net of by-product credits	B/C	$	2.81	$	-	$	2.62	$	-	$	-	$	4.91

		Ying Mining		Developing			
Three months ended March 31, 2017		**District**	**BYP**	**GC**	**Projects**	Corporate	**Total**
Cost of sales (as reported)		$ 12,175	$ -	$ 1,585	$ -	$ -	$ 13,760
Depreciation, amortization and depletion		(1,496)	-	(329)	-	-	(1,825)
By-products credits		(14,442)	-	(1,287)	-	-	(15,729)
Total cash cost, net of by-product credits		(3,763)	-	(31)	-	-	(3,794)
General & administrative		1,210	169	458	42	2,477	4,356
Amortization included in general & administrative		(97)	(89)	(47)	-	(43)	(276)
Government fees and other taxes		452	-	77	-	2	531
Reclamation accretion		84	6	7	(25)	-	72
Sustaining capital		3,045	-	308	-	25	3,378
All-in sustaining cost, net of by-product credits	A	$ 931	$ 86	$ 771	$ 17	$ 2,461	$ 4,266
Non-sustaining expenditures		143	-	-	-	-	143
All-in cost, net of by-product credits	B	$ 1,074	$ 86	$ 771	$ 17	$ 2,461	$ 4,409
Ounces of silver sold	C	1,255	-	53	-	-	1,308
All-in sustaining cost per ounce of silver, net of by-product credits	A/C	$ 0.74	$ -	$ 14.55	$ -	$ -	$ 3.26
All-in cost per ounce of silver, net of by-product credits	B/C	$ 0.86	$ -	$ 14.55	$ -	$ -	$ 3.37

(d) Average Production Costs

The Company assesses average production costs as the total production costs on a co-product basis. This is calculated by allocating the Company's total cost of sales to each co-product based on the ratio of actual sales volumes multiplied by realized sales prices. The following table provides a reconciliation of average production costs for the years ended March 31, 2018 and 2017:

		Year ended March 31, 2018			Year ended March 31, 2017		
		Ying Mining District	**GC**	**Total**	Ying Mining District	GC	Total
Cost of slaes		**$ 64,321**	**$ 17,834**	**$ 82,155**	$ 60,994	$ 14,291	$ 75,285
Less: mineral resources tax		**(3,927)**	**(837)**	**(4,764)**	(3,198)	(579)	(3,777)
Production costs expensed in cost of sales	**A**	**60,394**	**16,997**	**77,391**	57,796	13,712	71,508
Metals revenue (in thousands of US$)							
Silver	**B**	**75,891**	**6,463**	**82,354**	83,606	5,950	89,556
Gold	**C**	**3,232**	**-**	**3,232**	3,344	-	3,344
Lead	**D**	**55,488**	**6,763**	**62,251**	51,479	5,373	56,852
Zinc	**E**	**7,000**	**14,462**	**21,462**	4,332	8,909	13,241
Other	**F**	**502**	**238**	**740**	-	478	478
	G	**142,113**	**27,926**	**170,039**	142,761	20,710	163,471
Metals sold							
Silver (in thousands of ounces)	**H**	**5,437**	**603**	**6,040**	5,930	564	6,494
Gold (in thousands of ounces)	**I**	**3.1**	**-**	**3.1**	3.3	-	3.3
Lead (in thousands of pounds)	**J**	**55,180**	**6,754**	**61,934**	63,418	7,055	70,473
Zinc (in thousands of pounds)	**K**	**6,136**	**13,433**	**19,569**	5,848	12,446	18,294
Other (in thousands of pounds)	**L**	**524**	**16,276**	**16,800**	-	12,025	12,025
Average production cost ($/unit)							
Silver	**B/G*A/H**	**$ 5.93**	**$ 6.52**	**$ 6.21**	$ 5.71	$ 6.98	$ 6.03
Gold	**C/G*A/I**	**$ 443**	**$ -**	**$ 475**	$ 410	$ -	$ 443
Lead	**D/G*A/J**	**$ 0.43**	**$ 0.61**	**$ 0.46**	$ 0.33	$ 0.50	$ 0.35
Zinc	**E/G*A/K**	**$ 0.48**	**$ 0.66**	**$ 0.50**	$ 0.30	$ 0.47	$ 0.32
Other	**F/G*A/L**	**$ 0.41**	**$ 0.01**	**$ 0.02**	$ -	$ 0.03	$ 0.02

		Three months ended March 31, 2018			Three months ended March 31, 2017		
		Ying Mining District	**GC**	**Total**	Ying Mining District	GC	Total
Cost of slaes		**$ 16,867**	**$ 2,475**	**$ 19,342**	$ 12,175	$ 1,585	$ 13,760
Less: mineral resources tax		**(977)**	**(103)**	**(1,080)**	(915)	(60)	(975)
Production costs expensed in cost of sales	**A**	**15,890**	**2,372**	**18,262**	11,260	1,525	12,785
Metals revenue (in thousands of US$)							
Silver	**B**	**19,041**	**728**	**19,769**	17,653	682	18,335
Gold	**C**	**784**	**-**	**784**	662	-	662
Lead	**D**	**13,760**	**815**	**14,575**	12,756	717	13,473
Zinc	**E**	**1,396**	**1,914**	**3,310**	1,024	395	1,419

Other	**F**	**7**	**4**	**11**	-	175	175
	G	**34,988**	**3,461**	**38,449**	32,095	1,969	34,064
Metals sold							
Silver (in thousands of ounces)	**H**	**1,319**	**63**	**1,382**	1,255	53	1,308
Gold (in thousands of ounces)	**I**	**0.7**	**-**	**0.7**	0.7	-	0.7
Lead (in thousands of pounds)	**J**	**12,649**	**688**	**13,337**	13,520	818	14,338
Zinc (in thousands of pounds)	**K**	**1,106**	**1,479**	**2,585**	1,033	455	1,488
Other (in thousands of pounds)	**L**	**-**	**86**	**86**	-	3,446	3,446
Average production cost ($/unit)							
Silver	**B/G*A/H**	**$ 6.56**	**$ 7.92**	**$ 6.79**	$ 4.93	$ 9.97	$ 5.26
Gold	**C/G*A/I**	**$ 509**	**$ -**	**$ 532**	$ 331.79	$ -	$ 354.95
Lead	**D/G*A/J**	**$ 0.49**	**$ 0.81**	**$ 0.52**	$ 0.33	$ 0.68	$ 0.35
Zinc	**E/G*A/K**	**$ 0.57**	**$ 0.89**	**$ 0.61**	$ 0.35	$ 0.67	$ 0.36
Other	**F/G*A/L**	**$ -**	**$ 0.03**	**$ 0.06**	$ -	$ 0.04	$ 0.02

(e) Production Costs per Tonne

Year ended March 31, 2018		Ying Mining District	GC	Other	Consolidated
Cost of sales		**$ 64,321**	**$ 17,834**	**$ -**	**$ 82,155**
Less: mineral resources tax		**(3,927)**	**(837)**	**-**	**(4,764)**
Less: stockpile and concentrate inventory - Beginning		**(3,514)**	**(1,358)**	**(814)**	**(5,686)**
Add: stockpile and concentrate inventory - Ending		**5,353**	**340**	**891**	**6,584**
Adjustment for foreign exchange movement		**(567)**	**(58)**	**(77)**	**(702)**
Total production costs		**$ 61,666**	**$ 15,921**	**$ -**	**$ 77,587**
Non-cash mining costs	**A**	**14,208**	**2,027**	**-**	**16,235**
Non-cash milling costs	**B**	**1,373**	**842**	**-**	**2,215**
Total non-cash production costs		**$ 15,581**	**$ 2,869**	**$ -**	**$ 18,450**
Cash mining costs	**C**	**37,743**	**9,211**	**-**	**46,954**
Shipping costs	**D**	**2,471**	**-**	**-**	**2,471**
Cash milling costs	**E**	**5,871**	**3,842**	**-**	**9,713**
Total cash production costs		**$ 46,085**	**$ 13,053**	**$ -**	**$ 59,138**
Ore mined ('000s)	**F**	**614.141**	**245.783**	**-**	**859.924**
Ore shipped ('000s)	**G**	**616.410**	**245.783**	**-**	**862.194**
Ore milled ('000s)	**H**	**618.732**	**244.338**	**-**	**863.070**
Per tonne Production costs					
Non-cash mining costs ($/tonne)	**I=A/F**	**23.13**	**8.25**	**-**	**18.88**
Non-cash milling costs ($/tonne)	**J=B/H**	**2.22**	**3.45**	**-**	**2.57**
Non-cash production costs ($/tonne)	**K=I+J**	**$ 25.35**	**$ 11.70**	**$ -**	**$ 21.45**
Cash mining costs ($/tonne)	**L=C/F**	**61.46**	**37.48**	**-**	**54.60**
Shipping costs ($/tonne)	**M=D/G**	**4.01**	**-**	**-**	**2.87**
Cash milling costs ($/tonne)	**N=E/H**	**9.49**	**15.72**	**-**	**11.25**
Cash production costs ($/tonne)	**0=L+M+N**	**$ 74.96**	**$ 53.20**	**$ -**	**$ 68.72**
Total production costs ($/tonne)	**P=K+O**	**$ 100.31**	**$ 64.90**	**$ -**	**$ 90.17**

Year ended March 31, 2017		Ying Mining District	GC	Other	Consolidated
Cost of sales		$ 60,994	$ 14,291	$ -	$ 75,285
Less: mineral resources tax		(3,198)	(579)	-	(3,777)
Less: stockpile and concentrate inventory - Beginning		(4,729)	(135)	(869)	(5,733)
Add: stockpile and concentrate inventory - Ending		3,514	1,358	814	5,686
Adjustment for foreign exchange movement		213	39	55	307
Total production costs		$ 56,794	$ 14,974	$ -	$ 71,768
Non-cash mining costs	A	14,166	2,067	-	16,233
Non-cash milling costs	B	1,424	796	-	2,220
Total non-cash production costs		$ 15,590	$ 2,863	$ -	$ 18,453
Cash mining costs	C	32,978	8,371	-	41,349
Shipping costs	D	2,466	-	-	2,466
Cash milling costs	E	5,760	3,740	-	9,500
Total cash production costs		$ 41,204	$ 12,111	$ -	$ 53,315
Ore mined ('000s)	F	636.760	260.746	-	897.506
Ore shipped ('000s)	G	636.373	260.746	-	897.119
Ore milled ('000s)	H	638.211	260.696	-	898.907
Per tonne Production costs					
Non-cash mining costs ($/tonne)	I=A/F	22.25	7.93	-	18.09
Non-cash milling costs ($/tonne)	J=B/H	2.23	3.05	-	2.47
Non-cash production costs ($/tonne)	K=I+J	$ 24.48	$ 10.98	$ -	$ 20.56
Cash mining costs ($/tonne)	L=C/F	51.79	32.10	-	46.07
Shipping costs ($/tonne)	M=D/G	3.88	-	-	2.75
Cash milling costs ($/tonne)	N=E/H	9.03	14.35	-	10.57
Cash production costs ($/tonne)	0=L+M+N	$ 64.70	$ 46.45	$ -	$ 59.39
Total production costs ($/tonne)	P=K+O	$ 89.18	$ 57.43	$ -	$ 79.95

Three months ended March 31, 2018		Ying Mining District	GC	Other	Consolidated
Cost of sales		**$ 16,867**	**2,475**	**$ -**	**$ 19,342**
Less: mineral resources tax		**(977)**	**(103)**		**(1,080)**
Less: stockpile and concentrate inventory - Beginning		**(8,223)**	**(109)**	**(842)**	**(9,174)**
Add: stockpile and concentrate inventory - Ending		**5,353**	**340**	**891**	**6,584**
Adjustment for foreign exchange movement		**(193)**	**(34)**	**(49)**	**(276)**
Total production costs		**$ 12,827**	**$ 2,569**	**$ -**	**$ 15,396**
Non-cash mining costs	**A**	**3,065**	**340**	**-**	**3,405**
Non-cash milling costs	**B**	**360**	**219**	**-**	**579**
Total non-cash production costs		**$ 3,425**	**$ 559**	**$ -**	**$ 3,984**
Cash mining costs	**C**	**7,499**	**1,352**	**-**	**8,851**
Shipping costs	**D**	**490**	**-**	**-**	**490**
Cash milling costs	**E**	**1,414**	**658**	**-**	**2,072**
Total cash production costs		**$ 9,403**	**$ 2,010**	**$ -**	**$ 11,413**
Ore mined ('000s)	**F**	**113.820**	**29.442**	**-**	**143.261**
Ore shipped ('000s)	**G**	**112.023**	**29.442**	**-**	**141.465**
Ore milled ('000s)	**H**	**112.285**	**26.252**	**-**	**138.536**
Per tonne Production costs					
Non-cash mining costs ($/tonne)	**I=A/F**	**26.93**	**11.55**	**-**	**23.77**
Non-cash milling costs ($/tonne)	**J=B/H**	**3.21**	**8.34**	**-**	**4.18**
Non-cash production costs ($/tonne)	**K=I+J**	**$ 30.14**	**$ 19.89**	**$ -**	**$ 27.95**
Cash mining costs ($/tonne)	**L=C/F**	**65.88**	**45.92**	**-**	**61.78**
Shipping costs ($/tonne)	**M=D/G**	**4.37**	**-**	**-**	**3.46**
Cash milling costs ($/tonne)	**N=E/H**	**12.59**	**25.07**	**-**	**14.96**
Cash production costs ($/tonne)	**0=L+M+N**	**$ 82.84**	**$ 70.99**	**$ -**	**$ 80.20**
Total production costs ($/tonne)	**P=K+O**	**$ 112.98**	**$ 90.88**	**$ -**	**$ 108.15**

Three months ended March 31, 2017		Ying Mining District	GC	Other	Consolidated
Cost of sales		$ 12,175	$ 1,585	$ -	$ 13,760
Less: mineral resources tax		(915)	(60)	-	(975)
Less: stockpile and concentrate inventory - Beginning		(5,982)	(208)	(840)	(7,030)
Add: stockpile and concentrate inventory - Ending		3,514	1,358	814	5,686
Adjustment for foreign exchange movement		(856)	148	26	(682)
Total production costs		$ 7,936	$ 2,823	$ -	$ 10,759
Non-cash mining costs	A	396	300	-	696
Non-cash milling costs	B	343	197	-	540
Total non-cash production costs		$ 739	$ 497	$ -	$ 1,236
Cash mining costs	C	5,637	1,525	-	7,162
Shipping costs	D	433	-	-	433
Cash milling costs	E	1,127	801	-	1,928
Total cash production costs		$ 7,197	$ 2,326	$ -	$ 9,523
Ore mined ('000s)	F	112.755	40.224	-	152.979
Ore shipped ('000s)	G	110.324	40.224	-	150.548
Ore milled ('000s)	H	108.051	39.929	-	147.980
Per tonne Production costs					
Non-cash mining costs ($/tonne)	I=A/F	3.51	7.46	-	4.55
Non-cash milling costs ($/tonne)	J=B/H	3.17	4.93	-	3.65
Non-cash production costs ($/tonne)	K=I+J	$ 6.68	$ 12.39	$ -	$ 8.20
Cash mining costs ($/tonne)	L=C/F	49.99	37.91	-	46.82
Shipping costs ($/tonne)	M=D/G	3.92	-	-	2.88
Cash milling costs ($/tonne)	N=E/H	10.43	20.06	-	13.03
Cash production costs ($/tonne)	0=L+M+N	$ 64.34	$ 57.97	$ -	$ 62.73
Total production costs ($/tonne)	P=K+O	$ 71.02	$ 70.36	$ -	$ 70.93

13. Critical Accounting Policies 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 that are uncertain and any changes in these estimates could materially impact the Company's financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 2 of the audited consolidated financial statements for the year ended March 31, 2018.

(i) Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex engineering and geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with engineering and geological assumptions and judgments made in estimating the size and grade of the ore body.

The Company estimates ore reserves in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous assumptions including:

- Future production estimates which include proved and probable reserves, resource estimates and committed expansions;
- Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price; and
- Future cash costs of production, capital expenditure and rehabilitation obligations.

As the economic assumptions change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

- The carrying value of mineral rights and properties and plant and equipment may be affected due to changes in estimated future cash flows;
- Depreciation and depletion charges in net income may change where such charges are determined using the units of production method, or where the useful life of the related assets change; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

(ii) *Impairment of assets*

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is determined as the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

14. Changes in Accounting Standards

IFRS 9 (2014) – *Financial Instruments (amended 2014)*: In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments ("IFRS 9")*. The Company adopted IFRS 9 (2010) – Financial Instruments

effective April 1, 2011. The Company has reviewed its financial instruments to determine the impact that the adoption of IFRS 9 will have on its financial statements. The Company does not anticipate that there will be any changes to the classification or the carrying values of the Company's financial instruments as a result of the adoption. The Company does not currently apply hedge accounting to its risk management contracts and does not intend to apply hedge accounting to any of its existing risk management contracts on adoption of IFRS 9. The Company will apply IFRS 9 (2014) on April 1, 2018.

IFRS 15 – *Revenue from contracts with customers* ("IFRS 15"), the standard on revenue from contracts with customers was issued in September 2015 and may be effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. IFRS 15 introduces a revenue recognition model under which an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also introduces the concept of performance obligations that are defined as "distinct" promised goods or services, and requires entities to apportion revenue earned to the distinct performance obligation on a relative stand alone selling price basis. The Company will apply IFRS 15 using the modified retrospective transition approach, whereby the cumulative impact of the application, if any, is recognized in retained earnings as of April 1, 2018 and comparative period balances are not restated. The Company has reviewed its revenue streams and underlying contracts with customers and determined that the application of IFRS 15 will have no material impact on its financial statements.

IFRS 16 – *Leases* ("IFRS 16") was issued by the IASB and will replace Leases ("IAS 17"). IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes to the accounting for contracts that are or contain a lease, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company anticipates that the application of IFRS 16 will result in an increase in the recognition of right of use assets and lease liabilities related to leases with terms greater than 12 months on the Consolidated Statements of Financial Position on April 1, 2019. IFRS 16 will further result in increased depreciation and amortization on these rights of use assets and increased interest on these additional lease liabilities. These lease payments will be recorded as financing outflows on the Consolidated Statements of Cash Flows. The Company expects to identify and collect data relating to existing lease agreements during Fiscal 2019.

15. Other MD&A Requirements

Additional information relating to the Company may be found:

(a) under the Company's profile on SEDAR at www.sedar.com;

(b) at the Company's web-site www.silvercorpmetals.com;

(c) in the Company's Annual Information Form; and,

(d) provided in the Company's annual audited consolidated financial statements as of March 31, 2018.

16. 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 – **167,124,526** common shares with a recorded value of **$228.8 million** Shares subject to escrow or pooling agreements - $nil.

(b) Options

As at the date of this report, the outstanding options comprise the following:

Number of Options	Exercise Price (CAD$)	Expiry Date
30,000	5.58	2/24/2020
143,000	4.34	9/18/2019
900,000	3.63	1/18/2020
262,124	3.41	9/12/2018
1,070,000	3.36	10/2/2020
164,375	3.25	6/2/2018
1,072,500	3.23	3/12/2021
126,437	2.98	1/21/2019
344,375	1.75	5/29/2019
235,353	1.76	10/14/2019
1,394,346	1.43	6/2/2020
2,309,319	0.66	12/31/2018
8,051,829		

17. Risks and Uncertainties

The Company is exposed to many risks in conducting its business, including but not limit 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; and environmental risk.

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

Due to the recent decline in metal prices, readers are especially encouraged to understand the significant impact of metal prices on the Company's operations.

- Metal Price Risk

The Company's sales price for lead and zinc pounds is fixed against the Shanghai Metals Exchange, while gold ounces are fixed against the Shanghai Gold Exchange and silver ounces are fixed against the Shanghai White Platinum & Silver Exchange. These metal prices traditionally move in tandem with and at marginally higher prices than those quoted on the North American and European market places. The Company's revenues are expected to be in large part derived from the mining and sale of silver, lead, zinc, and gold contained in metal concentrates. The prices of those commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international and regional economic and political conditions, expectations of inflation; currency exchange fluctuations; interest rates; global or regional supply and demand for jewellery and industrial products containing silver and other metals; sale of silver and other metals by central banks

and other holders, speculators and producers of silver and other metals; availability and costs of metal substitutes; and increased production due to new mine developments and improved mining and production methods. The price of base and precious metals may have a significant influence on the market price of the Company's shares and the value of its properties. The effect of these factors on the price of base and precious metals, and therefore the viability of the Company's projects, cannot be accurately predicted.

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

- Permits and licenses

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.

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

- Title to properties

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

- Operations and political conditions

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

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

In addition, the Company may face import and export regulations, including export restrictions, disadvantages of competing against companies from countries that are not subject to similar laws,

restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. Although the Company is not currently experiencing any significant or extraordinary problems in China arising from such risks, there can be no assurance that such problems will not arise in the future. The Company currently does not carry political risk insurance coverage.

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

- Regulatory environment in China

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

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

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

- Environmental risks

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

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

- Risks and hazards of mining operations

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

(i) environmental hazards;

(ii) discharge of pollutants or hazardous chemicals;

(iii) industrial accidents;

(iv) failure of processing and mining equipment;

(v) labour disputes;

(vi) supply problems and delays;

(vii) encountering unusual or unexpected geologic formations or other geological or grade problems;

(viii) encountering unanticipated ground or water conditions;

(ix) cave-ins, pit wall failures, flooding, rock bursts and fire;

(x) periodic interruptions due to inclement or hazardous weather conditions; (xi) equipment breakdown;

(xii) other unanticipated difficulties or interruptions in development, construction or production; and (xiii)other acts of God or unfavourable operating conditions.

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.

18. Disclosure Controls and Procedures

Disclosure controls and procedures 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.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2018, as defined in the rules of the U.S. Securities and Exchange Commission and Canadian Securities Administration. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on this evaluation, management concluded that the disclosure controls and procedures (as defined in Rule 13a-15(e) under Securities Exchange Act of 1934) 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.

19. 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 over financial reporting, and used the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to

evaluate the effectiveness of internal controls. The Company's internal control over financial reporting includes:

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

Based on this evaluation, management concluded that the Company's internal control over financial reporting based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by COSO was effective as of March 31, 2018 and provided a reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

No matter how well it's designed, however, any system of internal control has inherent limitations. Even systems determined to be effective can provide only reasonable assurance of the reliability of financial statement preparation and presentation. Also, controls may become inadequate in the future because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2018 has been audited by Deloitte LLP, the Company's independent registered public accounting firm, who has also issued a report on the internal controls over financial reporting.

20. Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2018 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

21. Directors and Officers

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

Directors	Officers
Dr. Rui Feng, Director, Chairman	Rui Feng, Chief Executive Officer
Yikang Liu, Director	Derek Liu, Chief Financial Officer
Paul Simpson, Director	Lorne Waldman, Senior Vice President
David Kong, Director	Luke Liu, Vice President, China Operations
Marina A. Katusa, Director	

Mr. Guoliang Ma, P.Geo., Manager of Exploration and Resource of the Company, is a Qualified Person for Silvercorp under NI 43-101 and has reviewed and given consent to the technical information contained in this MD&A.

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 (collectively, "forward-looking statements").

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. Forward-looking statements 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;*
- *timing of receipt of permits and regulatory approvals.*

Forward-looking statements 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, including, without limitation, risks relating to,

- *fluctuating commodity prices;*
- *fluctuating currency exchange rates;*
- *increasing labour costs;*
- *exploration and development programs;*
- *feasibility and engineering reports;*
- *permits and licenses;*
- *operations and political conditions;*
- *regulatory environment in China and Canada;*
- *environmental risks; and*
- *risks and hazards of mining operations.*

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements 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 reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this MD&A under the heading "Risks and Uncertainties" and elsewhere. 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.

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

Exhibit 99.3



SILVERCORP METALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018 and 2017
(Expressed in thousands of US dollars, unless otherwise stated)

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Silvercorp Metals Inc.

Opinion on Internal Control over Financial Reporting
We have audited the internal control over financial reporting of Silvercorp Metals Inc and subsidiaries (the "Company") as of March 31, 2018, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on criteria established in *Internal Control —Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and Canadian generally accepted auditing standards, the consolidated financial statements as at and for the year ended March 31, 2018, of the Company and our report dated May 23, 2018, expressed unmodified/unqualified opinion on those financial statements.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
May 23, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Silvercorp Metals Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Silvercorp Metals Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of income, consolidated statements of comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and March 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control over Financial Reporting

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 23, 2018 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Those standards also require that we comply with ethical requirements. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and to fulfill our other ethical responsibilities in accordance with these requirements.

An audit includes performing procedures to assess the risks of material misstatement of the financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

/s/ Deloitte LLP

Chartered Professional Accountants

Vancouver, Canada

May 23, 2018

We have served as the Company's auditor since 2013.

SILVERCORP METALS INC.
Consolidated Statements of Financial Position

(Expressed in thousands of U.S. dollars)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	23	**$ 49,199**	$ 73,003
Short-term investments	3	**56,910**	23,466
Trade and other receivables		**676**	1,311
Inventories	4	**11,018**	8,710
Due from a related party	14	**11**	92
Income tax receivable		**534**	-
Prepaids and deposits		**4,456**	4,250
		122,804	110,832
Non-current Assets			
Long-term prepaids and deposits		**954**	959
Reclamation deposits		**5,712**	5,054
Investment in an associate	5	**38,001**	8,517
Other investments	6	**6,132**	1,207
Plant and equipment	7	**71,211**	65,201
Mineral rights and properties	8	**232,080**	206,200
TOTAL ASSETS		**$ 476,894**	$ 397,970
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 25,198**	$ 30,374
Deposits received		**6,806**	6,798
Income tax payable		**303**	2,985
		32,307	40,157
Non-current Liabilities			
Deferred income tax liabilities	18	**33,310**	27,692
Environmental rehabilitation	9	**13,098**	12,186
Total Liabilities		**78,715**	80,035
Equity			
Share capital		**228,729**	232,155
Share option reserve		**14,690**	13,325
Reserves	11	**25,409**	25,409
Accumulated other comprehensive loss	12	**(25,875)**	(50,419)
Retained earnings		**86,283**	42,651
Total equity attributable to the equity holders of the Company		**329,236**	263,121
Non-controlling interests	13	**68,943**	54,814
Total Equity		**398,179**	317,935
TOTAL LIABILITIES AND EQUITY		**$ 476,894**	$ 397,970
Commitments and contingencies	22		

Approved on behalf of the Board:

(Signed) David Kong
Director

(Signed) Rui Feng
Director

See accompanying notes to the consolidated financial statements

SILVERCORP METALS INC.
Consolidated Statements of Income

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

	Notes	Years Ended March 31, 2018	2017
Sales	21(c)	**$ 170,039**	$ 163,471
Cost of sales			
Production costs		**59,144**	53,822
Mineral resource taxes		**4,764**	3,777
Depreciation and amortization		**18,247**	17,686
		82,155	75,285
Gross profit		**87,884**	88,186
General and administrative	15	**18,685**	16,818
Government fees and other taxes	16	**2,971**	4,007
Foreign exchange loss (gain)		**1,628**	(339)
Loss on disposal of plant and equipment	7	**329**	538
Gain on disposal of NSR	6	**(4,320)**	-
Share of loss (income) in associate	5	**700**	(282)
Dilution gain on investment in associate	5	**(822)**	-
Reclassification of other comprehensive loss upon ownership dilution of investment in associate	5	**18**	-
Impairment reversal of investment in associate	5	**(4,714)**	(5,278)
Impairment of plant and equipment and mineral rights and properties		**-**	181
Other income		**(2,016)**	(748)
Income from operations		**75,425**	73,289
Finance income	17	**2,839**	2,206
Finance costs	17	**(449)**	(760)
Income before income taxes		**77,815**	74,735
Income tax expense	18	**18,919**	19,237
Net income		**$ 58,896**	$ 55,498
Attributable to:			
Equity holders of the Company		**$ 46,994**	$ 43,674
Non-controlling interests	13	**11,902**	11,824
		$ 58,896	$ 55,498
Earnings per share attributable to the equity holders of the Company			
Basic earnings per share	10(e)	**$ 0.28**	$ 0.26
Diluted earnings per share	10(e)	**$ 0.27**	$ 0.25
Weighted Average Number of Shares Outstanding - Basic		**167,848,117**	167,185,234
Weighted Average Number of Shares Outstanding - Diluted		**171,405,904**	171,350,024

See accompanying notes to the consolidated financial statements

SILVERCORP METALS INC.
Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars)

	Notes	Years Ended March 31, 2018	2017
Net income		**$ 58,896**	$ 55,498
Other comprehensive income (loss), net of taxes:			
Items that may subsequently be reclassified to net income or loss:			
Currency translation adjustment, net of tax of $nil		**28,831**	(17,550)
Share of other comprehensive income (loss) in associate	5	**461**	(12)
Reclassification to net income upon ownership dilution of investment in associate	5	**18**	-
Items that will not subsequently be reclassified to net income or loss:			
Change in fair value on equity investments designated as FVTOCI, net of tax of $nil	6	**378**	196
Other comprehensive income (loss), net of taxes		**$ 29,688**	$ (17,366)
Attributable to:			
Equity holders of the Company		**$ 24,544**	$ (14,425)
Non-controlling interests	13	**5,144**	(2,941)
		$ 29,688	$ (17,366)
Total comprehensive income		**$ 88,584**	$ 38,132
Attributable to:			
Equity holders of the Company		**$ 71,538**	$ 29,249
Non-controlling interests		**17,046**	8,883
		$ 88,584	$ 38,132

See accompanying notes to the consolidated financial statements

SILVERCORP METALS INC.
Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Notes	Years Ended March 31, 2018	2017
Cash provided by			
Operating activities			
Net income		**$ 58,896**	$ 55,498
Add (deduct) items not affecting cash:			
Finance costs	17	**449**	760
Depreciation, amortization and depletion		**19,442**	18,913
Share of loss (income) in associate	5	**700**	(282)
Dilution gain on investment in associate	5	**(822)**	-
Reclassification of other comprehensive loss upon wonership dilution of investment in associate	5	**18**	-
Gain on disposal of NSR	6	**(4,320)**	-
Impairment reversal of investment in associate	5	**(4,714)**	(5,278)
Impairment of plant and equipment and mineral rights and properties		**-**	181
Income tax expense	18	**18,919**	19,237
Finance income	17	**(2,839)**	(2,206)
Loss on disposal of plant and equipment	7	**329**	538
Share-based compensation	10(b)	**1,566**	1,015
Reclamation		**(194)**	(2,967)
Income taxes paid		**(19,743)**	(13,667)
Interest received		**2,839**	2,206
Interest paid		**-**	(963)
Changes in non-cash operating working capital	23	**(2,625)**	4,485
Net cash provided by operating activities		**67,901**	77,470
Investing activities			
Mineral rights and properties			
Capital expenditures		**(20,948)**	(27,814)
Plant and equipment			
Additions		**(6,152)**	(7,987)
Proceeds on disposals	7	**33**	51
Other investments			
Acquisition		**-**	(782)
Proceeds on disposals		**-**	33
Investment in associate	5	**(23,861)**	-
Net purchases of short-term investments		**(30,803)**	(4,094)
Net cash used in investing activities		**(81,731)**	(40,593)
Financing activities			
Bank loan			
Repayment		**-**	(4,325)
Non-controlling interests			
Distribution	13	**(7,785)**	(2,222)
Cash dividends distributed	10(c)	**(3,362)**	(1,585)
Proceeds from issuance of common shares		**550**	904
Common shares repurchased as part of normal course issuer bid	10(d)	**(4,177)**	-
Net cash used in financing activities		**(14,774)**	(7,228)
Effect of exchange rate changes on cash and cash equivalents		**4,800**	1,391
(Decrease) increase in cash and cash equivalents		**(23,804)**	31,040
Cash and cash equivalents, beginning of the year		**73,003**	41,963
Cash and cash equivalents, end of the year		**$ 49,199**	$ 73,003
Supplementary cash flow information	23		

See accompanying notes to the consolidated financial statements

SILVERCORP METALS INC.
Consolidated Statements of Changes in Equity

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

		Share capital								
	Notes	Number of shares	Amount	Share option reserve	Reserves	Accumulated other comprehensive loss	Retained earnings	Total equity attributable to the equity holders of the Company	Non-controlling interests	Total equity
Balance, April 1, 2016		166,846,356	$230,933	$ 12,628	$ 25,409	$ (35,994)	$ 562	$ 233,538	$ 53,021	$ 286,559
Options exercised		1,043,280	1,222	(318)	-	-	-	904	-	904
Share-based compensation		-	-	1,015	-	-	-	1,015	-	1,015
Dividends declared		-	-	-	-	-	(1,585)	(1,585)	-	(1,585)
Distribution to non-controlling interests		-	-	-	-	-	-	-	(7,090)	(7,090)
Comprehensive (loss) income		-	-	-	-	(14,425)	43,674	29,249	8,883	38,132
Balance, March 31, 2017		**167,889,636**	**$232,155**	**$ 13,325**	**$ 25,409**	**$ (50,419)**	**$ 42,651**	**$ 263,121**	**$ 54,814**	**$ 317,935**
Options exercised		857,020	751	(201)	-	-	-	550	-	550
Share-based compensation	10(b)	-	-	1,566	-	-	-	1,566	-	1,566
Dividends declared	10(c)	-	-	-	-	-	(3,362)	(3,362)	-	(3,362)
Common shares repurchased as part of normal course issuer bid	10(d)	(1,717,100)	(4,177)	-	-	-	-	(4,177)	-	(4,177)
Distribution to non-controlling interests	13	-	-	-	-	-	-	-	(2,917)	(2,917)
Comprehensive income		-	-	-	-	24,544	46,994	71,538	17,046	88,584
Balance, March 31, 2018		**167,029,556**	**$228,729**	**$ 14,690**	**$ 25,409**	**$ (25,875)**	**$ 86,283**	**$ 329,236**	**$ 68,943**	**$ 398,179**

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The policies applied in these consolidated financial statements are based on IFRS in effect as of March 31, 2018.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors dated on May 23, 2018.

(b) Basis of Consolidation

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

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

For non-wholly-owned subsidiaries over which the Company has control, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statements of financial position. Net income for the period that is attributable to the non-controlling interests is calculated based on the ownership of the non-controlling interest shareholders in the subsidiary. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests having a deficit balance. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interest and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to equity holders of the Company.

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

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

			Proportion of ownership interest held		
Name of subsidiaries	Principal activity	Place of incorporation	**March 31, 2018**	March 31, 2017	Mineral properties
Silvercorp Metals China Inc.	Holding company	Canada	**100%**	100%	
Silvercorp Metals (China) Inc.	Holding company	China	**100%**	100%	
0875786 B.C. LTD.	Holding company	Canada	**100%**	100%	
Fortune Mining Limited	Holding company	BVI (i)	**100%**	100%	RZY
Fortune Copper Limited	Holding company	BVI	**100%**	100%	
Fortune Gold Mining Limited	Holding company	BVI	**100%**	100%	
Victor Resources Ltd.	Holding company	BVI	**100%**	100%	
Yangtze Mining Ltd.	Holding company	BVI	**100%**	100%	
Victor Mining Ltd.	Holding company	BVI	**100%**	100%	
Yangtze Mining (H.K.) Ltd.	Holding company	Hong Kong	**100%**	100%	
Fortune Gold Mining (H.K.) Limited	Holding company	Hong Kong	**100%**	100%	
Wonder Success Limited	Holding company	Hong Kong	**100%**	100%	
Henan Huawei Mining Co. Ltd. ("Henan Huawei")	Mining	China	**80%**	80%	
Henan Found Mining Co. Ltd. ("Henan Found")	Mining	China	**77.5%**	77.5%	Ying Mining District
Songxian Gold Mining Co., Ltd. ("SX Gold")	Mining	China	**77.5%**	77.5%	XHP
Xinshao Yunxiang Mining Co., Ltd. ("Yunxiang")	Mining	China	**70%**	70%	BYP
Guangdong Found Mining Co. Ltd. (Guangdong Found")	Mining	China	**95%**	95%	GC

(i) British Virgin Island ("BVI")

(c) Investments in Associates

An associate is an entity over which the Company has significant influence, and is not a subsidiary or joint venture. Significant influence is presumed to exist when the Company has power to be actively involved and influential in financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of profit and loss of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's loss that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of comprehensive income or losses attributable to shareholders of associates are recognized in comprehensive income during the period. The carrying amount of the Company's investments in associates also include any long-term debt interests which in substance form part of the Company's net investment. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use. An impairment loss is recognized if the recoverable amount is less than its carrying amount. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the

carrying amount that would have been determined had an impairment loss not been previously recognized. Impairment losses and reversal of impairment losses, if any, are recognized in net income in the period in which the relevant circumstances are identified.

Details of the Company's associate are as follows:

			Proportion of ownership interest held	
Name of associate	Principal activity	Place of incorporation	**March 31, 2018**	March 31, 2017
New Pacific Metals Corp. ("NUAG")	Mining	Canada	**29.8%**	16.1%

(d) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(e) Foreign Currency Translation

The functional currency for each subsidiary of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is the Canadian dollar ("CAD"). The functional currency of all Chinese subsidiaries is the Chinese Renminbi ("RMB").

Foreign currency monetary assets and liabilities are translated into the functional currency using exchange rates prevailing at the balance sheet date. Foreign currency non-monetary assets are translated using exchange rates prevailing at the transaction date. Foreign exchange gains and losses are included in the determination of net income.

The consolidated financial statements are presented in U.S. dollars ("USD"). The financial position and results of the Company's entities are translated from functional currencies to USD as follows:

- assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- income and expenses are translated using average exchange rates prevailing during the period; and
- all resulting exchange gains and losses are included in other comprehensive income.

The Company treats inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign entity is sold, the historical exchange differences plus

the foreign exchange impact that arises on the transaction are recognized in the statement of income as part of the gain or loss on sale.

(f) Revenue Recognition

Sales of all metals products, which are contained in direct smelting ore or concentrates, are recognized as revenue. Revenue is recognized when the significant risks and rewards of ownership have passed to the buyer, it is probable that economic benefits associated with the transaction will flow to the Company, the sale price can be measured reliably, the Company has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions for revenue are satisfied when the title passes to the customer. The passing of title to the customer is based on the terms of the sales contract, which is generally upon shipment of the products. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets. Under the Company's concentrate sales contracts with its customers, final commodity prices are set on a specified quotation period, typically ranging from ten to fifteen days around shipment date. Refining and treatment charges are netted against revenue from metal concentrate sales.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash, and short-term money market instruments that are readily convertible to cash with original terms of three months or less.

(h) Short-term Investments

Short-term investments consist of certificates of deposit and money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper with original terms of three months or more, but less than one year. Bonds traded on open markets are also included in short-term investments.

(i) Inventories

Inventories include metals contained in concentrates, direct smelting ore, stockpile ore and operating materials and supplies. The classification of metals inventory is determined by the stage at which the ore is in the production process. Mined materials that do not contain a minimum quantity of metal needed to compensate the estimated processing expenses for recovery of the contained metal, are not classified as inventory and are assigned no value.

Direct smelting ore and stockpiled ore are valued at the lower of mining cost and net realizable value. Mining cost includes the cost of raw material, mining contractor cost, direct labour costs, depletion and depreciation, and applicable production overheads, based on normal operating capacity. Concentrate inventories are valued at the lower of cost and net realizable value. The cost of concentrate inventories includes the mining cost for stockpiled ore milled, freight charges for shipping stockpile ore from mine sites to mill sites and milling cost. Milling cost includes cost of materials and supplies, direct labour costs, and applicable production overheads cost, based on normal operating capacity. Material and supplies are valued at the lower of cost, determined on a weighted average cost basis, and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

(j) Plant and Equipment

Plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is computed on a straight-line basis based on the nature and useful lives of the assets. The significant classes of plant and equipment and their estimated useful lives are as follows:

Buildings	20 years
Office equipment	5 years
Machinery	5-10 years
Motor vehicles	5 years
Land use rights	50 years
Leasehold improvements	5 years

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period.

Assets under construction are capitalized as construction-in-progress. The cost of construction-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress assets are transferred to other respective asset classes and are depreciated when they are completed and available for use.

Upon disposal or abandonment, the carrying amounts of plant and equipment are derecognized and any associated gain or loss are recognized in net income.

(k) Mineral Rights and Properties

The cost of acquiring mineral rights and properties as part of a business combination is capitalized and represents the property's fair value at the date of acquisition. Fair value is determined by estimating the value of the property's reserves, resources and exploration potential. The cost of acquiring or renewing an exploration or mining permit or mineral rights and properties not as part of a business combination is recognized at the amount paid and capitalized.

Exploration and evaluation costs incurred associated with specific mineral rights and properties prior to demonstrable technical feasibility and commercial viability of extracting a mineral resource are capitalized.

The Company determines that a property is in the development stage when it has completed a positive economic analysis of the mineral deposit. Subsequent development costs incurred prior to the commercial production stage are capitalized and included in the carrying amount of the related property in the period incurred. Proceeds from sales during this period, if any, are offset against costs capitalized.

When a property has achieved operational results that are expected to remain at a sustainable operational level over a period of time, it enters the commercial production stage. Quantitative and qualitative factors indicating the achievement of commercial production stage include but are not limited to the following:

- A significant portion of planned capacity, production levels, grades and recovery rate are achieved at a sustainable level;
- completion of major mine and plant components;
- significant milestones such as obtaining necessary permits and production inputs are achieved to allow continuous and sustainable operations; and
- management's intended operating results are being achieved consistently for a period of time.

Production costs incurred during commercial production stage are included in cost of sales. Development costs incurred during commercial production stage that provide access to reserve and resources that will be produced in future periods that would not have otherwise been accessible are capitalized.

Upon commencement of commercial production, mineral rights and properties and capitalized expenditures, other than the mine right fee to renew a mining permit, are depleted over the mine's estimated life using the units of production method calculated based on proven and probable reserves. Estimation of proven and probable reserves for each property is updated when relative information is available; the result will be prospectively applied to calculate depletion amounts for future periods. If commercial production commences prior to the determination of proven and probable reserves, depletion is calculated based on the mineable portion of measured and indicated resources. Amounts capitalized for the mine right fee are depleted using the units of production method based on the mineral resources which were used to determine the mine right fee payable.

(l) Impairment of Long-lived Assets

Long-lived assets, including mineral rights and properties, plant and equipment are reviewed and tested for impairment when indicators of impairment are considered to exist. Impairment assessments are conducted at the level of cash-generating units ("CGU"), which is the lowest level for which identifiable cash inflows are largely independent of the cash inflows of other assets. An impairment loss is recognized for any excess of carrying amount of a CGU over its recoverable amount, which is the greater of its fair value less costs to sell and value in use. For mineral rights and properties and processing facilities, the recoverable amount is estimated as the discounted future net cash flows expected to be derived from expected future production, metal prices, and net proceeds from the disposition of assets on retirement, less operating and capital costs. Impairment losses are recognized in the period they are incurred.

For exploration and evaluation assets, indication of impairment includes but is not limited to, expiration of the right to explore, abandonment of the property, substantive expenditures in the specific area are neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources.

Impairment losses are reversed if the conditions that gave rise to the impairment are no longer present and it has been determined that the asset is no longer impaired as a result. This reversal is recognized in net income in the period the reversal occurs limited by the carrying value that would have been determined, net of any depreciation, had no impairment charge been recognized in prior years.

(m) Environmental Rehabilitation Provision

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure or rehabilitation. Closure and decommissioning works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Company's environmental policies. Provisions for the cost of each closure and rehabilitation program are recognized at the time when environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and decommissioning activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate closure and decommissioning activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual closure and decommissioning expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions, and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and decommissioning requirements.

Closure and decommissioning provisions are measured at the expected amount of future cash flows, discounted to their present value for each operation. Discount rates used are specific to the underlying obligation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive or legal obligation.

When provisions for closure and decommissioning are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and decommissioning activities is recognized in Mineral Rights and Properties and depleted accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognized in finance expenses. Closure and decommissioning provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost.

Adjustments to the estimated amount and timing of future closure and decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. The provision is reviewed at the end of each reporting period for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations and adjusted to reflect current best estimate.

The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively.

(n) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. No borrowing costs were capitalized in the periods presented.

(o) Share-based Payments

The Company recognizes share-based compensation expense for all stock options awarded to employees, officers, directors, and consultants using the fair value method. The fair value of the stock options at the date of grant is expensed over the vesting periods of the stock options with a corresponding increase to equity. The fair value of options granted to employees, officers, and directors is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of stock options granted to consultants is measured at the fair value of the services delivered unless that fair value cannot be estimated reliably, which then is determined using the Black-Scholes option pricing model. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Forfeitures are accounted for using estimates based on historical actual forfeiture data. Share-based compensation expenses for options granted to those working in exploration are capitalized in mineral rights and properties.

Upon the exercise of the stock option, consideration received and the related amount transferred from contributed surplus are recorded as share capital.

(p) Income Taxes

Current tax for each taxable entity is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect to previous periods.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(q) Earnings per Share

Earnings per share is computed by dividing net income available to equity holders of the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. For stock options and warrants, the number of additional shares for inclusion in diluted earnings per share calculations is determined by the options and warrants, whose exercise price is less than the average market price of our common shares, are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options, and repurchased from proceeds, is included in the calculation of diluted earnings per share.

(r) Financial Instruments

The Company had previously early adopted IFRS 9 (2010) to account for its financial instruments.

Initial recognition:

On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as fair value through profit or loss (“FVTPL”), in which case transaction costs are expensed as incurred.

Subsequent measurement of financial assets:
Subsequent measurement of financial assets depends on the classification of such assets.

I. Non-equity instruments:
IFRS 9 (2010) includes a single model that has only two classification categories for financial instruments other than equity instruments: amortized cost and fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:
   i. The objective of the business model is to hold the financial asset for the collection of the cash flows; and
   ii. All contractual cash flows represent only principal and interest on that principal.

All other instruments are mandatorily measured at fair value.

II. Equity instruments:
At initial recognition, for equity instruments other than held for trading, the Company may make an irrevocable election to designate it as either FVTPL or fair value through other comprehensive income ("FVTOCI").

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income.

Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ("OCI"). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

Impairment of financial assets carried at amortized cost:

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

Subsequent measurement of financial liabilities:

Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

The Company classifies its financial instruments as follows:

- Financial assets classified as FVTPL: cash and cash equivalents and other investments - warrants;
- Financial assets classified as FVTOCI: other investments - common shares;
- Financial assets classified as amortized cost: short-term investments, trade and other receivables and due from related parties;
- Financial liabilities classified as amortized cost: accounts payable and accrued liabilities, dividends payable, bank loan, customer deposits and due to related parties.

Derecognition of financial assets and financial liabilities:
A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process.

Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Fair value of financial instruments:

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

(s) Government Assistance

Refundable mining exploration tax credits received from eligible mining exploration expenditures and other government grants received for project construction and development reduce the carrying amount of the related mineral rights and properties or plant and equipment assets. The depletion or depreciation of the related mineral rights and properties or plant and equipment assets is calculated based on the net amount.

Government subsidies as compensation for expenses already incurred are recognized in profit and loss during the period in which it becomes receivable.

(t) Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these judgments and estimates are continuously evaluated and are based on management's experience and best knowledge of relevant facts and circumstances, actual results may differ from these estimates.

Areas of significant judgments include:

- Capitalization of expenditures with respect to exploration, evaluation and development costs to be included in mineral rights and properties.
- Anticipated reinvestment of undistributed earnings of foreign subsidiaries, therefore no withholding taxes was accrued.
- Accounting and impairment or impairment reversal assessment for equity investments and investment in associates.
- Accounting and impairment or impairment reversal assessment for mineral rights and properties.
- Determination of functional currency for all entities in the group.
- Determination of the components of each CGU.

Areas of significant estimates include:

Ore reserve and mineral resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex engineering and geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with engineering and geological assumptions and judgements made in estimating the size and grade of the ore body.

The Company estimates ore reserves in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous assumptions including:

- Future production estimates – which include proved and probable reserves, resource estimates and committed expansions;
- Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price; and
- Future cash costs of production, capital expenditure and rehabilitation obligations.

As the economic assumptions change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

- The carrying value of mineral rights and properties and plant and equipment may be affected due to changes in estimated future cash flows;
- Depreciation and depletion charges in net income may change where such charges are determined using the units of production method, or where the useful life of the related assets change; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

Impairment of assets

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is determined as the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements,

closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(u) Accounting standards issued but not yet in effect

IFRS 9 (2014) – *Financial Instruments (amended 2014)*: In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments ("IFRS 9")*. The Company adopted IFRS 9 (2010) – Financial Instruments effective April 1, 2011. The Company has reviewed its financial instruments to determine the impact that the adoption of IFRS 9 (2014) will have on its financial statements. The Company does not anticipate that there will be any changes to the classification or the carrying values of the Company's financial instruments as a result of the adoption. The Company does not currently apply hedge accounting to its risk management contracts and does not intend to apply hedge accounting to any of its existing risk management contracts on adoption of IFRS 9 (2014). The Company will apply IFRS 9 (2014) on April 1, 2018.

IFRS 15 – *Revenue from contracts with customers,* the standard on revenue from contacts with customers was issued in September 2015 and is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. IFRS 15 introduces a revenue recognition model under which an entity recognizes revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or serviceds. IFRS 15 also introduces the concept of performance obligations that are defined as "distinct" promised goods or services, and requires entities to apportion revenue earned to the distinct performance obligation on a relative stand alone selling price basis. The Company will apply IFRS 15 using the modified restrospective transition approach, whereby the cumulative impact of the application, if any, is recognized in retained earning as April 1, 2018 and comparative period balances are not restated. The Company has reviewed its revenue streams and underlying contracts with customers and determined that the application of IFRS 15 will have no material impact on its financial statements.

IFRS 16 – *Leases* ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17") and *Determining whether an arrangement contains a lease* ("IFRIC 4"). IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes to the accounting for contracts that are or contain a lease, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company anticipates that the application of IFRS 16 will result in an increase in the recognition of right of use assets and lease liabilities

related to leases with terms greater than 12 months on the Consolidated Statements of Financial Position on April 1, 2019. IFRS 16 will further result in increased depreciation and amortization on these right of use assets and increased interest on these additional lease liabilities. These lease payments will be recorded as financing outflows on the Consolidated Statements of Cash Flows. The Company expects to identify and collect data relating to existing lease agreements during Fiscal 2019.

3. SHORT-TERM INVESTMENTS

As at March 31, 2018, short-term investments consist of the following:

	Carrying value	Interest rates	Maturity
Term deposits	**$ 36,596**	3.6% - 4.15%	April 11 - August 3, 2018
Bonds	**20,314**	3.88% - 8.75%	June 4, 2018 - October 31, 2046
	$ 56,910		

As at March 31, 2017, short-term investments consist of the following:

	Carrying value	Interest rates	Maturity
Term deposits	**7,141**	3.38% - 3.66%	May 19 - 22, 2017
Bonds	**16,325**	3% - 8.7%	April 17, 2017 - December 10, 2020
	$ 23,466		

All bonds were purchased on open markets and are readily tradable.

4. INVENTORIES

Inventories consist of the following:

	March 31, 2018	March 31, 2017
Direct smelting ore and stockpile ore	**$ 1,071**	$ 833
Concentrate inventory	**5,513**	4,853
Total stockpile and concentrate	**6,584**	5,686
Material and supplies	**4,434**	3,024
	$ 11,018	$ 8,710

The amount of inventories recognized as expense during the years ended March 31, 2018 was $77,391 (year ended March 31, 2017 - $71,508).

5. INVESTMENT IN AN ASSOCIATE

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

In July 2017, the Company participated in NUAG’s private placement and subscribed 25,000,000 common shares of NUAG for $20.0 million.

In November 2017, the Company participated in NUAG's strategic private placement. The placement was for 19,000,000 units, and the Company subscribed 3,000,000 units while Pan American Silver Corp. subscribed 16,000,000 units, at a price of CAD$1.42 per unit. Each unit is comprised of one common share of NUAG and one half of one common share purchase warrant. Arising from this strategic private placement, the Company's ownership in NUAG was diluted from 32.2% to 29.8% and a dilution gain of $0.8 million was recorded along with the reclassification of loss of $18 from other comprehensive income to net income.

The Company also acquired additional 474,600 shares from the public market for $0.5 million during the year ended March 31, 2018.

As at March 31, 2018, the Company owned 39,280,900 common shares (March 31, 2017 – 10,806,300) of NUAG, representing an ownership interest of 29.8% (March 31, 2017 – 16.1%). The summary of the investment in NUAG common shares and its market value as at the respective balance sheet dates are as follows:

	Number of shares		Amount		Value of NUAG's common shares per quoted market price
Balance, April 1, 2016	10,806,300	$	3,133	$	2,333
Share of net income			282		
Share of other comprehensive loss			(12)		
Impairment recovery			5,278		
Foreign exchange impact			(164)		
Balance, March 31, 2017	10,806,300		8,517		8,517
Participate in Private placement	28,000,000		23,352		
Purchase from open market	474,600		509		
Share of net loss			(700)		
Share of other comprehensive income			461		
Impairment recovery			4,714		
Dilution gain			822		
Foreign exchange impact			326		
Balance March 31, 2018	**39,280,900**	**$**	**38,001**	**$**	**50,266**

For the year ended March 31, 2018, an impairment recovery of $4,714 (year ended March 31, 2017 -$5,278) was recognized for the investment in NUAG based on the quoted market price of NUAG common shares.

Summarized financial information for the Company's investment in NUAG on a 100% basis is as follows:

	Years ended March 31,	
	2018 (1)	2017 (1)
(Loss) income from investments	**$ (976)**	$ 3,999
General and administrative expense	**(2,527)**	(1,197)
Foreign exchange (loss) gain	**(358)**	388
Impairment charge	**-**	(2,933)
Other income	**372**	100
Net (loss) income of associate	**$ (3,489)**	$ 357
Adjustments to net (loss) income of associate	**760**	**1,391**
Net (loss) income of associate qualified for pick-up	**$ (2,729)**	$ 1,748
Company's share of net (loss) income	**$ (700)**	$ 282

	March 31, 2018(1)	March 31, 2017(1)
Current assets	**$ 28,279**	$ 16,152
Non-current assets	**57,268**	9,248
Total assets	**$ 85,547**	$ 25,400
Current liabilities	**970**	600
Long-term liabilities	**4,839**	-
Total liabilities	**5,809**	**600**
Net assets	**$ 79,738**	$ 24,800
Company's share of net assets of associate	**$ 23,730**	$ 4,003

(1) NUAG's fiscal year-end is on June 30. NUAG's quarterly financial results were used to compile the financial information that matched with the Company's year-end on March 31.

6. OTHER INVESTMENTS

	March 31,2018	March 31, 2017
Equity investments designated as FVTOCI		
Publicly-traded companies	**$ 6,132**	$ 1,207

(a) Investments in publicly-traded companies with no significant influence

Investments in publicly-traded companies represent equity interests of other publicly-trading mining companies that the Company has acquired through the open market or through private placements. These equity interests are for long-term investment purposes and consist of common shares and warrants. As of March 31, 2018, none of the shares held by the Company represented more than 10% of the respective outstanding shares of investees.

The continuity of such investments is as follows:

	Fair value	Accumulated fair value change included in OCI
April 1, 2016	$ 287	$ (6,429)
Change in fair value on equity investments designated as FVTOCI	196	196
Purchase of equity investments	782	-
Impact of foreign currency translation	(58)	-
March 31, 2017	$ 1,207	$ (6,233)
Change in fair value on equity investments designated as FVTOCI	378	378
Equity investments received as consideration for disposal of NSR	4,320	-
Impact of foreign currency translation	227	-
March 31, 2018	**$ 6,132**	**$ (5,855)**

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

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

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

7. PLANT AND EQUIPMENT

Plant and equipment consist of:

Cost	Land use rights and building	Office equipment	Machinery	Motor vehicles	Construction in progress	Total
Balance as at April 1, 2016	$ 91,162	$ 6,442	$ 27,255	$ 7,103	$ 9,075	$ 141,037
Additions	1,748	215	850	300	1,656	4,769
Disposals	(267)	(323)	(321)	(837)	(3)	(1,751)
Reclassification of asset groups[1]	7,841	-	318	-	(8,159)	-
Impact of foreign currency translation	(6,000)	(370)	(1,750)	(435)	(426)	(8,981)
Balance as at March 31, 2017	$ 94,484	$ 5,964	$ 26,352	$ 6,131	$ 2,143	$ 135,074
Additions	1,497	1,156	1,084	559	1,540	5,836
Disposals	(246)	(194)	(298)	(515)	-	(1,253)
Reclassification of asset groups[1]	344	-	4	-	(348)	-
Impact of foreign currency translation	9,086	829	2,271	555	267	13,008
Ending balance as at March 31, 2018	**$ 105,165**	**$ 7,755**	**$ 29,413**	**$ 6,730**	**$ 3,602**	**$ 152,665**
Impairment, accumulated depreciation and amortization						
Balance as at April 1, 2016	$ (42,658)	$ (4,693)	$ (17,177)	$ (5,407)	$ (57)	$ (69,992)
Disposals	82	276	187	617	-	1,162
Depreciation and amortization	(2,893)	(507)	(1,674)	(480)	-	(5,554)
Impact of foreign currency translation	2,763	258	1,144	342	4	4,511
Balance as at March 31, 2017	$ (42,706)	$ (4,666)	$ (17,520)	$ (4,928)	$ (53)	$ (69,873)
Disposals	68	175	208	440	-	891
Depreciation and amortization	(3,180)	(438)	(1,643)	(390)	-	(5,651)
Impact of foreign currency translation	(4,198)	(383)	(1,768)	(467)	(5)	(6,821)
Ending balance as at March 31, 2018	**$ (50,016)**	**$ (5,312)**	**$ (20,723)**	**$ (5,345)**	**$ (58)**	**$ (81,454)**
Carrying amounts						
Balance as at March 31, 2017	$ 51,778	$ 1,298	$ 8,832	$ 1,203	$ 2,090	$ 65,201
Ending balance as at March 31, 2018	**$ 55,149**	**$ 2,443**	**$ 8,690**	**$ 1,385**	**$ 3,544**	**$ 71,211**

[1] when an asset is available for use, it is reclassified from construction in progress to one of the appropriate plant and equipment categories.

Carrying amounts as at March 31, 2018	Ying Mining District	BYP	GC	Other	Total
Land use rights and building	$ 37,431	$ 2,527	$ 14,039	$ 1,151	$ 55,148
Office equipment	2,053	46	168	176	2,443
Machinery	5,651	339	2,652	50	8,692
Motor vehicles	1,270	33	80	2	1,385
Construction in progress	1,528	1,966	49	-	3,543
Total	**$ 47,933**	**$ 4,911**	**$ 16,988**	**$ 1,379**	**$ 71,211**

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

During the year ended March 31, 2018, certain plant and equipment were disposed for proceeds of $33 (year ended March 31, 2017 - $51) and loss of $329 (year ended March 31, 2017 – loss of $538).

8. MINERAL RIGHTS AND PROPERTIES

Mineral rights and properties consist of:

	Producing and development properties			Exploration and evaluation properties		
Cost	**Ying Mining District**	**BYP**	**GC**	**XHP**	**RZY**	**Total**
Balance as at April 1, 2016	$ 232,127	$ 64,815	$ 109,478	$ 21,257	$ 179	$ 427,856
Capitalized expenditures	18,058	-	714	-	-	18,772
Mine right fee	1,337	-	-	-	-	1,337
Environmental rehabiliation	(1,448)	(101)	(57)	-	-	(1,606)
Foreign currecy translation impact	(15,227)	(968)	(6,933)	(1,351)	(5)	(24,484)
Balance as at March 31, 2017	$ 234,847	$ 63,746	$ 103,202	$ 19,906	$ 174	$ 421,875
Capitalized expenditures	20,125	14	323	231	-	20,693
Environmental rehabiliation	(589)	(52)	(36)	(17)	-	(694)
Foreign currecy translation impact	23,351	1,346	9,755	1,904	6	36,362
Ending balance as at March 31, 2018	**$ 277,734**	**$ 65,054**	**$ 113,244**	**$ 22,024**	**$ 180**	**$ 478,236**
Impairment and accumulated depletion						
Balance as at April 1, 2016	$ (55,524)	$ (57,386)	$ (77,609)	$ (21,257)	$ -	$ (211,776)
Impairment loss	-	-	-	-	(181)	(181)
Depletion	(12,457)	-	(1,869)	-	-	(14,326)
Foreign currecy translation impact	3,824	495	4,931	1,351	7	10,608
Balance as at March 31, 2017	$ (64,157)	$ (56,891)	$ (74,547)	$ (19,906)	$ (174)	$ (215,675)
Depletion	(12,196)	-	(1,837)	-	-	(14,033)
Foreign currecy translation impact	(6,746)	(693)	(7,111)	(1,892)	(6)	(16,448)
Ending balance as at March 31, 2018	**$ (83,099)**	**$ (57,584)**	**$ (83,495)**	**$ (21,798)**	**$ (180)**	**$ (246,156)**
Carrying amounts						
Balance as at March 31, 2017	$ 170,690	$ 6,855	$ 28,655	$ -	$ -	$ 206,200
Ending balance as at March 31, 2018	**$ 194,635**	**$ 7,470**	**$ 29,749**	**$ 226**	**$ -**	**$ 232,080**

On June 16, 2016, the Company paid a mine right fee of $1,337 (RMB ¥8.7 million) to the Chinese government as part of its requirement to renew the mining permit for its TLP and LM mine (part of the Ying Mining District).

9. ENVIRONMENTAL REHABILITATION

The following table presents the reconciliation of the beginning and ending obligations associated with the retirement of the properties:

		Total
Balance, April 1, 2016	$	14,328
Unwinding of discount of environmental rehabilitation		382
Revision of provision		(1,606)
Foreign exchange impact		(918)
Balance, March 31, 2017	$	12,186
Reclamation expenditures		(25)
Unwinding of discount of environmental rehabilitation		449
Revision of provision		(694)
Foreign exchange impact		1,182
Balance, March 31, 2018	**$**	**13,098**

As at March 31, 2018, the total undiscounted amount of estimated cash flows required to settle the Company's environmental rehabilitation provision is $20,836 (March 31, 2017 - $18,683) over the next twenty-nine years, which has been discounted using an average discount rate of 3.84% (March 31, 2017 –3.48%).

10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value. All shares issued as at March 31, 2018 were fully paid.

(b) Stock options

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

	Number of shares		Weighted average exercise price per share CAD$
Balance, April 1, 2016	9,174,025	$	2.39
Options granted	1,173,000		3.77
Options exercised	(1,043,280)		1.13
Options forfeited	(847,238)		3.61
Options expired	(777,000)		8.92
Balance, March 31, 2017	7,679,507	$	1.97
Option granted	2,192,500		3.30
Options exercised	(857,020)		0.81
Options forfeited	(195,626)		3.00
Options expired	(672,562)		5.25
Balance, March 31, 2018	**8,146,799**	**$**	**2.15**

During the year ended March 31, 2018, a total of 2,192,500 options with a life of three years (year ended March 31, 2017 – 1,173,000 options with a life of three years) were granted to directors, officers, and employees at exercise prices of CAD$3.23 and CAD$3.36 per share (year ended March 31, 2017 – prices of CAD$3.63 to CAD$5.58) subject to a vesting schedule over a two-year term with 25% of the options vesting every six months from the date of grant.

The fair value of stock options granted during the years ended March 31, 2018 and 2017 were calculated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Years ended March 31,	
	2018	2017
Risk free interest rate	**1.70%**	0.78%
Expected life of option in years	**2.27 years**	2.25 years
Expected volatility	**69%**	72%
Expected dividend yield	**1.36%**	0.47%
Estimated forfeiture rate	**10%**	11%
Weighted average share price at date of grant	**$ 3.30**	$ 3.77

The weighted average grant date fair value of options granted during the year ended March 31, 2018 was CAD$1.27 (US$0.99) (year ended March 31, 2016 - CAD$1.53 (US$1.17)). Volatility was determined based on the historical volatility of the Company's shares over the estimated life of stock options. For the year ended March 31, 2018, a total of $1,566 (year ended March 31, 2017 - $1,015) in share-based compensation expense was recognized and included in the general and administrative expenses on the consolidated statements of income.

The following table summarizes information about stock options outstanding at March 31, 2018:

Exercise price in CAD$	Number of options outstanding at March 31, 2018	Weighted average remaining contractual life (Years)	Weighted average exercise price in CAD$	Number of options exercisable at March 31, 2018	Weighted average exercise price in CAD$
$ 0.66	2,385,044	0.75	$ 0.66	2,385,044	0.66
$ 1.43	1,405,591	2.17	$ 1.43	1,273,506	1.43
$ 1.75	344,375	1.16	$ 1.75	320,813	1.75
$ 1.76	235,353	1.54	$ 1.76	188,510	1.76
$ 2.98	126,437	0.81	$ 2.98	126,437	2.98
$ 3.23	1,072,500	2.95	$ 3.23	-	-
$ 3.25	168,375	0.17	$ 3.25	168,375	3.25
$ 3.36	1,070,000	2.51	$ 3.36	-	-
$ 3.41	266,124	0.45	$ 3.41	266,124	3.41
$ 3.63	900,000	1.80	$ 3.63	450,000	3.63
$ 4.34	143,000	1.47	$ 4.34	107,250	4.34
$ 5.58	30,000	1.90	$ 5.58	15,000	5.58
$ 0.66 - 5.58	**8,146,799**	**1.67**	**$ 2.15**	**5,301,059**	**$ 1.57**

Subsequent to March 31, 2018, a total of 94,970 options with exercise prices ranging from CAD$0.66 to CAD$3.41 were exercised.

(c) Cash dividends declared and distributed

During the year ended March 31, 2018, dividends of $3,362 (year ended March 31, 2017 - $1,585) were declared and paid.

(d) Normal course issuer bid

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

As at March 31, 2018, the Company acquired a total of 1,717,100 common shares at a cost of $4,177 under the NCIB program. Transaction costs related to the acquisition of the common shares were $13. All shares bought were subsequently cancelled.

(e) Earnings per share (basic and diluted)

	For the years ended March 31,					
	2018			2017		
	Income (Numerator)	**Shares (Denominator)**	**Per-Share Amount**	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income attributable to equity holders of the Company	**$ 46,994**			$ 43,674		
Basic earnings per share	**46,994**	**167,848,117**	**$ 0.28**	$ 43,674	167,185,234	$ 0.26
Effect of dilutive securities:						
Stock options		**3,557,787**			4,164,790	
Diluted earnings per share	**$ 46,994**	**171,405,904**	**$ 0.27**	$ 43,674	171,350,024	$ 0.25

Anti-dilutive options that are not included in the diluted EPS calculation were 1,073,000 for the year ended March 31, 2018 (year ended March 31, 2017 – 1,845,562).

11. RESERVES

Pursuant to Chinese company law applicable to foreign investment enterprises, the Company's Chinese subsidiaries are required to maintain dedicated reserves. The amounts are appropriated at a percentage, at the discretion of the Board of Directors of each Chinese subsidiary, of their respective after tax net income determined in accordance with accounting principles and relevant financial regulations applicable to Chinese enterprises each year. Once the dedicated reserves appropriated reach 50% of a subsidiary's registered capital, it is not required to appropriate more earnings into the reserves.

Dedicated reserves for all periods presented include an Enterprise Reserve Fund of $2,903 and an Enterprise Expansion Fund of $22,506, which are recorded as a component of equity, and are not available for distribution to shareholders other than upon liquidation.

As of March 31, 2018, the Company had two subsidiaries, Henan Found and Henan Huawei, which had appropriated the dedicated reserves. No dedicated reserves were appropriated for the years ended March 31, 2018 and 2017 for Henan Found and Henan Huawei since the balance has reached the required amount in prior years.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

	March 31, 2018	March 31, 2017
Change in fair value on equity investments designated as FVTOCI	**$ (37,508)**	$ (37,886)
Share of other comprehensive loss in associate	**281**	(198)
Currency translation adjustment	**11,352**	(12,335)
Balance, end of the year	**$ (25,875)**	$ (50,419)

The unrealized loss on equity investments designated as FVTOCI and on currency translation adjustment are net of tax of $nil for all periods presented.

13. NON-CONTROLLING INTERESTS

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

	Henan Found	Henan Huawei	Yunxiang	Guangdong Found	SX Gold	Total
Balance, April 1, 2016	$ 51,596	$ 4,231	$ 4,197	$ (3,082)	$ (3,921)	$ 53,021
Share of net income (loss)	11,247	756	(340)	186	(25)	11,824
Share of other comprehensive income (loss)	(2,703)	(141)	(193)	48	48	(2,941)
Distributions	(6,328)	(762)	-	-	-	(7,090)
Balance, March 31, 2017	$ 53,812	$ 4,084	$ 3,664	$ (2,848)	$ (3,898)	$ 54,814
Share of net income (loss)	10,230	1,313	(374)	341	392	11,902
Share of other comprehensive income (loss)	4,476	512	242	(38)	(48)	5,144
Distributions	(2,917)	-	-	-	-	(2,917)
Balance, March 31, 2018	**$ 65,601**	**$ 5,909**	**$ 3,532**	**$ (2,545)**	**$ (3,554)**	**$ 68,943**

As at March 31, 2018, non-controlling interests in Henan Found, Henan Huawei, Yunxiang, Guangdong Found and SX Gold were 22.5%, 20%, 30%, 5% and 22.5%, respectively.

Henan Non-ferrous Geology Minerals Ltd. (“Henan Non-ferrous”) is the 17.5% equity interest holder of Henan Found. During the year ended March 31, 2018, Henan Found declared and paid dividends of $2,269 along with dividends of $3,786 that was declared and accrued in the prior year to Henan Non-ferrous (year ended March 31, 2017 – declared dividends of $4,922, of which $1,136 was paid during the year and $3,786 was in accounts payable and accrued liabilities as at March 31, 2017).

Henan Xinxiangrong Mining Ltd. (“Henan Xinxiangrong”) is the 5% equity interest holder of Henan Found. During the year ended March 31, 2018, Henan Found declared and paid dividends of $648 along with dividends of $1,082 that was declared and accrued in the prior year to Henan Xinxiangrong, of which $324 was paid during the year and $1,082 was in accounts payable and accrued liabilities as at March 31, 2017 (year ended March 31, 2017 – declared dividends of $1,406, of which $324 was paid during the year and $1,082 was in accounts payable and accued liabilities as at March 31, 2017).

Henan Xinhui Mining Co., Ltd. (“Henan Xinhui”) is a 20% equity interest holder of Henan Huawei. For the year ended March 31, 2018, Henan Huawei did not declare any dividends (year ended March 31, 2017 –declared and paid dividends of $762) to Henan Xinhui.

14. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the consolidated financial statements are as follows:

Due from a related party	**March 31, 2018**	March 31, 2017
NUAG (a)	**$ 11**	$ 92

(a) According to a services and administrative costs reallocation agreement between the Company and NUAG, the Company recovers costs for services rendered to NUAG and expenses incurred on behalf of NUAG. During the year ended March 31, 2018, the Company recovered $433 (year ended March 31, 2017 - $194) from NUAG for services rendered and expenses incurred on behalf of NUAG. The costs recovered from NUAG were recorded as a direct reduction of general and administrative expenses on the consolidated statements of income.

Transactions with related parties are made under terms agreed upon by the two parties. The balances with related parties are unsecured, non-interest bearing, and due on demand.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel, who are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, for the years ended March 31, 2018 and 2017 were as follows:

	Years Ended March 31,	
	2018	2017
Directors' fees	**$ 168**	$ 151
Salaries and bonus for key management personnel	**2,656**	2,031
Share-based compensation	**981**	727
	$ 3,805	$ 2,909

Share-based compensation expenses were measured at grant date fair value.

15. GENERAL AND ADMINISTRATIVE

General and administrative expenses consist of:

	Years ended March 31,	
General and administrative	**2018**	**2017**
Office and administrative expenses	**$ 6,667**	$ 5,520
Amortization and depreciation	**1,196**	1,227
Salaries and benefits	**8,395**	7,397
Share-based compensation	**1,566**	1,015
Professional fees	**861**	1,659
	$ 18,685	$ 16,818

16. GOVERNMENT FEES AND OTHER TAXES

Government fees and other taxes consist of:

	Years ended March 31,	
	2018	2017
Government fees	**$ 351**	$ 1,314
Other taxes	**2,620**	2,693
	$ 2,971	$ 4,007

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

17. FINANCE ITEMS

Finance items consist of:

	Years ended March 31,	
Finance income	**2018**	**2017**
Interest income	**$ 2,839**	$ 2,206

	Years ended March 31,	
Finance costs	**2018**	2017
Interest on mine right fee	**$ -**	$ 226
Interest on bank loan	**-**	152
Unwinding of discount of environmental rehabilitation provision	**449**	382
	$ 449	$ 760

18. INCOME TAX

(a) Income tax expense

The significant components of income tax expense recognized in the statements of income are as follows:

	Years ended March 31,	
Income tax expense	**2018**	2017
Current	**$ 16,086**	$ 13,150
Deferred	**2,833**	6,087
	$ 18,919	$ 19,237

The reconciliation of the Canadian statutory income tax rates to the effective tax rate are as follows:

	Years ended March, 31	
	2018	2017
Canadian statutory tax rate	**26.25%**	26.00%
Income before income taxes	**$ 77,815**	$ 74,735
Income tax expense computed at Canadian statutory rates	**20,426**	19,431
Foreign tax rates different from statutory rate	**(467)**	(634)
Change in tax rates	**(681)**	-
Permanent items and other	**1,008**	728
Withholding taxes	**1,023**	760
Change in unrecognized deferred tax assets	**(2,378)**	(1,136)
Other	**(12)**	88
Income tax expense	**$ 18,919**	$ 19,237

(b) Deferred income tax

The continuity of deferred income tax assets (liabilities) is summarized as follows:

	Years ended March, 31	
	2018	2017
Net deferred income tax liabilities, beginning of the year	**$ (27,692)**	$ (23,224)
Deferred income tax expense recognized in net income for the year	**(2,833)**	(6,087)
Foreign exchange impact	**(2,785)**	1,619
Net deferred income tax liabilities, end of the year	**$ (33,310)**	$ (27,692)

The significant components of the Company's deferred income tax are as follows:

	March 31, 2018	March 31, 2017
Deferred income tax assets		
Plant and equipment	**$ 1,442**	$ 996
Environmental rehabilitation	**2,980**	2,775
Other deductible temporary difference	**890**	382
Total deferred income tax assets	**5,312**	4,153
Deferred income tax liabilities		
Plant and equipment	**(261)**	(246)
Mineral rights and properties	**(37,308)**	(31,434)
Unrealized gain on investments	**(876)**	-
Other taxable temporary difference	**(177)**	(165)
Total deferred income tax liabilities	**(38,622)**	(31,845)
Net deferred income tax liabilities	**$ (33,310)**	$ (27,692)

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits is dependent upon numerous

factors, including the future profitability of operations in the jurisdictions in which the tax benefits arose. Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	March 31, 2018	March 31, 2017
Non-capital loss carry forward	**$ 82,882**	$ 77,886
Plant and equipment	**27,050**	23,529
Mineral rights and properties	**15,539**	20,602
Other deductible temporary difference	**18,876**	23,806
	$ 144,347	$ 145,823

As at March 31, 2018, the Company has the following net operating losses, expiring in various years to 2039 and available to offset future taxable income in Canada and China, respectively.

	Canada	**China**	**Total**
2019	$ -	$ 4,205	$ 4,205
2020	-	5,003	5,003
2021	-	7,435	7,435
2022	-	3,388	3,388
2023	-	4,345	4,345
2027	1,530	-	1,530
2029	2	-	2
2030	3,858	-	3,858
2031	6,749	-	6,749
2032	9,658	-	9,658
2033	9,898	-	9,898
2034	9,446	-	9,446
2035	7,042	-	7,042
2036	993	-	993
2037	1,673	-	1,673
2038	2,476	-	2,476
2039	5,181	-	5,181
	$ 58,506	$ 24,376	$ 82,882

As at March 31, 2018, temporary differences of $196,435 (March 31, 2017 - $162,380) associated with the investments in subsidiaries have not been recognized as the Company is able to control the timing of the reversal of these differences which are not expected to reverse in the foreseeable future.

19. CAPITAL DISCLOSURES

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans.

The capital of the Company consists of the items included in equity less cash and cash equivalents and short-term investments. Risk and capital management are primarily the responsibility of the Company's corporate finance function and is monitored by the Board of Directors. The Company manages the capital structure and makes adjustments depending on economic conditions. Funds have been primarily secured through profitable operations and issuances of equity capital. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, all held with major financial institutions. Significant risks are monitored and actions are taken, when necessary, according to the Company's approved policies.

20. FINANCIAL INSTRUMENTS

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

(a) Fair value

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

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

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

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

The following tables set forth the Company's financial assets and liabilities that are measured at fair value level on a recurring basis within the fair value hierarchy at March 31, 2018 and March 31, 2017 that are not otherwise disclosed. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value as at March 31, 2018			
Recurring measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**$ 49,199**	**$ -**	**$ -**	**$ 49,199**
Investments in publicly traded companies	**6,132**	**-**	**-**	**6,132**

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

Fair value of the other financial instruments excluded from the table above approximates their carrying amount as at March 31, 2018 and March 31, 2017, respectively, due to the short-term nature of these instruments.

There were no transfers into or out of level 3 during the years ended March 31, 2018 and 2017.

(b) Liquidity risk

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

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

	March 31, 2018				March 31, 2017
	Within a year	**2-3 years**	**4-5 years**	**Total**	Total
Accounts payable and accrued liabilities	**$ 25,198**	**$ -**	**$ -**	**$ 25,198**	$ 30,374

(c) Foreign exchange risk

The Company reports its financial statements in US dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is CAD and the functional currency of all Chinese subsidiaries is RMB. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies.

The Company currently does not engage in foreign exchange currency hedging. The Company's exposure to currency risk affect net income is summarized as follow:

	March 31, 2018	March 31, 2017
Financial assets denominated in U.S. Dollars	**$ 27,256**	$ 29,093
Financial assets denominated in Chinese RMB	**$ -**	$ 7,115

As at March 31, 2018, with other variables unchanged, a 10% strengthening (weakening) of the CAD against the USD would have decreased (increased) net income by approximately $2.7 million.

(d) Interest rate risk

The Company is exposed to interest rate risk on its cash equivalents and short term investments. As at March 31, 2018, all of its interest-bearing cash equivalents and short term investments earn interest at market rates that are fixed to maturity or at variable interest rate with terms of less than one year. The Company monitors its exposure to changes in interest rates on cash equivalents and short term investments. Due to the short term nature of the financial instruments, fluctuations in interest rates would not have a significant impact on the Company's after-tax net income.

(e) Credit risk

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

The Company undertakes credit evaluations on counterparties as necessary, requests deposits from customers prior to delivery, and has monitoring processes intended to mitigate credit risks. The Company has trade receivables from time to time from its major customers primarily in China engaged in the mining and milling of base and polymetallic metals. The historical level of customer default is zero and aging of trade receivables are no more than 180 days, and, as a result, the credit risk associated with trade receivables from customers as at March 31, 2018 is considered to be immaterial. There were no amounts in receivables which were past due at March 31, 2018 (at March 31, 2017 - $nil) for which no provision is recognized.

(f) Equity price risk

The Company holds certain marketable securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's marketable securities holding are mainly in mining companies, the value will also fluctuate based on commodity prices. Based upon the Company's portfolio at March 31, 2018, a 10% increase (decrease) in the market price of the securities held, ignoring any foreign currency effects would have resulted in an increase (decrease) to comprehensive income of approximately $610.

21. SEGMENTED INFORMATION

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

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

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

	March 2018						
	Mining				Administrative		
Statement of financial position items:	**Henan Luoning**	**Hunan**	**Guangdong**	**Other**	**Beijing**	**Vancouver**	**Total**
Current assets	**$ 82,567**	**$ 1,833**	**$ 7,911**	**$ 699**	**$ 1,574**	**$ 28,220**	**$ 122,804**
Plant and equipment	**47,933**	**4,911**	**16,988**	**137**	**1,104**	**138**	**71,211**
Mineral rights and properties	**194,635**	**7,470**	**29,749**	**226**	**-**	**-**	**232,080**
Investment in an associate	**-**	**-**	**-**	**-**	**-**	**38,001**	**38,001**
Other investments	**-**	**-**	**-**	**4,863**	**-**	**1,269**	**6,132**
Reclamation deposits	**5,544**	**-**	**160**	**-**	**-**	**8**	**5,712**
Long-term prepaids and deposits	**311**	**108**	**325**	**210**	**-**	**-**	**954**
Total assets	**$ 330,990**	**$ 14,322**	**$ 55,133**	**$ 6,135**	**$ 2,678**	**$ 67,636**	**$ 476,894**
Current liabilities	**$ 22,419**	**$ 1,652**	**$ 3,485**	**$ 2,745**	**$ 474**	**$ 1,532**	**$ 32,307**
Deferred income tax liabilities	**32,382**	**928**	**-**	**-**	**-**	**-**	**33,310**
Environmental rehabilitation	**10,929**	**989**	**887**	**293**	**-**	**-**	**13,098**
Total liabilities	**$ 65,730**	**$ 3,569**	**$ 4,372**	**$ 3,038**	**$ 474**	**$ 1,532**	**$ 78,715**

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

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

Year ended March 31, 2018

	Mining				Administrative		
Statement of income:	**Henan Luoning**	**Hunan[(1)]**	**Guangdong**	**Other**	**Beijing**	**Vancouver**	**Total**
Sales	**$ 142,113**	**$ -**	**$ 27,926**	**$ -**	**$ -**	**$ -**	**$ 170,039**
Cost of sales	**(64,321)**	**-**	**(17,834)**	**-**	**-**	**-**	**(82,155)**
Gross profit	**77,792**	**-**	**10,092**	**-**	**-**	**-**	**87,884**
Operating (expenses) income	**(8,136)**	**(1,164)**	**(2,726)**	**6,075**	**(1,321)**	**(9,901)**	**(17,173)**
Impairment recovery, net	**-**	**-**	**-**	**-**	**-**	**4,714**	**4,714**
Finance items, net	**580**	**(83)**	**9**	**(11)**	**250**	**1,645**	**2,390**
Income tax expenses	**(17,894)**	**(1)**	**-**	**-**	**(1)**	**(1,023)**	**(18,919)**
Net income (loss)	**$ 52,342**	**$ (1,248)**	**$ 7,375**	**$ 6,064**	**$ (1,072)**	**$ (4,565)**	**$ 58,896**
Attributable to:							
Equity holders of the Company	**40,799**	**(874)**	**7,034**	**5,672**	**(1,072)**	**(4,565)**	**46,994**
Non-controlling interests	**11,543**	**(374)**	**341**	**392**	**-**	**-**	**11,902**
Net income (loss)	**$ 52,342**	**$ (1,248)**	**$ 7,375**	**$ 6,064**	**$ (1,072)**	**$ (4,565)**	**$ 58,896**

[(1)] Hunan's BYP project was placed on care and maintenance in August 2014;

Year ended March 31, 2017

	Mining				Administrative		
Statement of income:	Henan Luoning	Hunan	Guangdong	Other	Beijing	Vancouver	Total
Sales	$ 142,761	$ -	$ 20,710	$ -	$ -	$ -	$ 163,471
Cost of sales	(60,994)	-	(14,291)	-	-	-	(75,285)
Gross profit	81,767	-	6,419	-	-	-	88,186
Operating expenses	(8,864)	(1,098)	(2,194)	(131)	(1,354)	(6,353)	(19,994)
Impairment recovery, net	-	-	-	-	-	5,097	5,097
Finance items, net	146	(69)	35	18	266	1,050	1,446
Income tax (expenses) recovery	(18,509)	33	-	-	(2)	(759)	(19,237)
Net income (loss)	$ 54,540	$ (1,134)	$ 4,260	$ (113)	$ (1,090)	$ (965)	$ 55,498
Attributable to:							
Equity holders of the Company	42,537	(794)	4,074	(88)	(1,090)	(965)	43,674
Non-controlling interests	12,003	(340)	186	(25)	-	-	11,824
Net income (loss)	$ 54,540	$ (1,134)	$ 4,260	$ (113)	$ (1,090)	$ (965)	$ 55,498

(c) Sales by metal

The sales generated for the years ended March 31, 2018 and 2017 was all earned in China and is comprised of:

	Year ended March 31, 2018		
	Henan Luoning	**Guangdong**	**Total**
Silver (Ag)	**$ 75,891**	**$ 6,463**	**$ 82,354**
Gold (Au)	**3,232**	**-**	**3,232**
Lead (Pb)	**55,488**	**6,763**	**62,251**
Zinc (Zn)	**7,000**	**14,462**	**21,462**
Other	**502**	**238**	**740**
	$ 142,113	**$ 27,926**	**$ 170,039**

	Year ended March 31, 2017		
	Henan Luoning	Guangdong	Total
Silver (Ag)	$ 83,606	$ 5,950	$ 89,556
Gold (Au)	3,344	-	3,344
Lead (Pb)	51,479	5,373	56,852
Zinc (Zn)	4,332	8,909	13,241
Other	-	478	478
	$ 142,761	$ 20,710	$ 163,471

(d) Major customers

For the year ended March 31, 2018, three major customers (year ended March 31, 2017 - three) accounted for 22%, 25% and 28%, (year ended March 31, 2017 - 15%, 29% and 33%) and collectively 75% (year ended March 31, 2017 - 77%) of the total sales of the Company as reported across the Henan Luoning and Guangdong segments.

22. COMMITMENTS AND CONTINGENCIES

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

	Total	**Less than 1 year**	**1-5 years**	**After 5 years**
Operating leases	$ 3,353	$ 888	$ 2,465	$ -
Commitments	$ 6,418	$ -	$ -	$ 6,418

As of March 31, 2018, the Company has two office rental agreements totaling $3,353 for the next four years and commitments of $6,418 related to the GC property. During the year ended March 31, 2018, the Company incurred rental expenses of $684 (year ended March 31, 2017 - $611), which were included in office and administrative expenses on the consolidated statement of income.

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

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

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

- On August 19, 2014, an action was commenced against the Company in the Supreme Court of British Columbia seeking an unspecified amount of damages for a claim of false imprisonment and defamation (the "Huang Action"). The case was scheduled for a 60 day jury trial, commencing February 2018. The Company also commenced third party proceedings against other parties (the "Third Parties"), claiming contribution and indemnity. On August 22, 2016, the Company commenced an action against the parties to Huang Action and others seeking damages (the "Silvercorp Action"). In January 2018, the parties to the Huang Action and Silvercorp Action reached a confidential settlement agreement. The settlement resolves all claims between the Company, Mr.
  Huang, and the Third Parties in all actions, including the Huang Action and the Silvercorp Action, all of which have been dismissed by consent. Nothing contained in this settlement represents an admission of liability, fault, or wrongdoing on the part of any of the parties.

- During the year ended March 31, 2016, an action was initiated by Luoyang Mining Group Co., Ltd. ("Luoyang Mining") against Henan Found seeking payment of $1.6 million (RMB10.0 million) plus interest related to the acquisition agreements Henan Found entered into in August 2012 to acquire the XHP Project. The $1.6 million has been included into the accounts payable and accrued liabilities on the consolidated statements of financial position of the Company. Henan Found did not make the final payment as certain commercial conditions were not fulfilled by Luoyang Mining. In April 2016, Henan Found filed a counter claim in Luoyang People's Court against Luoyang Mining to have the original acquisition agreements nullified and is seeking repayment of the amount paid to date of $9.7 million (RMB62.8 million) plus compensation of direct loss of $2.5 million (RMB16.5 million) arising from the XHP Project. A trial was heard in March 2017 and the court decision is pending. The acquisition costs of the XHP Project was impaired to $nil in fiscal year 2015.

- During the year ended March 31, 2016, SX Gold, a 100% owned subsidiary of Henan Found, commenced a legal action against Luoyang HA Mining Co. Ltd. ("HA Mining") to seek payment of $4.0 million (RMB26.0 million) plus interest related to a share transfer agreement that SX Gold entered into with HA Mining in September 2013. Pursuant to the agreement, SX Gold was to transfer all shares it held in Songxian Zhongxin Mining Co. Ltd. to HA Mining for $11.8 million (RMB76.0 million).
  SX Gold fulfilled its responsibilities and the title of the shares was transferred to HA Mining, who paid $7.8 million (RMB50.0 million). The remaining $4.0 million (RMB26.0 million) was not paid and was written off by the Company in prior years. In April 2016, HA Mining filed a counter claim for $2.2 million (RMB14.0 million). On June 17, 2016, the court issued an order in favor of SX Gold. The Luoyang Intermediate People's Court, Henan, China issued a court order demanding HA Mining to pay $3.4 million (RMB22.75 million) to SX Gold. On July 1, 2016, HA Mining filed an appeal to the Henan High People's Count, China. A trial was heard in April 2017 and on June 16, 2017, the Henan High

People's Court, China dismissed HA Mining's appeal and upheld the rulings made by the Luoyang Intermediate People's Court, Henan, China. On August 4, 2017, HA Mining submitted an application to the Supreme People's Court of China (the "Supreme Court") to rehear the case, the application was rejected by the Supreme Court on November 24, 2017. On December 6, 2017, SX Gold and HA Mining reached a mutual settlement agreement that HA Mining would pay $2.3 million (RMB15.0 million) to SX Gold. As of March 31, 2018, HA Mining paid $2.3 million (RMB15.0 million) to the Company, which was included in other income of the consolidated statements of income, and the case was closed.

23. SUPPLEMENTARY CASH FLOW INFORMATION

		March 31, 2018		March 31, 2017
Cash on hand and at bank	**$**	**31,281**	$	39,243
Bank term deposits and GICs		**17,918**		33,760
Total cash and cash equivalents	**$**	**49,199**	$	73,003

Changes in non-cash operating working capital:		**Years Ended March 31,**		
		2018		2017
Trade and other receivables	**$**	**715**	$	632
Inventories		**(1,164)**		355
Prepaids and deposits		**86**		(495)
Accounts payable and accrued liabilities		**(1,743)**		7,830
Deposits received		**(603)**		1,350
Due from a related party		**84**		(5,187)
	$	**(2,625)**	$	4,485

24. SUBSEQUENT EVENT

As reported on the Company's new releases dated April 16, 2018 and May 1, 2018, the Company reported a spillage incident at the Ying Mining District that a small amount of tailings leaking from the No. 2 tailing facility to Chong-Yang Creek at approximately 9:30 pm on April 12, 2018. Silvercorp's subsidiary, Henan Found, took immediate actions and the leakage was fully controlled and stopped as of 12:00 pm of April 13, 2018. No personal injuries were incurred and the results of ongoing water tests from Chong-Yang Creek are within the acceptable national water quality standards. Due to the incident, milling operations at the Ying Mining District were temporarily suspended.

On April 28, 2018, one floatation line of 1,000 tonnes per day at the No. 2 mill, using the No. 1 tailing storage facility resumed operation, and full mill operations resumed on May 23, 2018. As the milling capacity of Henan Found is approximately 25% greater than the mining capacity, the temporary suspension of the milling operations is expected to have minimal impact on overall annual production.

EXHIBIT 99.4

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a),
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dr. Rui Feng, certify that:

1. I have reviewed this Annual Report on Form 40-F of Silvercorp Metals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 22, 2018

s/ Dr. Rui Feng
Name: Dr. Rui Feng
Title: Chief Executive Officer

EXHIBIT 99.5

**CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a),
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Derek Liu, certify that:

1. I have reviewed this Annual Report on Form 40-F of Silvercorp Metals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 22, 2018

s/ Derek Liu
Name: Derek Liu
Title: Chief Financial Officer

EXHIBIT 99.6

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Silvercorp Metals Inc. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its Annual Report on Form 40-F for the fiscal year ended March 31, 2018 (the "Report").

I, Dr. Rui Feng, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

i. the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

ii. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 22, 2018

s/ Dr. Rui Feng

Name: Dr. Rui Feng
Title: Chief Executive Officer

EXHIBIT 99.7

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Silvercorp Metals Inc. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its Annual Report on Form 40-F for the fiscal year ended March 31, 2018 (the "Report").

I, Derek Liu, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

i. the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

ii. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 22, 2018

s/ Derek Liu

Name: Derek Liu
Title: Chief Financial Officer

EXHIBIT 99.8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-162546 on Form S-8 and to the use of our reports dated May 23, 2018 relating to the consolidated financial statements of Silvercorp Metals Inc. and its subsidiaries ("Silvercorp") and the effectiveness of Silvercorps's internal control over financial reporting appearing in this Annual Report on Form 40-F of Silvercorp for the year ended March 31, 2018.

/s/ Deloitte LLP
Chartered Professional Accountants
Vancouver, Canada
June 22, 2018

EXHIBIT 99.9

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled "*NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China* " prepared for Silvercorp Metals Inc., dated January 23, 2012 and with effective date January 23, 2012.

Original signed by

Alan Riles, B.Met, MAIG
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.10

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China* " dated effective December 31, 2016, and signed on February 15, 2017.

Original signed by

Harald Muller
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.11

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China* " dated effective December 31, 2016, and signed on February 15, 2017.

Original signed by

Herbert Smith, P.Eng.
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.12

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled "*NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China* " prepared for Silvercorp Metals Inc., dated January 23, 2012 and with effective date January 23, 2012.

Original signed by

Mo Molavi, P.Eng.
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.13

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled "*NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China* " prepared for Silvercorp Metals Inc., dated January 23, 2012 and with effective date January 23, 2012.

Original signed by

Owen Watson
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.14

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following reports in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China* " dated effective December 31, 2016, and signed on February 15, 2017; and Technical Report titled "*NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*" prepared for Silvercorp Metals Inc., dated January 23, 2012 and with effective date January 23, 2012.

Original signed by

Patrick Stephenson, P.Geo.
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.15

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2018, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled "*NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China* " prepared for Silvercorp Metals Inc., dated January 23, 2012 and with effective date January 23, 2012.

Original signed by

Peter Mokos
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018

EXHIBIT 99.16

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F, and the documents incorporated by reference therein, of Silvercorp Metals Inc. for the fiscal year ended March 31, 2017, and any amendments thereto (the "40-F"), to be filed with the United States Securities and Exchange Commission (the "SEC"), and the Annual Information Form (the "AIF") and Management's Discussion and Analysis (the "MD&A") for the year then ended, which are filed as exhibits to and incorporated by reference in the 40-F, and the Registration Statement on Form S-8 (Registration No. 333-162546) of Silvercorp Metals Inc. filed with the SEC (the "Form S-8").

I hereby consent to the use of my name and references to, excerpts from, and summaries of, the following report in the 40-F, the AIF, the MD&A and Form S-8:

> Technical Report titled " *Ying NI 43-101 Technical Report, Silvercorp Metals Inc., Henan Province, China* " dated effective December 31, 2016, and signed on February 15, 2017.

Original signed by

Adrienne Ross
And on behalf of AMC Mining Consultants (Canada) Ltd
June 22, 2018