

Silvercorp Metals Inc.

Second Quarter Fiscal 2026 Financial Results Conference Call

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CORPORATE PARTICIPANTS

Lon Shaver

Silvercorp Metals Inc. — President

CONFERENCE CALL PARTICIPANTS

Joseph Reagor

ROTH Capital Partners — Analyst

PRESENTATION

Operator

Good morning and thank you for standing by. My name is Ludi and I will be your conference operator today. At this time, I would like to welcome everyone to the Silvercorp Second Quarter Fiscal 2026 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press the star followed by the number one on your telephone keypad. If you would like to withdraw your question, please press the star followed by the number two. Thank you.

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

Lon Shaver — President, Silvercorp Metals Inc.

Thank you, Ludi. On behalf of Silvercorp, I'd like to welcome everyone to this call to discuss our second quarter of fiscal 2026 financial results. They were released yesterday after the market close and a copy of our news release, MD&A, and financial statements are available on our website and SEDAR+.

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

So let's kick off the call with our financial results. We delivered more solid performance in Q2, highlighted by our revenues of \$83 million, which was up 23% from last year and marks the second highest quarter ever. Additionally, cash flow from operating activities was \$39 million and that was up 69% from last year. This performance was mainly driven by a 28% and 37% rise in the realized selling prices for silver and gold compared to last year. Also notably, the amount of gold sold in the quarter was up 64% compared to last year. Silver remains our most significant revenue contributor at approximately 67% of net Q2 revenue, followed by lead at 16% and gold at 7%.

Moving down the income statement, we reported net income of negative \$11.5 million for the quarter, or negative \$0.05 per share. This is down from positive \$17.8 million, or \$0.09 a share, in Q2 of fiscal 2025; however, this quarter had a significant \$53 million non-cash charge on the fair value of derivative liabilities, which was partially offset by a \$22 million gain on investments. Removing non-cash and one-time items such as this, our adjusted net income for the quarter was \$22.6 million, or \$0.10 a share, versus \$17.7 million, or \$0.09 a share, in the comparative quarter. Note that the average shares outstanding used to calculate EPS this quarter was 218.6 million compared to 206.5 million in the same period last year.

On the capital spending side, we invested nearly \$16 million at our operations in China and \$11 million in Ecuador during the quarter. We generated \$11 million in free cash flow for the quarter, which supported our strong closing cash position of \$382 million. This cash position does not include our investments in associates and other companies, which had a total market value of \$180 million on September 30th, and after quarter end, we participated in New Pacific Metals' equity financing and acquired an additional three million common shares for roughly \$7.8 million. Also, subsequent to

quarter end, in October we made the first draw on our \$175.5 million Wheaton Precious Metals streaming facility for the El Domo project. We drew down the first \$43.9 million tranche, which will be used to fund our ongoing construction at El Domo.

Now to just quickly recap our operating results, as we reported last month, in Q2 we produced approximately 1.7 million ounces of silver, just over 2,000 ounces of gold, 14 million pounds of lead, and 6 million pounds of zinc. Silver production was essentially flat, but gold production was up 76%, so silver equivalent production, considering just the silver and gold, was up 5%. Lead production was up 8% and zinc production was down 3%.

Production at Ying was impacted by the temporary closure of certain mining areas, which have since reopened. We expect to mine approximately 346,000 tonnes of ore in this current quarter, Q3, compared to the 265,000 tonnes mined in Q2.

At the GC mine, production in Q2 was interrupted for about 10 days by Typhoon Ragasa. Year to date we have produced 3.5 million ounces of silver, 4,135 ounces of gold, 30 million pounds of lead, and 11 million pounds of zinc, which represents increases relative to last year of 3%, 78%, and 4%, respectively, in silver, gold, and lead production and an 11% decrease in zinc production.

On the cost side, Q2 production costs averaged \$83 per tonne at Ying, which was down 11% from last year. The improvement reflects greater use of shrinkage stoping over the more labour-intensive cut-and-fill resuing method along with higher ore throughput. Year-to-date production costs also averaged \$83 per tonne, which was below the Ying annual guidance of between \$87 to \$88 per tonne.

Ying's cash cost per ounce of silver net of by-product credits was \$0.97 in Q2 compared to \$0.62 in the prior year quarter. The increase was driven by a \$4 million increase in production costs due to 26% more ore being processed while silver production grew by only 1%, as shrinkage mining tends to have higher dilution rates. This was partially offset by a \$3 million increase in by-product credits.

Q2 all-in sustaining cost per ounce net of by-product credits was \$11.75 at Ying, up 30% from the prior year quarter due to a \$1.4 million increase in mineral rights royalties following its implementation in China in Q3 of fiscal 2025, a \$2.6 million increase in sustaining CapEx, and those previously mentioned factors that impacted cash costs.

Overall, for the operations, consolidated mining operating income came at \$40.8 million in Q2, with Ying contributing \$38 million of that, or over 93% of the total.

Turning to our growth projects, at Ying we invested \$6 million in the quarter for ramp and tunnel development to enhance underground access and increased material handling capabilities. This work goes hand in hand with our efforts to expand mining capacity across the four licenses at Ying. Recall that last year the SGX mine permit was renewed for another 11 years with capacity increase to 500,000 tonnes per year. The HPG permit was also renewed and expanded to 120,000 tonnes and the DCG permit was increased to 100,000 tonnes. We're now in the process of applying to increase the TLP-LM permit to 600,000 tonnes per year with approval expected later this quarter. Once all approvals are in place, Ying's total permitted annual mining capacity will rise to 1.32 million tonnes from approximately 1 million tonnes currently.

At Kuanping, that's the satellite project north of Ying, mine construction continued with 831 metres of ramp development and 613 metres of exploration tunnelling completed in this quarter. Kuanping has a mining permit to produce 200,000 tonnes per year, which, at a full contribution, would bring our total mining capacity at Ying up to 1.52 million tonnes per year.

Switching to Ecuador, construction at the El Domo project is moving ahead steadily. In Q2, around 1.29 million cubic metres of material were cut for site preparation, roads and channels, and that was a roughly 250% increase over the previous quarter. A 481-bed construction camp has been completed and work on the tailings storage facility began in September. For the six months ended September 30th, approximately 1.66 million cubic metres of material were cut or removed and \$14.6 million of expenditures were capitalized. Contracts for four sections of the external power line have been awarded to qualified Ecuadorian contractors, pending review by the state power distributor, CNEL. Additionally, orders for equipment with a total value of \$22.2 million have been placed. Overall, since January of this year, approximately \$18.9 million has been spent on capital expenditures and pre-payments for equipment purchases related to El Domo.

At the Condor gold project, we kicked off the PEA for an underground gold operation and expect to complete this study before the end of the year. As a reminder, at Condor our plan is to construct two exploration tunnels into the deposits, which will allow us to conduct underground detailed drilling. In order to do this, we required environmental license and water permits. The studies to support these applications have been ongoing over the year and during the quarter we submitted our application for the water permits. The application is now pending final approval. We have submitted our application for the environmental license and it is under review by the relevant authorities.

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

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. To ask a question, you may press the star followed by the number one on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press the star followed by the number two.

With that, our first question comes from the line of Joseph Reagor with ROTH Capital Partners. Please go ahead.

Joseph Reagor — Analyst, ROTH Capital Partners

Hey, Lon. Thanks for taking my questions. I guess first thing, on El Domo, the guide for CapEx compared to what you spent year to date, is it a matter of, you know, there's a big lift coming here soon or some long lead items that you guys have to pay for or are things maybe tracking a little slower than anticipated as far as capital spending goes?

Lon Shaver — President, Silvercorp Metals Inc.

It was probably tracking a little slower initially. We began construction this year focusing on earthworks and it was clearly a wetter year than Ecuador has experienced in past rainy seasons, but I think we've ramped up significantly here in recent months, as indicated by the results that we published

this quarter. And going forward, we should be able to provide an update on our construction progress this quarter, particularly as we are looking to execute the contract for bid package number two in due course, and that's obviously the contract associated with stripping of the open pit and actually mining of the deposit. And we will be in the position here shortly to share results from the metallurgical testing program that we've undertaken this year. So we expect to have an update prior to year end where we can bring all these items forward and provide any updates.

Joseph Reagor — Analyst, ROTH Capital Partners

Okay. And also on El Domo, with the Wheaton drawdown, I think initially when you guys made the acquisition there was some thought that there was a potential to maybe buy that stream out or not use it in some way, but now you've drawn down on it. Does that just reflect that there was no way to really negotiate out of it given gold and silver prices have moved so positively since it was signed?

Lon Shaver — President, Silvercorp Metals Inc.

Well, I think your last comment really indicates what we'd be dealing with to renegotiate. There was contractually an opportunity to adjust the stream at the time of the acquisition. It didn't make sense at the time and it still doesn't make sense, you know, based off of those numbers. What might be available to negotiate with Wheaton, I can't comment on. You'd have to speak to them as well in terms of what their expectations are based on the contract that they entered into with Adventus.

Joseph Reagor — Analyst, ROTH Capital Partners

Okay. Fair enough. And then just on guidance, it sounds like you guys are expecting a pretty strong catch-up quarter at Ying in Q3 and that that'll get you back in line with guidance whereas if you were operating at normal rates you'd kind of be tracking a little below after the Q2, let's call it issue, for lack of a better word.

Lon Shaver — President, Silvercorp Metals Inc.

Yeah. I mean clearly, Ying is a mine in transition as we look to increase mechanization. We've certainly been demonstrating, other than the temporary setback in this last quarter, the ability to generate tonnes. So that has been ramping up nicely. Also, we've been able to deliver more tonnes and produce more gold, so that is a bit of a shift in the profile. But whether we're able to make up for what was missed so far this year, a little early to tell.

I think it'll depend on our ability to run at those expanded rates, grade profile going forward, and also Q4. Last year we had some excess tonnes and we had a brand-new mill with excess capacity to work through those, so it kind of remains to be seen what we can push through in Q4 to get away from what has seasonally been a slower quarter. So, still a bit early to tell, but as you point out, we're in a bit of a catch-up mode here.

Joseph Reagor — Analyst, ROTH Capital Partners

Okay. I'll turn it over. Thanks, Lon.

Lon Shaver — President, Silvercorp Metals Inc.

Thanks, Joe. Appreciate your questions.

Operator

And once again, if you would like to ask a question, simply press the star one on your telephone keypad.

And we have no further questions at this time. I would like to turn it back to Lon Shaver for closing remarks.

Lon Shaver — President, Silvercorp Metals Inc.

Okay. Well, great. Thanks, operator, and thanks, everyone, for joining us today. If anyone does have any further questions after the call, please feel free to reach out by calling or emailing us. We look forward to hearing from you and we look forward to catching up to discuss the results of our third quarter. Thanks, everyone, and have a great day.

Operator

And ladies and gentlemen, this concludes today's conference call. Thank you all for joining. You may now disconnect.