

Silvercorp Metals Inc.

Fourth Quarter and Full Year Fiscal 2025 Financial Results Conference Call

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CORPORATE PARTICIPANTS

Lon Shaver

Silvercorp Metals Inc. — President

PRESENTATION

Operator

Thank you for standing by. Good afternoon. My name is Ludi (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Silvercorp Fourth Quarter and Full Year Fiscal 2025 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 *, followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, followed by the number 2. Thank you.

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

Lon Shaver — President, Silvercorp Metals Inc.

Thank you, Ludi. On behalf of Silvercorp, I'd like to welcome everyone to the call today.

Today, we'll discuss our fourth quarter and full fiscal 2025 financial results, which were released yesterday after market close.

A copy of our news release, the MD&A, and financial statements are available on our website and SEDAR+.

Before we jump in, please note that certain statements on today's call will contain forward-looking information within the meaning of securities laws.

Additionally, please review the cautionary statements in our news release, as well as the risk factors described in our most recent regulatory filings.

Well, let's kick off with the financial results.

With a performance that seems to have been misunderstood by the market a bit today, we finished fiscal 2025 with our strongest ever fourth quarter, which was highlighted by silver production of 1.6 million ounces, up 42 percent from last year.

We had revenues of \$75 million, which is up 76 percent from last year; and cash flow from operating activities of \$31 million, which was up 200 percent from last year.

This performance was driven by our flagship Ying operation, which processed ore that was stockpiled from the previous three quarters of this year during Chinese New Year, a two-week period when operations are typically paused.

We also benefitted through the quarter from higher throughput following the successful implementation of a mill expansion which we completed last December, which increased production capacity from 2,500 to 4,000 tonnes per day.

In addition, a robust commodity market led to improved realized metals prices compared to the same period last year. In particular, the realized silver price was up 34 percent, gold was up 33 percent, zinc was up 23 percent, and lead was up 6 percent.

Silver remains our most significant revenue driver, contributing 59 percent of Q4 revenue.

Additionally, I'd like to note that gold's revenue contribution increased to 12 percent, up from just 4 percent over the first nine months of fiscal 2025, reflecting the higher gold content in the stockpiled ore that we processed during the quarter, as well as higher gold prices.

Moving down the income statement, we reported a net loss of \$7.6 million for the quarter or \$0.03 per share. This was primarily driven by a non-cash \$21 million charge on the fair value of derivative liabilities, which is related to the conversion rights of the convertible notes that we issued last November, as well as warrants.

Adjusting for this, as well as other non-cash and one-time items, our net income for the quarter was \$14.7 million or \$0.07 per share, and this would compare to \$3.8 million or \$0.02 a share in the comparative quarter.

The increase in our bottom line reflects the higher metals prices, as well as higher volumes of gold, silver, lead, and zinc that we sold.

Looking at the cash flow from operating activities, our mines generated \$31 million this past quarter. As I mentioned earlier, this is up 200 percent year over year. Even after adjusting for changes in non-cash working capital during the quarter, our operating cash flow grew by 105 percent compared to Q4 2024.

During the quarter, we invested \$13 million in our operations, including \$9 million at the Ying mine and \$3 million at the El Domo project in Ecuador.

Even after these investments, we were able to add cash to our balance sheet and ended fiscal 2025 with a cash balance of \$369 million, and that's up \$14 million from our numbers reported in December. This cash position does not include our investments in associates and other mining companies, which had a total market value of \$71 million as of March 31st.

To quickly summarize the full year results, just like the quarter, fiscal 2025 was a record-breaking year across the board.

Revenue reached \$299 million, up 39 percent from the prior year, driven by a \$61 million increase from higher metals prices and \$22 million from increased sales volumes.

Attributable net income for the year was \$58 million or \$0.29 per share. That compared to \$36 million or \$0.21 per share in the prior year. The increase was mainly driven by higher revenue and a \$12 million gain on investments.

These gains were partially offset by a \$20 million increase in production cost, due to expanded production capacity and tunneling expenses; a \$13 million mineral rights royalty related to the SGX licence renewal; a \$9 million non-cash loss of the fair value of derivative liabilities; and a \$6 million increase in corporate admin and business development expenses.

However, our adjusted earnings for the year were \$75 million or \$0.37 per share, and this compared to \$39 million or \$0.22 per share in the prior year.

Our annual cash flow from operating activities was \$139 million. This was up from \$92 million in the prior year.

And the results reinforce why Silvercorp remains a compelling investment. We are a growing and profitable silver producer that provides leverage to higher metals prices.

Capital expenditures for the year were approximately \$86 million, and that was up from \$64 million in the prior year, largely due to increased underground development and completion of the new tailings storage facility and mill expansion projects at Ying; and ongoing spending at El Domo, which was \$7 million; and the Condor project at \$1 million in Ecuador.

Additionally, over the year, we repaid Wheaton Precious Metals \$13 million that had been drawn as an early deposit for the El Domo project, paid \$5 million in dividends, and repurchased close to \$1 million worth of our shares under the current NCIB program.

Just to quickly recap our Q4 operating results.

As we reported in April, we mined over 246,000 tonnes and processed over 345,000 tonnes of ore in Q4. These numbers are up 26 percent and 46 percent respectively compared to the same quarter last year.

And we produced, on a consolidated basis, approximately 1.6 million ounces of silver, 3,110 ounces of gold, 16 million pounds of lead, and 4 million pounds of zinc in the quarter. And these were increases of 42 percent, 62 percent, and 30 percent respectively in silver, gold, and lead production, and a modest 3 percent decrease in zinc production.

On the cost side, Q4 production costs averaged \$83 per tonne, down 1 percent from last year. This reflects a 7 percent decrease in unit costs at Ying due to the higher volumes mined and processed, partially offset by a 23 percent increase at GC due to less ore produced in the quarter and more underground development completed and expensed as part of the mining cost.

The consolidated cash cost per ounce of silver, net of by-product credits, was \$249 in Q4, compared to \$1.22 in the prior-year quarter. This reflects a \$14 million increase in production costs, offset by a \$12 million increase in by-product credits.

The all-in sustaining production costs decreased by 8 percent year over year to \$132 per tonne in Q4. And on a per-ounce, net-of-by-products basis, the all-in sustaining cost was \$14.31 per ounce, which is pretty much in line with the prior-year quarter.

For the full year, we mined and milled 1.3 million tonnes of ore, which is up 20 percent and 19 percent year over year respectively.

Metal production totalled 6.9 million ounces of silver, 7,495 ounces of gold, 62 million pounds of lead, and 23 million pounds of zinc.

Silver and gold output rose 12 percent and 3 percent respectively, while lead and zinc declined slightly by 2 percent and 0.3 percent.

For the year, production costs averaged \$81 per tonne, up 3 percent from last year, and \$1 above the high end of our guidance range of \$77 to \$80. This in part reflects a 5 percent increase in unit mining

costs at Ying, due to our higher mine tunneling and grade-control drilling, partially offset by a 9 percent decrease in milling cost.

Consolidated cash cost per ounce of silver, net of by-product credits, was negative \$0.54 compared to a negative \$0.38 last year, with the improvement driven by a \$21 million increase in by-product credits, but offset by a \$20 million rise in production costs.

The all-in sustaining production cost averaged \$142 per tonne, up 1 percent year over year, but below our guidance of \$144 to \$152. And on a per-ounce, net-of-by-products basis, all-in sustaining cost was \$12.12, up from \$11.38 in fiscal 2024, reflecting modest increases in G&A, sustaining capital, plus government payments totalling \$13 million.

Looking ahead to our fiscal 2026 guidance, which we announced in April, we expect to produce between 7.4 million and 7.6 million ounces of silver; 9,100 to 10,400 ounces of gold; between 65 million and 67 million pounds of lead; and between 29 million to 30 million pounds of zinc. These reflect potential increases of 9 percent in silver, 39 percent in gold, 6 percent in lead, and 42 percent in zinc, if you're looking at the upper end of the guidance compared to fiscal 2025.

In terms of production cost guidance, we're anticipating between \$81 and \$82 per tonne in fiscal 2026, which is consistent with fiscal 2025. And on an all-in sustaining basis, we're anticipating a cost between \$155 and \$158 per tonne, modestly higher than last year's figure of \$142, as we are going to be increasing some spending at Ying, as mentioned.

This is a good segue to discuss some of our growth projects.

At Ying, we budgeted \$25 million in fiscal 2026 for ramp and tunnel development to enhance underground access and materials handling, where we're looking to replace shafts with a trackless system. An additional \$25 million is allocated to exploration tunneling and \$6 million to capitalize drilling as we

continue to explore this district, which is prospective not only for silver, lead, and zinc, but also for its emerging gold potential.

At Kuanping, our satellite project north of Ying, all required permits and licences for mine construction are in place, and site preparation is underway. We've budgeted \$4 million for construction activities in fiscal 2026.

Turning to Ecuador, we recently announced the construction plan and schedule for the El Domo project, with first production targeted by the end of 2026. The capital cost is estimated at \$241 million.

And since acquiring the projects last July, we've optimized the site layout, infrastructure designs, and open pit production plan to reduce haulage and support construction of the tailings storage facility.

We've engaged a group called Jinpeng to lead detailed engineering for the process plant and oversee equipment selection, signed (phon) a powerline agreement with CNEL, the state power company, and initiated permitting for backup diesel generation.

And we finalized the project's materials balance, which supported our shift to a unit-cost approach to contract bidding, ensuring we pay only per tonne of material moved. Based on this approach, we awarded the first civil works contract to CRCC 14, which is now on site working on access roads and preparing temporary camp construction.

Bidding for the open pit mining contract is underway, with pit stripping expected to begin in August. Construction of the main plant and auxiliary facilities is scheduled to start in September, followed by major equipment installation in May of 2026. Construction and installation are projected to be completed by November of 2026, and plant commissioning is planned for December of 2026.

At the Condor gold project, we recently published an updated mineral resource estimate, which outlined a higher-grade underground resource at the Camp and Los Cuyes deposits. Based on this, we plan to complete a PEA for an underground gold operation later this year.

A 3,500-metre surface drill campaign is set to begin this month to test some priority targets at both deposits. And in parallel, we are advancing permits and community agreements to support the development of exploration tunnels into the high-grade zones, which would then help us make the decisions about a potential feasibility study following the PEA.

We'd like to thank our Ecuadorian team, our in-country partner, Salazar Resources, and our stakeholders for their continued support and hard work in advancing these projects.

And as always, as we expand our presence in Ecuador, we remain committed to working closely with the government, local communities, and partners to develop these assets responsibly and sustainably, creating a long-term value for all stakeholders.

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

Q&A

Operator

Thank you, sir. And, ladies and gentlemen, we will now begin the question-and-answer session. If you would like to ask a question, simply press *, followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, 2. If you're using a speakerphone, please lift the handset before pressing any keys.

Once again, that would be *, 1 to ask the question. One moment, please, for your first question.

And once again, if you would like to ask a question, simply press *, 1 on your telephone keypad.

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

Lon Shaver

Okay. Well, that's great. Maybe it's a busy morning today.

So I thank everyone for their attendance. And as always, if anyone does come up with any questions, we remain available to answer them, so please reach out by phone or email.

Thanks very much, everyone, and have a great day.

Operator

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