

**Silvercorp Metals Inc.**

**Fourth Quarter and Full Year 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— Analyst*

## PRESENTATION

### Operator

Good afternoon, my name is John and I'll be your conference Operator today.

At this time, I would like to welcome everyone to Silvercorp Fourth Quarter and Full Year Fiscal 2026 Financial Results Conference Call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star then the number one in your telephone keypad. If you would like to withdraw your question, please press star then the number two.

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

**Lon Shaver** — President, Silvercorp Metals Inc.

Thank you, John.

On behalf of Silvercorp, I'd like to welcome everyone to this call to discuss our fourth quarter and full year fiscal 2026 financial results, which were released on Tuesday. A copy of the news release, the MD&A and our 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. Additionally, please review the cautionary statements in our news release, as well as the risk factors described in our most recent regulatory filings.

We'll start with the financial results for the quarter. We delivered another quarter of strong performance in Q4, which was highlighted by record revenue of \$147 million, up 96 percent from last year. Cash flow from operating activities and free cash flow reached \$90 million and \$58 million, respectively, up 194 percent and 308 percent from last year. This performance was mainly driven by a 183 percent increase in the realized selling price of silver, which averaged just above \$78 an ounce after smelter deductions. Silver accounted for 78 percent of our revenue in Q4. It's obviously a good time to be a silver miner, and these results show why Silvercorp remains a compelling investment. We're profitable, growing, and still undervalued.

Moving down the income statement, we reported an unadjusted net income of negative \$700,000 for the quarter, or negative \$0.03 cents per share, which reflected a significant \$60 million non-cash charge on the fair value of derivative liabilities. We have since removed the cash settlement option on our convertible notes, which reclassified the conversion feature from a derivative liability to equity and eliminated future fair value volatility that would flow through the income statement. This will clear up this reporting issue going forward and simplify our financial statements. Removing these non-cash and one-time items our adjusted net income for the quarter was \$59.3 million or \$0.27 per share versus \$14.7 million and \$0.07 in the comparative quarter.

As I mentioned, revenue was up 96 percent while adjusted net income rose 303 percent, showing that we've been able to flow these higher metal prices through to the bottom line. Adjusting our operating cash flow for a positive \$3 million impact from non-cash working capital and backing out the Wheaton stream contribution that we showed in Q3, the Q4 operating cash flow of \$87 million was a quarterly record.

On the capital allocation front during the quarter, we invested nearly \$15 million at our Chinese operations and \$13 million at the El Domo project in Ecuador. Additionally, we made a cash payment of \$92 million in late January for the acquisition of the Tulkubash and Kyzyltash gold projects in Kyrgyzstan. As we embark on an aggressive growth strategy, our strong balance sheet will become increasingly important.

We ended the quarter with a strong cash balance of \$422 million, which does not include our investments in Associates and other companies, which had a total market value of \$275 million on March 31. Additionally, to add further liquidity, after quarter end, we secured a low-cost RMB term loan facility totaling approximately \$220 million, which further strengthens our financial position. To date, these remain undrawn.

To quickly summarize the full year 2026 results, which just like the quarter were record-breaking across the board. Revenue reached \$438 million, up 47 percent from the prior year, driven by a 72 percent increase in the realized selling price of silver over the year. Adjusted net income for the year was \$151 million, or \$0.69 per share, versus \$75 million, or \$0.36 per share, in the prior year.

Our annual cash flow from operating activities was nearly \$311 million. This was up 124 percent from \$139 million in the prior year. Capital expenditures for the year were approximately \$124 million, which is up from \$87 million in the prior year, and this includes \$75 million for underground development equipment and facilities at our Chinese operations, as well as over \$46 million for construction at the El Domo mine. Nonetheless, we generated more than \$181 million in free cash flow in fiscal 2026, and that's more than triple what we delivered in the prior year.

Now, to quickly recap our operating results, as we reported last month in Q4, we produced approximately 1.5 million ounces of silver, nearly 2,500 ounces of gold, 14 million pounds of lead, and 4 million pounds of zinc. For the full year, we produced 6.8 million ounces of silver, 8,723 ounces of gold, 60 million pounds of lead, and 22 million pounds of zinc. Compared to last year, gold production increased 16 percent, while silver, lead, and zinc production were down 2 percent, 3 percent, and 7 percent, respectively. The decrease was mainly driven by lower head grades, reflecting higher dilution associated with an increase in shrinkage mining.

Consolidated mining operating income came in at \$254 million in fiscal 2026, with Ying contributing \$240 million of that, or 95 percent of the total. On the cost side, Q4 production costs averaged \$78 per tonne at Ying, down 8 percent from last year. The improvement reflects a 43 percent and 2 percent increase in tonnes mined and milled, as continued mine mechanization and greater use of that cost-efficient shrinkage mining method boosted productivity.

For the full year, production costs averaged \$80 per tonne, which was below our Ying's annual guidance of \$87 to \$88 per tonne. Ying's cash cost per ounce of silver net of by-product credits was

negative \$1.03 in Q4, compared to positive \$3.05 in the prior year quarter. The decrease was driven by an \$800,000 increase in by-product credits. For the full year, cash costs averaged \$0.01 per ounce, compared to \$0.62 last year, reflecting a \$10 million increase in by-product credits.

All-in-sustaining production costs increased by 11 percent year-over-year at Ying to \$130 to \$4 per tonne in Q4, driven mainly by higher government taxes on increased revenue, as well as higher sustaining capital spending on tunneling. For the full year, the all-in-sustaining costs also averaged \$134 per tonne, down 4 percent year-over-year, and below Ying's annual guidance of \$158 to \$161 per tonne. On a per-ounce basis net of by-products, Ying's all-in-sustaining costs was \$13.09 in Q4 and \$11.49 for the full year, delivering strong margins amid higher silver prices.

Turning to our growth projects, at Ying, we invested \$29 million in fiscal 2026 for ramp and tunnel development, and are budgeting \$37 million this year to further enhance underground access and materials handling. This work goes hand-in-hand with our broader effort to expand mining capacity across all four licenses at Ying. We've now completed the permit extensions and capacity expansions for the four mining permits comprising Ying, with total approved capacity increasing to 1.32 million tonnes per year.

Now we're focused on completing the required production safety licenses. At SGX, the safety facility design has already been approved, and construction is underway to support the capacity expansion. At HPG, the design has been reviewed by the Henan Provincial Government and is now awaiting final sign-off. At the TLP-LM and DCG licenses, the safety facility designs have been completed and submitted for approval.

At Kuanping, the satellite project north of Ying, mine construction focused on ramp development to access the ore bodies. The project has a license to produce up to 200,000 tonnes of ore per year and has delivered some development ore in Q1 of fiscal 2027, which was shipped to Ying for processing. With the capacity expansions at the existing Ying permit areas in Kuanping, we'll have total mining capacity of approximately 1.5 million tonnes per year. In anticipation of higher mine production at Ying, we're moving ahead with the construction of a new mill, the number three mill. Design and construction began in Q4 and with a total budget of \$31.6 million. It's expected to add 3,000 tonnes per day of milling capacity and be commissioned in Q1 fiscal 2028.

Once mill number three is in operation, we plan to decommission the older mill number one, which will leave Ying with a net effective milling capacity of approximately 6,500 tonnes per day, up from the current 4,000 tonnes per day. This will give us more capacity of the mill to process at a higher mining rate and still leave some excess capacity for future growth. We plan to release an updated mineral resource and reserve estimate, along with an updated mine plan for Ying incorporated in Kuanping shortly.

Switching gears to Ecuador at El Domo, construction continued to advance in Q4, despite heavy rainfall. On the infrastructure side, we awarded contracts for three sections of external power lines and three substations to qualified Ecuadorian contractors, which have since received formal approval from CNEL, the domestic power company. We also saw Klohn Crippen Berger mobilized to site to support construction quality assurance for the tailing storage facility. In parallel, we continue to strengthen on-site capacity with a regional workforce of 372 people as of March 31.

Key infrastructure milestones were also achieved, including the completion of the ore shed and continued progress on process plant earthworks and site preparation, supported by ongoing blasting and leveling activities. Importantly, we signed the definitive mining contract with CRCC 19 in February. The contractor mobilized to site immediately and has transitioned into active construction, including access road development to the open pit and initial stripping of that open pit area. We spent approximately \$60 million on construction through March 2026, which represents about 21 percent of our updated budget of \$284 million.

At the Condor Project in Ecuador, we plan to develop two 1,500-meter-long exploration tunnels into the camp and Las Cuyes deposits to support underground drilling and advanced exploration and resource definition. To move forward, we required environmental license and water permits. The water permits have been approved by the relevant government authorities. Technical reports for the environmental license were also completed and submitted to the relevant government agencies for review. The environmental impact study for the Condor Project has been approved by the Ministry of Energy and Mines.

We're now actively engaged in formal consultation with directly impacted communities. This is the last step required to secure the small-scale mining license, which we're targeting for Q2 fiscal 2027. Once received, we'll then commence development of those underground access tunnels into the two deposits, and this access we would expect to use if and when we transition to a mining operation, once we've received the appropriate permits for this and the necessary surface infrastructure.

Turning to Kyrgyzstan, in late January, we acquired a 100 percent interest in Chaarat ZAAV for \$92 million. This is the Kyrgyz entity that holds the Tulkubash and Kyzyltash gold projects. This is an important step in our strategy to build a more globally diversified producer with added exposure to gold's strong fundamentals. Subsequent to year-end in May, we successfully completed the next step by converting ZAAV into a joint venture company with Silvercorp owning a 72 percent interest and acting as operator, and Kyrgyzaltyn, the state-owned gold company, holding the remaining 30 percent.

At the same time, the Kyrgyz government issued a new mining license, extending the validity of the mining period by 30 years to June of 2062, for which we made a \$60 million payment, which had been previously agreed. Together, these projects give us the opportunity to apply our mine-building expertise and financial strength to unlock value through a phased development approach, starting with the fully permitted Tulkubash project, followed by Kyzyltash.

Since we announced this deal, we've been actively advancing Tulkubash. Our focus is on updating the bankable feasibility study, adapting and localizing engineering designs, and continuing surface work and site preparation to move the project towards construction, with initial pre-stripping targeted for Q2 fiscal 2027. We look forward to providing further updates on our development plans for Tulkubash in the near future.

Last but not least, earlier this week, we filed an application to list our shares on the Hong Kong Stock Exchange, something we expect to occur later this year. Our rationale is that such a listing will give us the opportunity to present the Silvercorp investment case to a new audience of investors, one that has

shown itself to be receptive to mining stocks in general, and in particular to profitable global growth-oriented companies.

With these comments, I'd like to open the call for questions, Operator.

## Q & A

### Operator

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

Your first question comes from Joseph Reagor from Roth Capital. Please go ahead.

### Joseph Reagor — Analyst, Roth Capital

Hey, Lon and team. Thanks for taking the questions. Congrats on a strong finish to the year. I guess, well, first thing, I mean, we're pretty far into your fiscal Q1 already. Is there any colour you can give us about how things are going? Is everything according to plan, or is there any one-time maintenance or anything we should be aware of?

### Lon Shaver — President, Silvercorp Metals Inc.

First off, thanks, Joe, for joining in your question. No, nothing notable that is worth reporting.

**Joseph Reagor** — Analyst, Roth Capital

Okay. Then on this third mill for Ying, when do you expect that to start contributing production? Essentially, I believe it's replacing, what, mill number one, right? What's the total capacity going to be when everything's said and done?

**Lon Shaver** — President, Silvercorp Metals Inc.

Yeah, once we've built mill number three and decommissioned mill number one, we're looking at around 6,500 tonnes per day of milling capacity. Expect to commission mill number three roughly a year from now in Q1 fiscal 2028. Then as it comes on stream, we'd look to ramp down and then eventually, you know, decommission. It's not going to happen instantaneously, but we'd look to switch over and shut down mill number one after that.

**Joseph Reagor** — Analyst, Roth Capital

Okay. Then, I mean, that'd be a significant increase from your current planned milling rates. How should we think about that extra capacity? Should we expect an updated mine plan to come out where it shows what percentage of that capacity you're going to actually use?

**Lon Shaver** — President, Silvercorp Metals Inc.

Yeah. With the report that I mentioned, that'll give you detailed mine plans for each of the now seven at Ying and with Kuanping, eight mines that are going to be ramping up with, obviously, these permit expansions. Then as we get the safety production licenses validated, forecasts will factor in growth from

each of those. You can see how that tonnage will be used by mill number two and number three going forward.

**Joseph Reagor** — Analyst, Roth Capital

Okay. All right. I'll look forward to that. I'll turn it over. Thank you.

**Lon Shaver** — President, Silvercorp Metals Inc.

Thanks, Joe.

**Operator**

As a reminder, if you have any questions, please press star, one.

This concludes the question-and-answer session. I would like to turn the conference back over to Management for any closing remarks.

**Lon Shaver** — President, Silvercorp Metals Inc.

Okay. Great. Thanks, Operator, and thanks for everyone for joining us today.

If anyone did have or does have any further questions, happy to address that through calls or emails going forward. We look forward to catching up next time on our Q1 fiscal 2027 results in early August. Have a great day, everyone.

**Operator**

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