



SILVERCORP METALS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2007

(Unaudited - expressed in Canadian Dollars, unless otherwise stated)

**Notice to Reader of the Unaudited Interim Consolidated Financial Statements
For the three and six months ended September 30, 2007**

The unaudited interim consolidated financial statements of Silvercorp Metals Inc. (the “Company”) for the three and six month periods ended September 30, 2007 (“Financial Statements”) have been prepared by management. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the twelve months ended March 31, 2007 which are available at the SEDAR website at www.sedar.com. The Financial Statements are stated in terms of Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

SILVERCORP METALS INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited - expressed in Canadian Dollars except for share figures)

	Notes	September 30, 2007	March 31, 2007
ASSETS			
Current Assets			
Cash and cash equivalents	5	\$ 50,710,655	\$ 61,484,697
Short term investments	6	38,994,292	6,282,426
Accounts receivable and prepaids	7	6,110,435	1,470,820
Inventories	8	1,286,985	2,077,954
		97,102,367	71,315,897
Long term prepaids	9	5,935,268	1,769,852
Long term investments	10	12,646,368	7,557,083
Property, plant and equipment	11	9,254,910	9,071,817
Mineral rights and properties	12	24,299,378	18,822,299
Reclamation deposits		10,000	10,000
		\$ 149,248,291	\$ 108,546,948
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 7,149,097	\$ 3,599,126
Deposits received from customers		1,672,344	1,599,376
Loans payable		2,388,600	-
Dividends payable	14(c)	7,383,039	-
Income tax payable		-	1,678,446
Current portion of asset retirement obligation	13	146,762	337,115
Amounts due to related parties	17	42,085	1,536,722
		18,781,927	8,750,785
Future income tax liabilities		2,590,105	1,620,042
Asset retirement obligation	13	795,784	772,438
		22,167,816	11,143,265
Non-controlling interests	15	14,046,381	8,010,333
SHAREHOLDERS' EQUITY			
Share capital	14	88,623,613	86,326,581
Contributed surplus		1,511,704	1,195,340
Reserves	16	2,365,587	-
Accumulated other comprehensive income (loss)		(3,817,783)	1,232,387
Retained earnings		24,350,973	639,042
		113,034,094	89,393,350
		\$ 149,248,291	\$ 108,546,948
Commitments and Contingencies	19 and 20		

Approved on behalf of the Board:

(Signed) Greg Hall

Director

(Signed) Rui Feng

Director

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)
(Unaudited - expressed in Canadian Dollars except for share figures)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2007	2006	2007	2006
Sales		\$ 30,663,078	\$ 10,708,123	\$ 55,099,411	\$ 15,041,173
Cost of sales		4,694,746	2,161,369	9,392,625	2,976,040
Amortization and depletion		1,562,424	267,666	2,205,969	373,331
		6,257,170	2,429,035	11,598,594	3,349,371
Gross profit		24,405,908	8,279,088	43,500,817	11,691,802
Expenses	17				
Accretion of asset retirement obligations	13	15,400	-	32,043	-
Amortization		117,781	21,602	217,028	42,299
Foreign exchange loss (gain)		687,005	22,436	1,138,218	62,143
General exploration and property investigation expenses		336,407	312,521	589,781	588,452
Investor relations		78,733	124,934	142,057	239,710
Office, administration and miscellaneous		964,155	534,628	1,822,540	1,077,435
Professional fees		110,597	97,802	215,293	267,193
Stock-based compensation expenses		594,753	890,994	1,264,720	1,026,280
		2,904,831	2,004,917	5,421,680	3,303,512
Earnings before other income and expenses		21,501,077	6,274,171	38,079,137	8,388,290
Other income and expenses					
Equity income (loss) in investment		20,800	(40,334)	(110,992)	(47,511)
Loss on disposal of property, plant and equipment		-	-	(52,852)	-
Loss on disposal of long term investments		-	-	-	(12,400)
Mineral property option income		1,206,249	412,250	3,256,872	978,084
Interest income		649,569	536,194	1,166,678	936,608
Other income		15,851	1	16,436	1
		1,892,469	908,111	4,276,142	1,854,782
Income before income taxes and non-controlling interests		23,393,546	7,182,282	42,355,279	10,243,072
Income tax (expense) recovery					
Current		-	-	1,610,903	-
Future		(129,607)	-	(146,629)	-
		(129,607)	-	1,464,274	-
Income before non-controlling interests		23,263,939	7,182,282	43,819,553	10,243,072
Non-controlling interests		(5,690,878)	(1,820,442)	(10,358,996)	(2,523,652)
Net income		17,573,061	5,361,840	33,460,557	7,719,420
Retained earnings (deficit), beginning of period		14,160,951	(22,112,186)	639,042	(24,469,766)
Appropriation to reserves		-	-	(2,365,587)	-
Dividends declared	14(c)	(7,383,039)	-	(7,383,039)	-
Retained earnings (deficit), end of period		\$ 24,350,973	\$ (16,750,346)	\$ 24,350,973	\$ (16,750,346)
Basic earnings per share		\$ 0.36	\$ 0.11	\$ 0.68	\$ 0.16
Diluted earnings per share		\$ 0.35	\$ 0.11	\$ 0.66	\$ 0.16
Weighted Average Number of Shares Outstanding - Basic		49,057,695	48,028,754	48,936,361	47,523,224
Weighted Average Number of Shares Outstanding - Diluted		50,368,737	49,934,565	50,335,473	49,441,840
*Adjusted for 3 for 1 stock split effected on October 29, 2007 Note 14(d); *Non-GAAP measurements					
Adjusted Basic earnings per share*		\$ 0.12	\$ 0.04	\$ 0.23	\$ 0.05
Adjusted Diluted earnings per share*		\$ 0.12	\$ 0.04	\$ 0.22	\$ 0.05
Adjusted Weighted Average Number of Shares Outstanding - Basic*		147,173,085	144,086,262	146,809,083	142,569,672
Adjusted Weighted Average Number of Shares Outstanding - Diluted*		151,106,211	149,803,695	151,006,419	148,325,520

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited - expressed in Canadian Dollars except for share figures)

	Three months ended September 30,		Six months ended September 30,	
	2007	2006	2007	2006
Net income for the period	\$ 17,573,061	\$ 5,361,840	\$ 33,460,557	\$ 7,719,420
Other comprehensive income (loss), net of tax:				
Transition adjustment to the opening balance of investment in Dajin Resources Corp. as per the initial adoption of new standards (note 3(a))	-	-	10,000	-
Transition adjustment to reallocate cumulative foreign translation adjustment to other comprehensive income as initial adoption of new standards (note 3(a))	-	-	1,232,387	46,168
Unrealized gain (loss) on available for sale securities	(70,000)	-	10,000	-
Unrealized exchange loss on translation of self-sustaining foreign operations	(2,737,853)	95,043	(5,070,170)	(64,642)
Other comprehensive income (loss)	(2,807,853)	95,043	(3,817,783)	(18,474)
Comprehensive income, end of period	\$ 14,765,208	\$ 5,456,883	\$ 29,642,774	\$ 7,700,946

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - expressed in Canadian Dollars except for share figures)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2007	2006	2007	2006
Cash provided by (used for)					
Operating activities					
Net income for the period		\$ 17,573,061	\$ 5,361,840	\$ 33,460,557	\$ 7,719,420
Add (deduct) items not affecting cash :			-		
Accretion of asset retirement obligations		15,400	-	32,043	-
Amortization		1,680,205	289,268	2,422,997	415,630
Equity investment loss		(20,800)	40,334	110,992	47,511
Future income tax		129,607	-	146,629	-
Loss on disposal of long term investments		-	-	-	12,400
Loss on disposal of property, plant, and equipment		-	-	52,852	-
Mineral property option income		(1,206,249)	(412,250)	(3,256,872)	(978,084)
Non-controlling interests		5,690,878	1,820,442	10,358,996	2,523,652
Stock-based compensation		594,753	890,994	1,264,720	1,026,280
		24,456,855	7,990,628	44,592,914	10,766,809
Net change in non-cash working capital					
Accounts receivable and prepaids		(4,324,715)	(695,067)	(4,844,852)	(1,468,315)
Inventory		289,354	(63,206)	824,874	(811,872)
Accounts payable and accrued liabilities		2,268,722	182,214	3,645,847	233,515
Asset retirement obligation discharged upon payment		(285,363)	-	(390,138)	-
Income tax payable		-	-	(1,678,446)	-
Deposits received from customers		(901,037)	102,406	87,972	658,187
Cash provided by (used in) operating activities		21,503,816	7,516,975	42,238,171	9,378,324
Investing activities					
Purchase of mineral rights and properties		(2,323,922)	(1,240,652)	(5,425,160)	(2,501,540)
Purchase of property, plant, and equipment		(772,470)	(817,055)	(2,351,718)	(1,349,166)
Purchase of long term investments		(2,067,185)	-	(2,067,185)	-
Purchase of short term investments		(16,264,781)	(4,102,000)	(33,874,820)	(41,902,000)
Increase in long term prepaids		(2,623,000)	(1,095,675)	(4,282,265)	(1,010,980)
Disposal of long term investments		-	-	-	237,600
Disposal of property, plant, and equipment		-	-	162,419	-
Distribution to non-controlling interest shareholder	15	-	-	(3,598,898)	-
Advances to joint venture parties		-	-	-	(289,689)
Cash provided by (used in) investing activities		(24,051,358)	(7,255,382)	(51,437,627)	(46,815,775)
Financing activities					
Repayment of advance from related parties		(1,093,315)	1,914	(1,494,637)	(15,899)
Advance under loans payable		2,388,600	-	2,388,600	-
Share subscriptions for cash, net of commission and expenses		329,302	2,563,821	1,348,676	47,249,689
Shares returned to treasury for cancellation		-	(4,476,483)	-	(4,476,483)
Cash (used in) provided by financing activities		1,624,587	(1,910,748)	2,242,639	42,757,307
Effect of exchange rate changes on cash and cash equivalents		(1,799,125)	98,301	(3,817,225)	(5,473)
Increase (Decrease) in cash		(2,722,080)	(1,550,854)	(10,774,042)	5,314,383
Cash and cash equivalents, beginning of period		53,432,735	10,765,049	61,484,697	3,899,812
Cash and cash equivalents, end of period		\$ 50,710,655	\$ 9,214,195	\$ 50,710,655	\$ 9,214,195
Supplemental information:					
Interest paid		\$ 17,700	\$ 45	\$ 17,700	\$ 45
Income tax paid		\$ -	\$ -	\$ -	\$ -
Non-cash investing activities:					
Common shares of New Pacific Metals Corp. received as partial consideration for the Option Agreement in relation to the Kang Dian Project		\$ 1,206,249	\$ 412,250	\$ 3,256,872	\$ 978,084

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited - expressed in Canadian Dollars except for share figures)

	Share capital		Contributed surplus	Reserves	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total shareholders' equity	
	Notes	Number of shares						Amount
Balances, March 31, 2006		45,062,157	\$ 38,130,910	\$ 4,886,735	\$ -	\$ 46,168	\$ (24,469,766)	\$ 18,594,047
Options exercised		987,239	889,160	-	-	-	-	889,160
Warrants exercised		522,500	2,403,500	-	-	-	-	2,403,500
Private placement, net of issuance cost		2,501,250	44,484,295	-	-	-	-	44,484,295
Value of options transferred upon exercised		-	1,151,459	(1,151,459)	-	-	-	-
Contributed surplus transferred as per share cancellation		-	4,766,361	(4,766,361)	-	-	-	-
Share cancellation under the Normal Course Issuer Bid		(420,500)	(5,499,104)	-	-	-	-	(5,499,104)
Stock based compensation		-	-	2,226,425	-	-	-	2,226,425
Earnings of the year		-	-	-	-	-	25,108,808	25,108,808
Unrealized loss on translation of self-sustaining operation		-	-	-	-	1,186,219	-	1,186,219
Balance, March 31, 2007		48,652,646	86,326,581	1,195,340	-	1,232,387	639,042	89,393,350
Transition adjustment to opening balance	3(a)	-	-	-	-	10,000	-	10,000
Options exercised		567,616	1,348,676	-	-	-	-	1,348,676
Value of options transferred upon exercised		-	948,356	(948,356)	-	-	-	-
Stock based compensation		-	-	1,264,720	-	-	-	1,264,720
Unrealized gain on available for sale securities		-	-	-	-	10,000	-	10,000
Appropriation to reserves	16	-	-	-	2,365,587	-	(2,365,587)	-
Dividends declared	14(c)	-	-	-	-	-	(7,383,039)	(7,383,039)
Earnings of the year		-	-	-	-	-	33,460,557	33,460,557
Unrealized loss on translation of self-sustaining operation		-	-	-	-	(5,070,170)	-	(5,070,170)
Balance, September 30, 2007		49,220,262	\$ 88,623,613	\$ 1,511,704	\$ 2,365,587	\$ (3,817,783)	\$ 24,350,973	\$ 113,034,094

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Silvercorp Metals Inc. along with its subsidiary companies and joint ventures (collectively the “Company”) are engaged in the acquisition, exploration, development, and mining of precious and base metal mineral properties in the People’s Republic of China (“China”). The Company is a reporting issuer in British Columbia, Alberta, Ontario, Nova Scotia, New Brunswick, Manitoba, and Saskatchewan and trades on the TSX Exchange under the symbol “SVM”.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and principles of consolidation

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), and presented in Canadian dollars, but they do not contain all disclosures required by Canadian GAAP for annual audited consolidated financial statements and, accordingly, they should be read in conjunction with the most recently prepared annual audited consolidated financial statements for the year ended March 31, 2007. They include the accounts of the Company and its directly and indirectly owned subsidiaries: Silvercorp Metals China Inc., Fortune Mining Limited, Fortune Copper Limited, Fortress Mining Inc., Fortune Gold Mining Limited, Lachlan Gold Ltd., Victor Resources Ltd., Victor Mining Ltd., Yunnan Jin Chang Jiang Mining Co. Ltd. (“YJCJM”), 82% owned subsidiary, Qinghai Found Mining Company Ltd. (“Qinghai Found”), 70% (March 31, 2007 - 60%) owned subsidiary, Henan Huawei Mining Co. Ltd. (“Huawei”), and 77.5% owned subsidiary, Henan Found Mining Co. Ltd. (“Henan Found”).

These unaudited interim consolidated financial statements reflect, in the opinion of management, all adjustments necessary to present fairly the consolidated financial position as at September 30, 2007 and the consolidated statements of income and consolidated cash flows for the three and six month periods presented. Operating results of the interim period are not necessarily indicative of the result that may be expected for the full fiscal year ending March 31, 2008.

All significant inter-company transactions and accounts have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include assumptions and estimates relating to determining defined ore bodies, reserves value beyond proven and probable mine life, fair values for purposes of impairment analysis, reclamation obligations, non-cash stock-based compensation and warrants, valuation allowances for future income tax assets, and future income tax liabilities. Actual results could differ from these estimates.

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

(c) Foreign currency translation

All subsidiaries, except its 77.5% owned subsidiary Henan Found and 70% owned subsidiary Huawei are considered to be integrated foreign operation and their financial statements are translated to Canadian dollars under temporal method. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at historical exchange rate. Revenues and expenses are translated at the average exchange rate in effect during the period. Realized and unrealized foreign exchange gains and losses are included in earnings.

Henan Found is considered to be a self-sustaining operation. Effective April 1, 2007, Huawei was reclassified as self-sustaining operation from integrated foreign operation and its financial statements are translated using the current rate method from temporal method because of the significant changes in the economic facts and circumstances of Huawei, such as mine production commenced since April 2007 and the cash generated from sales to the local Chinese customers is sufficient to cover its further exploration expenditure and other operation costs. The assets and liabilities of Henan Found and Huawei, which are dominated in Chinese Yuan (“RMB¥”), are translated into Canadian dollars using the current rate method at period-end exchange rates and resulting translation adjustments are reflected in comprehensive income. Revenues and expenses of Henan Found and Huawei are translated at average exchange rates for the period.

(d) Comparative figures

Certain comparative figures have been reclassified to conform with the current year’s presentation.

3. CHANGES IN ACCOUNTING POLICIES

(a) Financial instrument standards

On April 01, 2007, the Company retroactively adopted the recommendations included in the following Sections of the Canadian Institute of Chartered Accountants Handbook: Section 1530, “Comprehensive Income”; Section 3855, “Financial Instruments - Recognition and Measurement”; Section 3865, “Hedges”; Section 3861, “Financial Instruments – Disclosure and Presentation”, and Section 3251, “Equity”. As we have not previously undertaken hedging activities, adoption of Section 3865 currently has no impact on us.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial assets and financial liabilities are financial assets and financial liabilities which are acquired for resale prior to maturity or are financial assets and liabilities designated as such by the Company. Held-to-maturity financial assets are non-derivative financial assets with a fixed maturity which the Company intends to hold until maturity. Available-for-sale financial

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)**

assets are those non-derivative financial assets which are so designated by the Company or that do not fall into another category.

CICA 3855 requires that all financial assets, except those classified as held to maturity, and loans and receivables, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held-for trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair market value based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise.

Comprehensive income is the change in our net assets that results from transactions, events and circumstances from sources other than our shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding of gains and losses from available-for-sale securities which are not included in net income (loss) until realized and foreign currency translation gains or losses arising from the translation of the Company's self-sustaining foreign operations.

The Company has made the following classifications:

- Term deposits and bank notes, which are included in cash and cash equivalents and short term investments, are classified as held-to-maturity investments. Accounts receivable and prepaids, and long term prepaids are classified as "Loans and Receivables". Held-to-maturity investments and loans and receivable are initially measured at fair value. Subsequent measurements are recorded at amortized cost using the effective interest method. Interest income and amortized premium or discount is charged to net income.
- The long term investment in the common shares of Dajin Resources Corp. is classified as "Available for sale securities". Available for sale securities are initially recorded at cost, which upon their initial measurement is equal to their fair value by reference to market price. Subsequent changes in the market value of securities are recorded as changes to other comprehensive income (loss). The investments in New Pacific Metals Corp. and Luoyang Yongning Smelting Co. Ltd. are excluded from Section 3855 as they are accounted for using the equity method.
- Accounts payable and accrued liabilities, deposits received from customers, loans payable, and dividends payable are classified as other financial liabilities. They are initially measured at their fair value and subsequent measurements are recorded at amortized cost using the effective interest method. Amortized premium or discount is charged to net income.

Transaction costs are included in the initial carrying amount of financial instruments except for held-for- trading items in which case they are expensed as incurred.

Section 3855 also requires that the embedded derivatives to be identified and separated from the related host contract and be measured at fair value. Subsequent changes in fair value of embedded derivatives are recognized in the consolidated statement of operations in the period the change occurs.

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

Upon the adoption of these new standards as at April 01, 2007, the Company remeasured its financial assets and liabilities. The investment in Dajin Resources Corp. was classified as available for sale securities and its carrying value was adjusted to \$260,000 with a credit of \$10,000 to the opening accumulated other comprehensive income. The cumulative foreign translation adjustment of \$1,232,387 for the year ended March 31, 2007 was restated as a component of accumulated other comprehensive income. The adoption of these new standards has no impact on the Company's cash flow.

In December 2006, the CICA issued Section 3862, "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments - Presentation" to replace 3861 "Financial Instruments - Disclosure and Presentation". These new sections are effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, but may be adopted in place of Section 3861, before that date. Transitional provisions are complex and vary based on the type of the financial instruments under consideration. Therefore, the Company has not yet determined the effect of these new standards on its financial statements. The revised section is effective for the Company's financial year beginning April 1, 2008.

(b) Accounting changes

On April 1, 2007, the Company adopted the CICA revised Section 1506, "Accounting Changes", which requires that: (a) a voluntary change in accounting principles can be made if, and only if, it is required by a primary source of GAAP, or the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The adoption of this standard has no impact on the company's financial statements for the period ended September 30, 2007.

4. CHANGES IN ESTIMATES

Following the update of the mineral resources on the Ying silver-lead-zinc and HPG gold-silver-lead projects in the national Instrument ("NI") 43-101 Technical Update Report dated August 16, 2007, the estimates used to amortize mineral rights and properties were applied prospectively.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at September 30, 2007 of \$50,710,655 (March 31, 2007 - \$61,484,697) consist of cash, bank notes, and term deposits maturing within three months of the initial investment date. As at September 30, 2007, the Company holds bank discount notes with market value of \$25,123,186 (March 31, 2007 - \$37,265,319) and a face value of \$25,337,000 (March 31, 2007 - \$37,403,000) yielding 4.89% (March 31, 2007 - 4.31%) per annum to maturity dates to December 3, 2007. The Company's term deposits total \$12,779,010 (RMB¥96,300,000) (March 31, 2007 - \$8,851,017 (RMB¥59,362,955)), bearing interest rates ranging from 2.61% to 2.88% (March 31, 2007 - 1.80%) per annum, with maturity dates to December 29, 2007.

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)**

6. SHORT TERM INVESTMENTS

Short term investments as at September 30, 2007 of \$38,994,292 (March 31, 2007 - \$6,282,426) are made up of bank notes of \$14,112,392 (March 31, 2007 - \$nil) and term deposits of \$24,881,900 (RMB¥187,504,895) (March 31, 2007 - \$6,282,426 (RMB¥42,135,656)) with maturity dates beyond three months. The face value of the bank notes is \$15,000,000 yielding 4.81% per annum to maturity on April 18, 2008. The term deposits bearing interest rates ranging from 2.43% to 3.87% (March 31, 2007 - 2.07% to 2.43%) with maturity dates to August 9, 2008.

7. ACCOUNTS RECEIVABLE AND PREPAIDS

Accounts receivable and prepaids consist of the following:

As at	September 30, 2007	March 31, 2007
Accounts receivable	\$ 3,147,268	\$ -
Interest receivable	138,009	45,818
Prepaid expenses and deposits	2,825,158	1,425,002
	6,110,435	1,470,820

8. INVENTORIES

Inventories consist of the following:

As at	September 30, 2007	March 31, 2007
Direct smelting ore and stockpiled ore	\$ 549,259	\$ 1,185,427
Concentrate inventory	248,933	603,064
Total stockpiled	798,192	1,788,491
Material and supplies	488,793	289,463
	\$ 1,286,985	\$ 2,077,954

9. LONG TERM PREPAIDS

Long term prepaids as at September 30, 2007 of \$5,935,268 (March 31, 2007 - \$1,769,852) is comprised of: \$3,659,463 (March 31, 2007 - \$1,250,002) of advances or loans to contractors to purchase equipment to work on the Ying Project or construct mill facilities for the Company and prepayments to suppliers to acquire property, plant and equipments; and \$2,275,805 (March 31, 2007 - \$519,850) of advances to third parties to assist the Company in the exploration of potential mineral properties in other parts of China.

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)****10. LONG TERM INVESTMENTS**

As at	September 30, 2007	March 31, 2007
Dajin Resources Corp. (a)		
1,000,000 (March 31, 2007 - 1,000,000) common shares	\$ 270,000	\$ 250,000
New Pacific Metals Inc. (b)	10,385,868	7,239,988
Luoyang Yongning Smelting Co. Ltd. (c)	1,990,500	67,095
	\$ 12,646,368	\$ 7,557,083

(a) Dajin Resources Corp.

As a result of the adoption of CICA 3855 Financial Instruments - Recognition and Measurement on April 1, 2007, the Company's investment in Dajin Resources Corp., which was classified as available for sale securities, its carrying value was adjusted to \$260,000 with a credit of \$10,000 to the opening accumulated other comprehensive income. As at September 30, 2007, the investment is carried at its estimated fair value of \$270,000 by reference to market price and an unrealized gain of \$10,000 was recognized as other comprehensive income.

For the six months ended September 30, 2007, shares disposed were nil (September 30, 2006 - 1,000,000) and no loss (September 30, 2006 - \$12,400) was recorded.

(b) New Pacific Metals Inc.

As at September 30, 2007, a total of 5,695,833 (March 31, 2007 - 4,087,501) NUX's common shares were released to the Company from escrow. The mineral property option income for the three and six months ended September 30, 2007 totaled \$1,206,249 and \$3,256,872, respectively, representing the market value on 804,166 (three months ended September 30, 2006 - \$412,250 on 404,167 common shares) and 1,608,332 (six months ended September 30, 2007 - \$978,084 on 808,334 common shares) common shares released from escrow, respectively.

For the six months ended September 30, 2007, a total of \$110,992 (September 30, 2006 - \$47,511) of equity loss had been recorded.

As at September 30, 2007, the Company owns 6,595,833 common shares of NUX and the following is the summary of the investment in NUX:

	September 30, 2007	March 31, 2007
Cost of 6,595,833 (March 31, 2007 - 4,987,501) shares of NUX	\$ 10,778,329	\$ 7,521,457
Equity in loss of investee company	(392,462)	(281,469)
Investment in NUX on equity basis	\$ 10,385,867	\$ 7,239,988

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)***(c) Luoyang Yongning Smelting Co. Ltd.*

During the 2007 fiscal year, Henan Found entered into a joint venture agreement, for a 22.5% participation interest, in a custom built 150,000-tonne/year lead-silver-gold smelter in Luoning County, Luoyang City, Henan Province, China. Henan Found's share, 22.5% of the cost, would be \$6.71 million (RMB¥45 million) for the first phase.

On September 5, 2007, the joint venture agreement was amended with the incorporation of Luoyang Yongning Smelting Co. Ltd. ("Yongning") to hold the smelter project. Under the amended joint venture agreement, Henan Found can earn in 30% participation in the venture by contributing a total of \$10 million (RMB¥75 million) of the total investment in Yongning of RMB¥250 million, comprised of: \$20 million (RMB¥150 million) towards the registered capital with the balance of \$13.3 million (RMB¥100 million) for capital investment costs. For Henan Found to earn its 30% participation, the Company is to contribute \$2 million (RMB¥15 million) towards the registered capital of Yongning within five business days after the issuance of the business license and the remaining \$8 million (RMB¥60 million) comprised of: \$4 million (RMB¥30 million) towards the registered capital and \$4 million (RMB¥30 million) for capital investment costs, within one year after the issuance of the business license. On September 21, 2007, Yongning obtained approval from Chinese governmental authorities and the business license was issued.

As at September 30, 2007, Henan Found fulfilled its first phase registered capital requirement through a contribution of \$2 million (RMB¥15 million) (March 31, 2007 - \$67,095 (RMB¥450,000)) to Yongning, with the remaining commitment of approximately \$8 million (RMB¥60 million) due within one year from September 21, 2007. This investment is accounted by using the equity method.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

As at	September 30, 2007			March 31, 2007		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 4,846,089	\$ 199,000	\$ 4,647,089	\$ 3,262,007	\$ 34,845	\$ 3,227,162
Computer equipment	456,967	141,983	314,984	330,149	114,113	216,036
Computer software	164,578	23,205	141,373	122,089	13,750	108,339
Equipment and furniture	591,488	80,238	511,250	480,571	38,130	442,441
Machinery	1,602,080	100,977	1,501,103	1,214,037	42,651	1,171,386
Mining equipment	492,106	139,125	352,981	492,106	116,981	375,125
Motor vehicle	862,883	183,689	679,194	968,586	123,479	845,107
Leasehold improvement	116,845	18,286	98,559	116,936	6,724	110,212
Construction in process	1,008,377	-	1,008,377	2,576,009	-	2,576,009
	\$ 10,141,413	\$ 886,503	\$ 9,254,910	\$ 9,562,490	\$ 490,673	\$ 9,071,817

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)**

During the six months ended September 30, 2007, the Company disposed of motor vehicles with net book value of \$210,156 (RMB¥1,504,339) (September 30, 2006 - \$nil) and a loss of \$52,852 (RMB¥369,339) (September 30, 2006 - \$nil) was recorded. A total of \$1,381,182 construction in process was reclassified to mineral rights and properties during the six months ended September 30, 2007.

12. MINERAL RIGHTS AND PROPERTIES

Mineral rights and properties are comprised of the following:

	Ying	HPG	NZ	Total
Balance, March 31, 2006	\$ 3,721,801	\$ -	\$ -	\$ 3,721,801
Additions during the year:				
Acquisition of mineral rights and properties	2,878,838	6,494,306	1,762,940	11,136,084
Capitalized asset retirement obligation	1,300,000	-	-	1,300,000
Capitalized exploration and development costs				
Consulting and management fees	259,415	-	-	259,415
Drilling, assay fee and reporting	1,246,445	-	-	1,246,445
Office and miscellaneous	6,825	-	-	6,825
Tunneling and trenching	2,452,885	-	-	2,452,885
Amortization	(1,301,156)	-	-	(1,301,156)
Balance, March 31, 2007	\$ 10,565,053	\$ 6,494,306	\$ 1,762,940	\$ 18,822,299
Additions during the period:				
Acquisition of mineral rights and properties	-	742,703	-	742,703
Future income tax on acquisition	-	823,434	-	823,434
Capitalized asset retirement obligation	-	191,088	-	191,088
Capitalized exploration and development costs				
Drilling, assay fee and reporting	1,683,308	-	-	1,683,308
Tunneling and trenching	1,753,391	1,281,894	128,670	3,163,955
Shaft development	1,719,422	-	-	1,719,422
Foreign exchange impact	(498,173)	(196,800)	(139,400)	(834,373)
Amortization	(737,687)	(1,274,771)	-	(2,012,458)
Balance, September 30, 2007	\$ 14,485,314	\$ 8,061,854	\$ 1,752,210	\$ 24,299,378

Although the Company has taken steps to verify title to the mineral properties in which it, through its subsidiaries, has an interest, in accordance with industry standards for the stage of exploration of such properties, those procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(a) Ying Property

Henan Found is in the process of completing construction of the Ying Mine according to its approved design plan, especially completing the connection of three mine shafts for safety reason. While government authorities allow Henan Found to test run the mill and mine, it is subject to final inspection by authorities for environmental and safety qualifications and it is subject to receive environmental and safety production permits.

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

The land usage right for Henan Found's mine and mill has been purchased from the local owners, rezoning of these lands from agricultural to industrial use has been approved by Henan Provincial government, and transfer of the land title to Henan Found's name has been submitted to the government authorities and is pending final approval.

(b) HPG Silver-Gold-Lead Property

On May 11, 2007, the Company, through its indirectly wholly owned subsidiary, Victor Resources Ltd., signed an agreement to acquire a further 20% interest in Huawei, the joint venture holding 100% interest of HPG Silver-Gold-Lead Property ("HPG"), from the minority shareholders of Huawei for a total consideration of \$1,983,030 (RMB¥13.3 million), of which 10% interest is on behalf of a minority shareholder and will be held in trust for that party.

As of September 30, 2007, the Company has paid approximately \$991,515 (RMB¥6.65 million) and received its additional 10% interest in HPG. A total of \$742,703 was capitalized as the acquisition cost of mineral rights and properties after offsetting against non-controlling interest. While the acquisition is pending the governmental approval, the Company is entitled to a 70% (March 31, 2007 - 60%) interest in any future profits and funding requirements of Huawei.

(c) Qinghai Project

In June 2007, the Company, through its wholly owned subsidiary, Fortress Mining Inc., entered into a joint venture contract with a Chinese party to form Qinghai Found Mining Company Ltd. ("Qinghai Found"), a Sino-foreign cooperate joint venture company, to explore and develop the Na-Bao silver-polymetallic Project ("Na-Bao Project") in Qinghai Province, China. Under the joint venture contract, the Company will have an 82% interest in Qinghai Found by investing approximately US\$4.0 million. The Chinese party will retain an 18% interest in Qinghai Found in exchange for transferring the three Na-Bao permits to Qinghai Found.

The Company also signed a letter of intent with the same Chinese party to jointly explore the XG silver polymetallic project ("XG Project"), which consists of two exploration permits (the XGE and XR Permits) owned by the Chinese party. With the establishment of Qinghai Found, the XG project permits will also be transferred to Qinghai Found in exchange for a cash payment to the Chinese party.

The Na-Bao Project and XG Project are collectively referred to as the Qinghai Project and are subject to receive final approvals from regulatory authorities.

In September 2007, a business license for Qinghai Found was issued upon approval by the Chinese governmental authorities. As at September 30, 2007, the Company has contributed \$1,318,250 (US\$1.25 million) towards its registered capital, and the transfer of the three Na-Bao permits to Qinghai Found is in process.

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)****13. ASSET RETIREMENT OBLIGATIONS**

The Company's assets retirement obligations related to the reclamation cost of the Ying property were calculated using a credit-adjusted risk-free discount rate of 6.0%. The total undiscounted amount of cash flows required to settle the obligations is estimated at approximately \$1.56 million and is expected to be settled over the estimated mine life of 6 years. These obligations will be funded from the Company's resources upon local government's fee payment request.

As significant information was not available, the Company was not able to estimate the fair value of the assets retirement obligations on the HPG property over its mining life, but a total of \$191,808 assets retirement obligation on HPG property was recorded and discharged upon payments to the local government during the six months ended September 30, 2007.

The following table presented the reconciliation of the beginning and ending obligations associated with the retirement of the properties:

	Current portion	Long term portion	Total
Balance, March 31, 2006	\$ -	\$ -	\$ -
Obligations incurred during the year	-	1,300,000	1,300,000
Obligations discharged upon payments to local government	-	(260,925)	(260,925)
Accretion of asset retirement obligations	-	70,478	70,478
Reclassification of current portion of the obligations	337,115	(337,115)	-
Balance, March 31, 2007	\$ 337,115	\$ 772,438	\$ 1,109,553
Obligations incurred during the period	191,088	-	191,088
Obligations discharged upon payments to local government	(390,138)	-	(390,138)
Accretion of asset retirement obligations	8,697	23,346	32,043
Balance, September 30, 2007	\$ 146,762	\$ 795,784	\$ 942,546

14. SHARE CAPITAL*(a) Share Purchase Warrants*

The following is a summary of warrant transactions:

Number of Warrants Outstanding as at March 31, 2007	Issued during the period	Number of Warrants Exercised during the period	Balance of Warrants Outstanding as at September 30, 2007	Exercised Price Per Warrant	Expiry Date
1,250,623	-	-	1,250,623	24.00	October 26, 2008

During the period ended September 30, 2007, the Company received approval from Toronto Stock Exchange to extend the expiry date of the 1,250,623 common share purchase warrants from October 26, 2007 to October 26, 2008. The exercise price of these warrants remains unchanged at \$24.00. Effective on September 10, 2007, these common share purchase warrants were listed on the Toronto Stock Exchange and trade under the symbol "SVM.WT".

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)**

(b) Stock Options

The following is a summary of option transactions:

	Number of Shares		Average Exercise Price Per Share
Balance, March 31, 2006	2,636,625	\$	1.07
Options granted	433,500		13.33
Options exercised	(987,239)		0.90
Options cancelled	(26,250)		13.05
Balance, March 31, 2007	2,056,636	\$	3.58
Options granted	260,900		20.21
Options exercised	(567,616)		2.38
Options forfeited	(182,509)		7.10
Balance, September 30, 2007	1,567,411	\$	6.38

During the six months ended September 30, 2007, a total of 260,900 options were granted to directors, officers, employees, and consultants exercisable at \$20.21 per share for five years with a vesting period of: 8.333% of options are vested in six months from the grant date and 8.333% of options are vested every three months thereafter for three years. During the six months ended September 30, 2007 a total of 182,509 options were forfeited and cancelled.

The following is the summary assumptions to estimate the fair value of each option granted using the Black-Scholes option pricing model.

	2007	2,006
Risk free interest rate	3.94% to 4.65%	4.06% to 4.19%
Expected life of options in years	1 to 4 years	1 to 5 years
Expected volatility	45% to 94%	65% to 68%
Expected dividend yield	1%	nil

The weighted average grant date fair value of options granted during the period was \$10.72. For the three and six months ended September 30, 2007, a total of \$594,753 (three months ended September 30, 2006 - \$890,994) and \$1,264,720 (six months ended September 30, 2006 - \$1,026,280) were recorded as stock-based compensation expenses on the consolidated statements of income, respectively.

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements****For three and six months ended September 30, 2007****(Expressed in Canadian dollars, unless otherwise stated)**

The following table summarizes information about stock options outstanding at September 30, 2007:

Exercise Prices	Number Outstanding at September 30 2007	Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at September 30 2007	Weighted Average Exercise Price
0.50	200,000	0.79	0.50	200,000	0.50
0.55	500,000	2.04	0.55	550,000	0.55
1.90	300,000	2.42	1.90	300,000	1.90
2.25	20,875	0.68	2.25	20,875	2.25
12.95	186,600	3.79	12.95	73,933	12.95
13.28	77,000	3.92	13.28	22,333	13.28
13.40	22,036	3.88	13.40	1,036	13.40
20.21	260,900	4.53	20.21	-	20.21
\$0.50 - \$20.21	1,567,411	2.68	\$ 6.38	1,168,177	\$ 1.96

Subsequent to September 30, 2007, a total of 45,000 options were granted to officers and an employee exercisable at \$20.86 for five years with a vesting period over three years.

(c) Dividends Declared

During the period ended September 30, 2007, an eligible dividend of \$0.15 per share (March 31, 2007 - \$nil) was declared payable to shareholders of record at the close of business on September 28, 2007. The dividends are considered eligible dividends, which entitle Canadian resident individuals to claim the enhanced dividend tax credit for tax purposes.

On October 21, 2007, a total of \$7,383,039 dividends were paid to shareholders.

(d) Stock split

On September 28, 2007, shareholders approved a three-for-one share split for its common shares. The record date for the stock split was set at the close of business on October 31, 2007. The common shares were posted for trading at the market open on October 29, 2007 on an ex-distribution basis.

On October 17, 2007, an aggregate of 36 common shares resulting from rounding of previous capital consolidations were returned to treasury to reduce the accumulated fractional shares held in the Company's trustee account in connection with the share split.

All share and per share information included in the consolidated financial statements and accompanying notes is presented on a pre-split basis for all periods presented.

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

15. NON-CONTROLLING INTERESTS

During the period ended September 30, 2007, Henan Found's Board of Directors declared a dividend of \$15,995,100 (RMB¥111,000,000) to its shareholders. The Company's wholly owned subsidiary, Victor Mining Ltd., received its share (77.5%) of dividend payment of \$12,396,202 (RMB¥86,025,000), and a total of \$3,598,898 (RMB¥24,975,000) was distributed to its non-controlling subsidiary shareholder.

16. RESERVES

Pursuant to Chinese regulations, Henan Found may make appropriations to reserves funds, comprising the Enterprise Reserve Fund, Enterprise Expansion Fund, and Employee Welfare Fund at a percentage, at the discretion of the Board of Directors of Henan Found, of its after tax net income.

The Enterprise Reserve Fund is established for covering potential losses and could be used to increase the registered capital if approved by the relevant Chinese authorities. The Enterprise Expansion Fund is for expanding business operation. Both Enterprise Reserve Fund and Enterprise Expansion Fund are recorded as part of shareholders' equity but are not available for distribution to shareholders other than in liquidation. Employee Welfare Fund is established for the purpose of providing employee facilities and other collective benefits to employees and is recorded as an expense.

During the period ended September 30, 2007, the Board of Directors of Henan Found appropriated reserves of \$2,365,587 (RMB¥16,418,499) from its retained earning for the calendar year ended December 31, 2006. Of the reserves, a total of \$473,181 (RMB¥3,283,700) was appropriated as Enterprise Reserve Fund and \$1,892,406 (RMB¥13,134,799) as Enterprise Expansion Fund. Henan Found also contributed a total of \$18,349 (RMB¥131,348) to the Employee Welfare Fund. The contribution to Employee Welfare Fund was recorded as accrued liabilities on the consolidated balance sheet and expensed on the consolidated statement of income.

17. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in the financial statements, the Company had the following related party transactions during the period:

(a) During the three and six months ended September 30, 2007, the Company incurred:

- (i) consulting fees of \$46,500 (three months ended September 30, 2006 - \$45,000) and \$87,750 (six months ended September 30, 2006 - \$81,000) payable to a company owned by an officer and director of the Company and to an officer of the Company;*
- (ii) legal fees of \$nil (three months ended September 30, 2006 - \$9,903) and \$nil (six months ended September 30, 2006 - \$83,527) payable to a law firm with a partner that is a director of the Company;*

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

- (iii) management fees of \$43,443 (three months ended September 30, 2006 - \$37,546) and \$85,989 (six months ended September 30, 2006 - \$71,759) payable to a company owned by an officer and director of the Company, and to an officer and director of the Company;
- (iv) accounting fees of \$515 (three months ended September 30, 2006 - \$34,800) and \$515 (six months ended September 30, 2006 - \$66,597) payable to an accounting firm with a partner that is former officer of the Company;
- (v) directors' fees of \$38,210 (three months ended September 30, 2006 - \$nil) and \$55,000 (six months ended September 30, 2006 - \$nil); and,
- (vi) expenses recovered of \$38,090 (three months ended September 30, 2006 - \$nil) and \$222,626 (six months ended September 30, 2006 - \$nil) from New Pacific Metals Corp. ("NUX").

(b) As at September 30, 2007, the related transaction balances included the following:

- (i) \$47,850 (March 31, 2007 - \$39,750) due to a company controlled by a director of the Company for services provided;
- (ii) \$38,210 (March 31, 2007 - \$nil) due to directors for director fees;
- (iii) \$7,166 (March 31, 2007 - \$151,769) due to the joint venture partner of Huawei for services provided;
- (iv) \$10,760 (March 31, 2007 - \$32,660) due from a company related by common control; and,
- (v) \$40,381 (March 31, 2007 - \$nil) due from NUX for expenses incurred and recoverable under an inter-company services and cost allocation arrangement;
- (vi) \$nil (March 31, 2007 - \$1,377,863) due to NUX for funds advanced from NUX.

On December 8, 2006, NUX entered into a Declaration of Trust Agreement (the "Trust Agreement") with Yunnan Jin Chang Jiang Mining Co. Ltd. ("YJCJM" and the "Trustee"), an indirectly wholly owned subsidiary of the Company, to hold in trust for NUX, two exploration permits ("Huaiji Project") located in Guangdong Province, China.

On January 25, 2007, NUX advanced \$1,461,092 (US\$1,240,000) to the Company to fund the Huaiji Project. As at September 30, 2007, a total of \$998,838 of cash held in trust and the offsetting amount due to related party between the Company and NUX was derecognized from the consolidated balance sheets of the Company, as the parties mutually agreed the funds are held for the sole benefit of NUX and repayable upon demand. On October 16, 2007, this arrangement was formalized through a trust agreement.

The transactions with related parties during the year are measured at the exchange amount, which is the amount of consideration established and agreed by the parties. The balances with related parties are unsecured, non-interest bearing, and due on demand.

SILVERCORP METALS INC.**Notes to the Unaudited Interim Consolidated Financial Statements
For three and six months ended September 30, 2007
(Expressed in Canadian dollars, unless otherwise stated)****18. SEGMENTED INFORMATION***(a) Industry information*

The Company operates in one reportable operating segment, being the acquisition, exploration, development, and operation of mineral properties.

(b) Geographic information

As at	September 30, 2007				March 31, 2007			
	Canada	China	BVI	Total	Canada	China	BVI	Total
Balance sheet items:								
Mineral rights and properties	\$ -	\$ 24,299,378	\$ -	\$ 24,299,378	\$ -	\$ 18,822,299	\$ -	\$ 18,822,299
Property, plant and equipment	358,499	8,896,411	-	9,254,910	375,934	8,695,883	-	9,071,817
Long term investments	4,657,748	1,990,500	5,998,120	12,646,368	250,000	67,095	7,239,988	7,557,083
For the	Three months ended September 30, 2007				Six months ended September 30, 2007			
Operation results:	Canada	China	BVI	Total	Canada	China	BVI	Total
Sales	\$ -	\$ 30,663,078	\$ -	\$ 30,663,078	\$ -	\$ 55,099,411	\$ -	\$ 55,099,411
Cost of sales	-	(4,694,746)	-	(4,694,746)	-	(9,392,625)	-	(9,392,625)
Amortization and depletion	-	(1,562,424)	-	(1,562,424)	-	(2,205,969)	-	(2,205,969)
Gross Profit	-	24,405,908	-	24,405,908	-	43,500,817	-	43,500,817
Expenses	(1,800,839)	(972,292)	(131,700)	(2,904,831)	(3,097,625)	(1,903,437)	(420,618)	(5,421,680)
Interest, option & other income	494,668	162,599	1,214,402	1,871,669	864,276	310,685	3,265,025	4,439,986
Loss and other expenses	-	-	20,800	20,800	-	(52,852)	(110,992)	(163,844)
Non controlling interest	-	(5,690,878)	-	(5,690,878)	-	(10,358,996)	-	(10,358,996)
Income tax recovery (expenses)	-	(129,607)	-	(129,607)	-	1,464,274	-	1,464,274
Net income (loss)	(\$ 1,306,171)	\$ 17,775,730	\$ 1,103,502	\$ 17,573,061	(\$ 2,233,349)	\$ 32,960,491	\$ 2,733,415	\$ 33,460,557
For the	Three months ended September 30, 2006				Six months ended September 30, 2006			
Operation results:	Canada	China	BVI	Total	Canada	China	BVI	Total
Sales	\$ -	\$ 10,708,123	\$ -	\$ 10,708,123	\$ -	\$ 15,041,173	\$ -	\$ 15,041,173
Cost of sales	-	(2,161,369)	-	(2,161,369)	-	(2,976,040)	-	(2,976,040)
Amortization and depletion	-	(267,666)	-	(267,666)	-	(373,331)	-	(373,331)
Gross Profit	-	8,279,088	-	8,279,088	-	11,691,802	-	11,691,802
Expenses	(730,547)	(1,318,169)	43,799	(2,004,917)	(1,934,018)	(1,781,959)	412,465	(3,303,512)
Interest, option & other income	511,140	24,765	412,540	948,445	899,823	36,235	978,635	1,914,693
Loss and other expenses	-	-	(40,334)	(40,334)	(12,400)	-	(47,511)	(59,911)
Non controlling interest	-	(1,820,442)	-	(1,820,442)	-	(2,523,652)	-	(2,523,652)
Net income (loss)	(\$ 219,407)	\$ 5,165,242	\$ 416,005	\$ 5,361,840	(\$ 1,046,595)	\$ 7,422,426	\$ 1,343,589	\$ 7,719,420

19. COMMITMENTS

The Company leasehold obligation commitments total \$889,248 over seven years (years ending March 31, 2008: \$113,710; 2009: \$228,003; 2010: \$229,752; 2011: \$162,188; 2012: \$68,182; 2013: \$69,930; and 2014: \$17,483).

On October 16, 2007, the Company entered into a trust agreement in respect to cash held in trust for NUX as referenced in Note 17(b)(vi).

SILVERCORP METALS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

For three and six months ended September 30, 2007

(Expressed in Canadian dollars, unless otherwise stated)

20. CONTINGENCIES

The Company's interest in the NZ Property is held in trust through a third party for the Company. As of September 30, 2007, the transferring of the ownership of the property from the third party to Henan Found is in process.

21. SUBSEQUENT EVENT

Subsequent to September 30, 2007, the Company's 70% owned subsidiary, Huawei, entered into agreements to acquire 100% interest in a LM Silver-Lead Mine, which has a mining permit of 3.07 square kilometres in area and is located just southeast of the Ying silver project, through an acquisition of 100% interest of a private Chinese company. The total consideration of the acquisition is approximately \$3.25 million (RMB¥25 million). The acquisition is subject to governmental approval.