



SILVERCORP METALS INC.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

(Expressed in US Dollars, unless otherwise stated)

**Notice to Reader of the Unaudited Interim Consolidated Financial Statements
For the three and six months ended September 30, 2008**

The unaudited interim consolidated financial statements of Silvercorp Metals Inc. (the “Company”) for the three and six months periods ended September 30, 2008 (“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 year ended March 31, 2008 which are available at the SEDAR website at www.sedar.com. The Financial Statements are stated in terms of US dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

SILVERCORP METALS INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited - expressed in US Dollars)

	Notes	September 30, 2008	March 31, 2008
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 36,493,693	\$ 47,092,890
Short term investments		12,081,456	37,145,656
Accounts receivable and prepaids		5,246,838	5,259,699
Inventories	3	5,095,848	2,389,175
		58,917,835	91,887,420
Long term prepaids		4,625,928	5,194,431
Long term investments	4	16,218,889	17,873,887
Property, plant and equipment	5	22,447,937	14,349,572
Mineral rights and properties	6	147,649,454	60,904,275
Reclamation deposits		9,435	9,729
		\$ 249,869,478	\$ 190,219,314
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 10,473,856	\$ 7,026,628
Deposits received from customers		1,697,645	2,573,202
Dividends payable		2,864,742	-
Income tax payable		-	719,557
Amounts due to related parties	11	3,897,336	12,070,732
		18,933,579	22,390,119
Future income tax liabilities	6	25,329,518	6,345,898
Asset retirement obligation	7	2,101,137	1,225,829
		46,364,234	29,961,846
Non-controlling interests	8	18,128,445	11,265,197
SHAREHOLDERS' EQUITY			
Share capital	9	113,128,486	78,334,543
Contributed surplus		2,934,439	1,722,036
Reserves	10	11,059,771	2,077,628
Accumulated other comprehensive income		8,315,410	14,121,627
Retained earnings		49,938,693	52,736,437
		185,376,799	148,992,271
		\$ 249,869,478	\$ 190,219,314
Commitments	15		

Approved on behalf of the Board:

(Signed) Robert Gayton

Director

(Signed) Rui Feng

Director

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(Unaudited - Expressed in US Dollars except for share figures)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2008	2007	2008	2007
Sales		\$ 20,103,599	\$ 29,174,202	\$ 50,962,876	\$ 51,427,488
Cost of sales		7,668,158	4,488,495	15,606,914	8,766,684
Amortization and depletion		2,201,011	1,472,906	3,769,453	2,058,959
		9,869,169	5,961,401	19,376,367	10,825,643
Gross profit		10,234,430	23,212,801	31,586,509	40,601,845
Expenses					
Accretion of asset retirement obligations	7	42,031	14,752	60,564	29,908
Amortization		147,411	112,184	440,092	202,565
Foreign exchange loss (gain)		(3,149,952)	651,462	(3,029,536)	1,062,365
General exploration and property investigation expenses		1,150,280	319,738	1,629,531	550,477
Investor relations		259,170	74,923	353,873	132,590
Office, administration and miscellaneous	3&9(d)	2,298,706	1,449,844	5,247,173	2,828,450
Professional fees		883,901	105,602	1,173,519	200,945
		1,631,547	2,728,505	5,875,216	5,007,300
Earnings before other income and expenses		8,602,883	20,484,296	25,711,293	35,594,545
Other income and expenses					
Equity income (loss) in investment	4	(1,239,606)	16,423	(1,444,337)	(103,595)
Loss on disposal of property, plant and equipment	5	-	-	(9,504)	(48,130)
Interest income		243,153	618,017	1,020,102	1,088,929
Other income		87,279	1,153,638	115,825	3,067,244
		(909,174)	1,788,078	(317,914)	4,004,448
Income before income taxes and non-controlling interests		7,693,709	22,272,374	25,393,379	39,598,993
Income tax expense (recovery)					
Current		1,364,505	(36,559)	3,404,017	(1,503,550)
Future		(234,841)	121,356	(387,711)	136,857
		1,129,664	84,797	3,016,306	(1,366,693)
Income before non-controlling interests		6,564,045	22,187,577	22,377,073	40,965,686
Non-controlling interests	8	(1,705,954)	(5,417,568)	(5,917,541)	(9,668,654)
Net income		4,858,091	16,770,009	16,459,532	31,297,032
Retained earnings, beginning of period		53,251,958	14,217,226	52,736,437	1,767,831
Appropriation to reserves		-	-	(8,982,143)	(2,077,628)
Dividend declared		(2,990,467)	(6,891,020)	(2,990,467)	(6,891,020)
Value charged to retained earnings upon shares acquired under normal course issuer bid		(5,180,889)	-	(7,284,666)	-
Retained earnings, end of period		\$ 49,938,693	\$ 24,096,215	\$ 49,938,693	\$ 24,096,215
Basic earnings per share		\$ 0.03	\$ 0.11	\$ 0.11	\$ 0.21
Diluted earnings per share		\$ 0.03	\$ 0.11	\$ 0.11	\$ 0.21
Weighted Average Number of Shares Outstanding - Basic		152,954,124	147,173,085	151,796,726	146,809,083
Weighted Average Number of Shares Outstanding - Diluted		154,451,515	151,106,211	153,305,544	151,006,419

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited - expressed in US Dollars)

	Three months ended September 30,		Six months ended September 30,	
	2008	2007	2008	2007
Net income for the period	\$ 4,858,091	\$ 16,770,009	\$ 16,459,532	\$ 31,297,032
Other comprehensive income, net of taxes:				
Transition adjustment to opening balance upon adoption of new standards	-	1,326	-	10,000
Unrealized gain (loss) on available for sale securities	4,908	(62,853)	(63,814)	10,000
Unrealized exchange gain (loss) on translation of self-sustaining foreign operations	(1,277,179)	2,234,054	548,820	1,232,387
Unrealized exchange loss on translation of functional currency to reporting currency	(7,949,010)	(10,554,391)	(6,291,223)	(5,070,170)
Other comprehensive income (loss)	(9,221,281)	(8,381,864)	(5,806,217)	(3,817,783)
Comprehensive income (loss)	\$ (4,363,190)	\$ 8,388,145	\$ 10,653,315	\$ 27,479,249

SILVERCORP METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - expressed in US Dollars)

	Three months ended September 30,		Six months ended September 30,	
	2008	2007	2008	2007
Cash provided by (used for)				
Operating activities				
Net income for the year	\$ 4,858,091	\$ 16,770,009	\$ 16,459,532	\$ 31,297,032
Add (deduct) items not affecting cash :				
Accretion of asset retirement obligations	42,031	14,752	60,564	29,908
Amortization	2,348,422	1,585,090	4,209,545	2,261,524
Equity Investment loss	1,239,606	(16,423)	1,444,337	103,595
Future income tax	(234,841)	121,356	(387,711)	136,857
Loss on disposal of property, plant, and equipment	-	-	9,504	48,130
Inventory write-down	366,705	-	366,705	-
Mineral property option income	-	(1,138,830)	-	(3,051,903)
Non-controlling interests	1,705,954	5,417,568	5,917,541	9,668,654
Stock-based compensation	701,112	530,461	1,268,147	1,127,367
	11,027,080	23,283,983	29,348,164	41,621,164
Net change in non-cash working capital				
Accounts receivable and prepaids	5,668,845	(4,048,312)	12,736	(4,521,982)
Inventory	(393,836)	282,224	(2,419,040)	769,903
Accounts payable and accrued liabilities	(3,603,082)	2,148,783	1,520,832	3,402,881
Asset retirement obligation discharged upon payment	-	(268,724)	-	(364,139)
Income tax payable	(355,125)	(38,091)	(714,264)	(1,566,591)
Deposits received from customers	(627,464)	(818,546)	(868,963)	82,109
Cash provided by operating activities	11,716,418	20,541,317	26,879,465	39,423,345
Investing activities				
Acquisition of mineral rights and properties	(14,128,221)	(2,239,433)	(35,405,764)	(5,063,618)
Acquisition of property, plant, and equipment	(4,936,753)	(756,831)	(8,609,647)	(2,194,995)
Purchase of long term investments	-	(1,799,108)	-	(1,929,424)
Decrease (increase) of short term investments	19,790,629	(15,580,516)	24,854,113	(31,617,342)
Decrease (increase) in long term prepaids	(2,380,984)	(2,485,854)	575,841	(3,996,887)
Disposal of property, plant, and equipment	-	-	-	157,352
Distribution to non-controlling interest shareholder	(11,179,564)	-	(11,179,564)	(3,371,257)
Advances to joint venture parties	-	365,469	-	-
Cash used in investing activities	(12,834,893)	(22,496,273)	(29,765,021)	(48,016,171)
Financing activities				
Repayment from (advance to) related parties	1,160,962	(1,029,563)	1,268,898	(1,395,032)
Advance (repayment) under loans payable	-	2,229,419	-	2,229,419
Share subscriptions for cash, net of commission and expenses	-	293,705	21,091	1,201,914
Shares returned to treasury for cancellation	(4,397,000)	-	(9,052,149)	-
Cash provided by (used in) financing activities	(3,236,038)	1,493,561	(7,762,160)	2,036,301
Effect of exchange rate changes on cash and cash equivalents	(1,744,290)	1,113,305	48,519	4,125,038
Increase (decrease) in cash and cash equivalent	(6,098,803)	651,910	(10,599,197)	(2,431,487)
Cash and cash equivalents, beginning of period	42,592,496	50,247,071	47,092,890	53,330,468
Cash and cash equivalents, end of period	\$ 36,493,693	50,898,981	\$ 36,493,693	\$ 50,898,981
Supplemental information:				
Interest paid	\$ 29,968	\$ 16,520	\$ 29,968	\$ 16,520
Income tax paid	\$ 2,109,341	\$ -	\$ 4,148,853	\$ -
Non-cash investing activities:				
Common shares issued for mineral rights and properties	\$ -	\$ -	\$ 36,484,591	\$ -
Common shares of New Pacific Metals Corp. received as	\$ -	\$ 1,138,830	\$ -	\$ 3,051,903
Capitalized future income tax on acquisition of mineral rights and properties	\$ -	\$ -	\$ 19,220,433	\$ 792,180
Capitalized asset retirement obligation as per initial measurement	\$ -	\$ -	\$ 726,460	\$ 714,531
Construction in process transferred to mineral rights and properties	\$ -	\$ -	\$ -	\$ 1,313,791

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

	Share capital				Reserves	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total shareholders' equity
	Notes	Number of shares	Amount	Contributed surplus				
Balance, March 31, 2007		145,957,938	74,336,151	954,041	-	479,795	1,767,831	77,537,818
Transition adjustment to opening balance		-	-	-	-	8,674	-	8,674
Options exercised		3,448,896	2,225,239	-	-	-	-	2,225,239
Warrants exercised		9,750	68,463	-	-	-	-	68,463
Cancellation of fraction shares		(108)	-	-	-	-	-	-
Value of options transferred upon exercised		-	1,704,690	(1,704,690)	-	-	-	-
Stock based compensation		-	-	2,472,685	-	-	-	2,472,685
Unrealized gain on available for sale securities		-	-	-	-	(48,643)	-	(48,643)
Appropriation to reserves		-	-	-	2,077,628	-	(2,077,628)	-
Cash dividends declared and distributed		-	-	-	-	-	(6,891,020)	(6,891,020)
Earnings of the year		-	-	-	-	-	59,937,254	59,937,254
Unrealized loss on translation of self-sustaining operation		-	-	-	-	3,972,486	-	3,972,486
Unrealized loss on translation functional currency to reporting currency		-	-	-	-	9,709,315	-	9,709,315
Balance, March 31, 2008		149,416,476	\$ 78,334,543	\$ 1,722,036	\$ 2,077,628	\$ 14,121,627	\$ 52,736,437	\$ 148,992,271
Options exercised		4,482	21,091	-	-	-	-	21,091
Shares issued for property		4,532,543	36,484,591	-	-	-	-	36,484,591
Cancellation of shares under normal course issuer bid	9(b)	(2,136,500)	(1,725,284)	(42,199)	-	-	(7,284,666)	(9,052,149)
Value of options transferred upon exercised		-	13,545	(13,545)	-	-	-	-
Stock based compensation		-	-	1,268,147	-	-	-	1,268,147
Unrealized gain on available for sale securities		-	-	-	-	(63,814)	-	(63,814)
Appropriation to reserves		-	-	-	8,982,143	-	(8,982,143)	-
Cash dividends declared and distributed	9(e)	-	-	-	-	-	(2,990,467)	(2,990,467)
Earnings of the period		-	-	-	-	-	16,459,532	16,459,532
Unrealized loss on translation of self-sustaining operation		-	-	-	-	548,820	-	548,820
Unrealized loss on translation functional currency to reporting currency		-	-	-	-	(6,291,223)	-	(6,291,223)
Balance, September 30, 2008		151,817,001	\$ 113,128,486	\$ 2,934,439	\$ 11,059,771	\$ 8,315,410	\$ 49,938,693	\$ 185,376,799

SILVERCORP METALS INC.

Notes to the Consolidated Financial Statements

For three and six months periods ended September 30, 2008

(Unaudited - expressed in US dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Silvercorp Metals Inc. along with its subsidiary companies and joint ventures (collectively the “Company”) is engaged in the acquisition, exploration, development, and mining of precious and base metal mineral properties in the People’s Republic of China (“China”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and principles of consolidation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), and presented in US dollars, but they do not contain all disclosures required by GAAP for annual financial statements and, accordingly, they should be read in conjunction with the most recently prepared annual financial statements for the year ended March 31, 2008. They include the accounts of the Company and its significantly 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., Yangtze Mining Ltd., Yunnan Jin Chang Jiang Mining Co. Ltd. (“Yunnan JCI”), 82% owned subsidiary, Qinghai Found Mining Company Ltd. (“Qinghai Found”), 70% (March 31, 2007 - 60%) owned subsidiary, Henan Huawei Mining Co. Ltd. (“Henan Huawei”), 77.5% owned subsidiary, Henan Found Mining Co. Ltd. (“Henan Found”), and 95% owned subsidiary, Anhui Yangtze Mining Co. Ltd.

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, 2008 and the consolidated statements of operations and cash flows for the three and six months periods presented. Operating results of the interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2009.

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

(b) Adoption of New Accounting Standards

On April 1, 2008, the Company adopted the recommendations included in the following Sections of the Canadian Institute of Chartered Accountants Handbook: Section 3862, Financial Instruments - Disclosure” and Section 3863, “Financial Instruments – Presentation”, Section 3031, “Inventories”, and Section 1535, “Capital Disclosures”. These new standards have no material impact on the classification and measurement in the Company’s interim consolidated financial statements.

(i) Financial Instrument Standards

Section 3862, “Financial Instruments - Disclosure” and Section 3863 “Financial Instruments - Presentation”, replace Section 3861 “Financial Instruments - Disclosure and Presentation”. Section 3862 Financial Instruments - Disclosure, describes the required disclosures related to the significance of the financial instruments on the Company’s financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 Financial Instruments -

SILVERCORP METALS INC.

Notes to the Consolidated Financial Statements

For three and six months periods ended September 30, 2008

(Unaudited - expressed in US dollars, unless otherwise stated)

Presentation, describes the standards for presentation of financial instruments and non-financial derivatives and carries forward the presentation requirements of Section 3861 Financial Instruments - Disclosure and Presentation. Additional disclosure has been provided in note 13 to the Company's unaudited interim consolidated financial statements.

(ii) Inventories

Section 3031, "Inventories", which replaces Section 3030 "Inventories", requires inventories to be measured at the "lower of cost and net realizable value", which is different from the existing guidance of the "lower of cost and market". It also provides guidance on the determination of cost and requires the reversal of any write-downs previously recognized when the net realizable value increases subsequently. Certain minimum disclosures are required, including the accounting policies used, carrying amounts, amount recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The adoption of these new standards did not have any impact on the Company's unaudited interim consolidated financial statements. Additional disclosure has been provided in note 3 to the Company's unaudited interim consolidated financial statements.

(iii) Capital Disclosures

Section 1535, "Capital Disclosure", establishes standards for disclosing information about an entity's capital and how it is managed. These standards require a company to disclose their objectives, policies, and processes for managing capital along with summary quantitative data about what it manages as capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements and when a company has not complied with capital requirements, the consequences of such non-compliance.

(c) New Canadian Accounting Pronouncements

(i) Convergence with IFRS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter ending June 30, 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue invest in training and additional resources to ensure a timely conversion.

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement,

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. The new Section will be applicable to the Company's consolidated financial statements for its fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

3. INVENTORIES

Inventories consist of the following:

	September 30, 2008	March 31, 2008
Direct smelting ore and stockpile ore	\$ 1,215,530	\$ 951,635
Concentrate inventory	2,056,757	467,776
Total stockpile	3,272,287	1,419,411
Material and supplies	1,823,561	969,764
	\$ 5,095,848	\$ 2,389,175

Material and supplies are valued at the lower of cost, determined on a weighted average cost basis, and net realizable value. Direct smelting ores and stockpiled ores are valued at the lower of mining cost and net realizable value. Mining cost includes the cost of raw material, mining contractor cost, direct labor costs, and applicable production overheads, based on normal operation capacity. Concentrate inventories are valued at the lower of cost and net realizable value. The cost of concentrate inventories includes the mining cost for stockpiled ores milled, freight charges to ship stockpile ores to mill sites from mine sites, and milling cost. Milling cost includes cost of raw material, direct labor costs, and applicable production overheads cost, based on normal operation capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

For the three and six months ended September 30, 2008, a total of \$366,705 (three and six months ended September 30, 2007 - \$nil) was charged to consolidated statements of operations and included in office, administration and miscellaneous expenses for the inventory write-down relating to zinc concentrate.

SILVERCORP METALS INC.
Notes to the Consolidated Financial Statements
For three and six months periods ended September 30, 2008
(Unaudited - expressed in US dollars, unless otherwise stated)

4. LONG TERM INVESTMENTS

As at	September 30, 2008	March 31, 2008
Dajin Resources Corp.		
1,000,000 (March 31, 2008 - 1,000,000) common shares	\$ 132,088	\$ 204,300
New Pacific Metals Inc.	9,514,482	11,251,648
Luoyang Yongning Smelting Co. Ltd.	6,572,319	6,417,939
	\$ 16,218,889	\$ 17,873,887

New Pacific Metals Inc. ("NUX")

As at September 30, 2008, the Company owns 7,400,000 common shares of NUX, representing an ownership of 23.4% (March 31, 2008 - 23.6%). The following is the summary of the investment in NUX and its market value:

	Number of shares	Amount	Market value of NWX's common shares
Balance, March 31, 2007	4,987,501	\$ 6,279,806	\$ 14,924,866
Shares released from escrow	2,412,499	4,388,267	4,388,267
Equity in loss of investee company	-	(250,113)	-
Foreign translation impact	-	833,688	-
Balance, March 31, 2008	7,400,000	\$ 11,251,648	\$ 14,758,245
Equity in loss of investee company	-	(1,444,337)	-
Foreign translation impact	-	(292,829)	-
Balance, September 30, 2008	7,400,000	\$ 9,514,482	\$ 6,632,701

SILVERCORP METALS INC.
Notes to the Consolidated Financial Statements
For three and six months periods ended September 30, 2008
(Unaudited - expressed in US dollars, unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	September 30, 2008			March 31, 2008		
	Cost	Accumulated		Cost	Accumulated	
		Depreciation	Net Book Value		Depreciation	Net Book Value
Building	\$ 11,499,967	\$ 599,601	\$ 10,900,366	\$ 8,236,801	\$ 263,521	\$ 7,973,280
Computer equipment	703,698	233,767	469,931	570,784	179,022	391,762
Computer software	213,071	50,561	162,510	191,211	37,371	153,840
Equipment and furniture	1,792,163	310,605	1,481,558	976,584	141,772	834,812
Machinery	3,753,909	359,940	3,393,969	2,650,059	200,017	2,450,042
Mining equipment	467,559	186,143	281,416	482,115	156,994	325,121
Motor vehicle	1,754,976	489,577	1,265,399	1,268,900	301,735	967,165
Land use right	508,313	2,542	505,771	496,373	-	496,373
Leasehold improvement	99,083	31,792	67,291	113,674	29,270	84,404
Construction in process	3,919,726	-	3,919,726	672,773	-	672,773
	\$ 24,712,465	\$ 2,264,528	\$ 22,447,937	\$ 15,659,274	\$ 1,309,702	\$ 14,349,572

During the three and six months ended September 30, 2008, the Company disposed of leasehold improvement with net book value of \$9,504 (September 30, 2007 - motor vehicles of \$205,482) and a loss of \$9,504 (September 30, 2007 - \$48,130) was recorded.

6. MINERAL RIGHTS AND PROPERTIES

Mineral rights and properties are comprised of the following:

As at	September 30, 2008			March 31, 2008		
	Cost	Accumulated		Cost	Accumulated	
		Amortization	Net Book Value		Amortization	Net Book Value
Ying, Henan Province, China	\$ 25,775,831	\$ (4,554,157)	\$ 21,221,674	\$ 20,958,911	\$ (2,656,161)	\$ 18,302,750
HPG, Henan Province, China	12,976,839	(2,441,338)	10,535,501	11,247,479	(1,515,086)	9,732,393
TLP, Henan Province, China	24,537,288	(287,074)	24,250,214	20,015,357	-	20,015,357
LM, Henan Province, China	11,046,057	(943,390)	10,102,667	9,748,658	-	9,748,658
NZ, Henan Province, China	2,092,299	-	2,092,299	2,046,934	-	2,046,934
Nabao, Qinghai Province, China	2,317,243	-	2,317,243	1,058,183	-	1,058,183
GC & SMT, Guangdong Province, China	77,129,856	-	77,129,856	-	-	-
Total	\$ 155,875,413	\$ (8,225,959)	\$ 147,649,454	\$ 65,075,522	\$ (4,171,247)	\$ 60,904,275

Pursuant to a share purchase agreement dated April 24, 2008, on June 6, 2008, the Company acquired 95% interest in Gaocheng and Shimentou silver, lead and zinc exploration permits ("GC & SMT projects") as well as certain assets associated with these two projects, for \$60.8 million (CAD\$61.95 million) through the acquisition of 100% interest of Yangtze Mining Ltd. ("Yangtze Mining") from Yangtze Gold Ltd. ("Yangtze Gold"). Both Yangtze Mining and Yangtze Gold are private companies and are related parties of the Company through common directorship.

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

Prior to the acquisition, Yangtze Mining held 95% of the equity interest in Anhui Yangtze Mining Co. Ltd. ("Anhui Yangtze"), which owns 100% of GC & SMT projects located in Guangdong Province, China.

As of September 30, 2008, the Company fulfilled its obligations to acquire the GC & SMT projects by making cash payments of \$24.2 million and issuance of 4,532,543 common shares of the Company at a deemed price of CAD\$8.20 per share, which represented the 60% of the purchase price, or \$36.5 million, as agreed by both parties.

Upon the acquisition of GC & SMT projects, a total of \$19.2 million in future income tax liabilities were recognized and included in Mineral Rights and Properties by applying a 25% tax rate to the excess of book value over tax basis of the mineral interest acquired.

Other than GC & SMT projects and associated assets, certain other net assets ("Remaining Assets") were still remained in Anhui Yangtze, including Tong Shan Pai Copper Mine ("TSP Mine"). An Indemnification Agreement dated June 6, 2008 was executed between the Company and Yangtze Gold to the effect that Yangtze Gold would use its best efforts to transfer the TSP Mine. Also, effective June 6, 2008, Yangtze Gold and Anhui Yangtze entered into a declaration of trust wherein Anhui Yangtze (the "Trustee") holds in trust all of the Remaining Assets for the benefit of Yangtze Gold. Based on the Indemnification Agreement and the Declaration of Trust, the Company is indemnified against any obligations that would arise subsequent to June 6, 2008, relating to the Remaining Assets.

7. ASSET RETIREMENT OBLIGATIONS

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	-	1,127,591	1,127,591
Obligations discharged upon payments to local government	-	(226,321)	(226,321)
Accretion of asset retirement obligations	-	61,132	61,132
Reclassification of current portion of the obligations	292,406	(292,406)	-
Balance, March 31, 2007	\$ 292,406	\$ 669,996	\$ 962,402
Obligations incurred during the year	252,725	440,699	693,424
Obligations discharged upon payments during the year	(515,980)	-	(515,980)
Obligations reduction as per revision of ARO of Ying Property	-	(94,009)	(94,009)
Accretion of asset retirement obligations	10,517	51,171	61,688
Reclassification of current portion of ARO to long term	(75,226)	75,226	-
Foreign translation impacts	35,558	82,746	118,304
Balance, March 31, 2008	\$ -	\$ 1,225,829	\$ 1,225,829
Obligation incurred during the period	-	726,460	726,460
Accretion of asset retirement obligations	-	60,564	60,564
Foreign translation impacts	-	88,284	88,284
Balance, September 30, 2008	\$ -	\$ 2,101,137	\$ 2,101,137

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

Although the ultimate reclamation costs to be incurred for the existing mines are uncertain, the Company has estimated the undiscounted future values of these costs to be \$3.11 million as at September 30, 2008 (March 31, 2008 - \$1.74 million).

The aggregate accrued obligation as at September 30, 2008, representing the fair value of the future reclamation costs, was \$2,101,137 (March 31, 2008 - \$1,225,829). The fair value was estimated using a credit risk free discount rate of six percent.

8. NON CONTROLLING INTERESTS

The continuity of non controlling interests is summarized as follows:

	Henan Found	Huawei	Yangtze	Total
Balance, March 31, 2006	\$ 600,323.00	\$ -	\$ -	\$ 600,323.00
Minority shareholders' contribution	-	103,461	-	103,461
Income (loss) sharing for the year	6,290,489	(53,681)	-	6,236,808
Foreign currency translation impact on opening balance	7,394	-	-	7,394
Balance, March 31, 2007	6,898,206	49,780	-	6,947,986
Non-controlling interest reduction upon share transferred	-	(186,140)	-	(186,140)
Income sharing for the year	16,610,101	2,667,449	-	19,277,550
Non-controlling interest reduction upon distribution	(3,501,214)	-	-	(3,501,214)
Non-controlling interest reduction upon dividend declared	(12,117,910)	-	-	(12,117,910)
Foreign currency translation impact	838,872	6,053	-	844,925
Balance, March 31, 2008	8,728,055	2,537,142	-	11,265,197
Non-controlling interest addition upon acquisition	-	-	171,751	171,751
Income (loss) sharing for the period	5,342,939	578,128	(3,526)	5,917,541
Foreign currency translation impact	640,982	133,000	(26)	773,956
Balance, September 30, 2008	\$ 14,711,976	\$ 3,248,270	\$ 168,199	\$ 18,128,445

9. SHARE CAPITAL*(a) Authorized*

Unlimited number of common shares without par value.

(b) Normal Course Issuer Bid

On March 20, 2008, the Company announced a Normal Course Issuer Bid to acquire up to 2,988,029 of its common shares. The Normal Course Issuer Bid was approved by TSX Exchange, commencing on March 28, 2008 and continues until no later than March 27, 2009. During the six months ended September 30, 2008, a total of 2,136,500 shares were acquired at a total cost of \$9.1 million, of which \$1.7 million was charged to share capital, \$0.04 million was charged to contributed surplus, and the remaining \$7.3 million was charged to retained earnings on the consolidated financial statements.

Subsequent to September 30, 2008, a total of 230,000 shares were acquired and held for cancellation at a total cost of \$536,948. On October 20, 2008, the Company increased the

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maximum number of shares that may be acquired under the Normal Course Issuer Bid from 2,988,029 to 10,601,212 shares.

(c) Share Purchase Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at March 31, 2008	Number of warrants Issued during the period	Number of warrants exercised during the period	Number of warrants outstanding as at September 30, 2008	Exercise price per warrants in CAD\$	Expiry Date
3,742,119	-	-	3,742,119	\$ 8.00	October 26, 2008

Subsequent to September 30, 2008, the 3,742,119 warrants expired unexercised.

(d) Stock Options

The following is a summary of option transactions:

	Number of shares	Weighted average exercise price per share CAD
Balance, March 31, 2006	7,909,875	\$ 0.36
Options granted	1,300,500	4.44
Option exercised	(2,961,717)	0.30
Options forfeited	(78,750)	4.35
Balance, March 31, 2007	6,169,908	\$ 1.19
Options granted	1,081,200	7.11
Option exercised	(3,448,896)	0.73
Options forfeited	(567,527)	2.60
Balance, March 31, 2008	3,234,685	\$ 3.42
Option granted	585,000	6.12
Option exercised	(4,482)	4.81
Option expired	(31,875)	0.75
Option forfeited	(14,517)	6.70
Balance, September 30, 2008	3,768,811	\$ 3.85

During the six months ended September 30, 2008, a total of 585,000 options were granted to directors, officers, employees, and consultants at an exercise price of CAD\$6.12 per share subject to various vesting schedules. The 10,000 options granted to a consultant at an exercise price of CAD\$5.99 per share with a life of two years is 100% vesting on January 2, 2010, and the remaining 575,000 options with a life of five years are subject to a vesting schedule over a three year term with 8.333% options vested every three months.

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

Subsequent to September 30, 2008, a total of 160,000 options were granted to a director, an officer, and employees at an exercise price of CAD\$3.05 per share with a life of five years, subject to a vesting schedule over a three year term with 8.333% options vested every three months.

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

	Six months ended September 30,	
	2008	2007
Risk free interest rate	2.25% to 2.90%	3.94% to 4.55%
Expected life of options in years	2 to 5 years	1 to 3 years
Expected volatility	61% to 90%	70% to 94%
Expected dividend yield	1%	0%

The weighted average grant date fair value of options granted during the period was CAD\$3.85 (six months ended September 30, 2007 - CAD\$6.38). For the six months ended September 30, 2008, a total of \$1,268,147 (six months ended September 30, 2007 - \$1,127,367) stock-based compensation expenses was recorded as office, administration and miscellaneous expenses on the consolidated statements of income.

For the three months ended September 30, 2008, a total of \$701,112 (three months ended September 30, 2007 - \$530,461) stock-based compensation expense was recorded as office, administration and miscellaneous expense on the consolidated statement of income.

The following table summarizes information about stock options outstanding at September 30, 2008:

Exercise price in CAD\$	Number of options outstanding at September 30, 2008	Weighted average remaining contractual life	Weighted average exercise price in CAD\$	Number of options exercisable at September 30, 2008	Weighted average exercise price in CAD\$
\$ 0.18	990,000	1.07	\$ 0.18	990,000	\$ 0.18
0.63	450,000	1.41	0.63	450,000	0.63
4.32	432,399	2.81	4.32	300,673	4.32
4.43	207,000	2.91	4.43	184,493	4.43
4.47	54,708	2.87	4.47	12,017	4.47
6.74	777,204	3.53	6.74	259,233	6.74
6.95	135,000	4.01	6.95	50,000	6.92
9.05	137,500	4.30	9.05	22,916	9.06
7.54	50,000	4.62	7.54	4,167	7.54
5.99	10,000	1.75	5.99	–	5.99
5.99	525,000	4.75	5.99	–	5.99
\$ 0.18-9.05	3,768,811	2.73	\$ 3.85	2,273,498	\$ 2.18

(e) Cash Dividends Declared and Distributed

During the three month period ended September 30, 2008, a cash dividend of \$2,990,467 (CAD\$3,036,340) (September 30, 2007 - \$6,891,020 or CAD\$7,383,039) or \$0.02 per share (CAD\$0.02 per share) (September 30, 2007 - \$0.05 or CAD\$0.05) was declared.

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

Subsequent to September 30, 2008, the dividend of \$2,990,467 (CAD\$3,036,340) was distributed to shareholders of the Company.

(f) 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.

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

10. RESERVES

During the six months ended September 30, 2008, the Board of Directors of Henan Found appropriated reserves of \$8,982,143 (six months ended September 30, 2007 - \$2,077,628) from its retained earnings for the calendar year ended December 31, 2007. Of the reserves, a total of \$1,795,494 (six months ended September 30, 2007 - \$415,526) was appropriated as Enterprise Reserve Fund and \$7,186,649 (six months ended September 30, 2007 - \$1,662,102) as Enterprise Expansion Fund. Henan Found also contributed a total of \$71,866 (six months September 30, 2007 - \$16,621) to the Employee Welfare Fund. The contribution to Employee Welfare Fund was recorded as accrued liabilities on the consolidated balance sheets and expensed on the consolidated statement of operations.

11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the financial statement are as the follows:

Amount due to (from) related parties	September 30, 2008		March 31, 2008	
New Pacific Metals Corp. (a)	\$	1,728,409	\$	(18,051)
Henan Non-ferrous Geology Bureau (b)		1,971,696		12,117,910
Qinghai Non-ferrous Geology Bureau (c)		-		(17,113)
Quanfa Exploration Consulting Services Ltd. (d)		124,488		(12,014)
Gao Consulting Ltd.(e)		16,841		-
R. Feng Consulting Ltd. (f)		31,135		-
Directors (g)		24,767		-
	\$	3,897,336	\$	12,070,732

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

Transactions with related parties	Three month ended September 30,		Six month ended September 30,	
	2008	2007	2008	2007
New Pacific Metals Corp. (a)	\$ 497,299	\$ 221,273	\$ 872,680	\$ 481,352
Henan Non-ferrous Geology Bureau (b)	10,146,214	-	10,146,214	-
Qinghai Non-ferrous Geology Bureau (c)	-	-	17,113	-
Quanfa Exploration Consulting Services Ltd. (d)	270,198	65,662	270,198	65,662
Gao Consulting Ltd.(e)	52,218	41,513	114,093	80,258
R. Feng Consulting Ltd. (f)	96,538	44,337	183,159	81,902
Directors (g)	24,767	35,760	39,617	51,050
	\$ 11,087,234	\$ 408,545	\$ 11,643,074	\$ 760,224

- (a) New Pacific Metals Corp. is a publicly traded company with a director and officers in common with the Company. Upon the services and cost reallocation agreement being formalized by the Company and NUX, the Company will recover costs for services rendered to NUX and expenses incurred on behalf of NUX. During the three and six months ended September 30, 2008, the Company recovered \$54,359 (three months ended September 30, 2007 - \$39,740) and \$120,752 (six months ended September 30, 2007 - \$207,791), respectively, from NUX for services rendered and expenses incurred on behalf of NUX. The costs recovered from NUX were recorded as direct reduction of office, administration and miscellaneous expenses on the consolidated statements of operations.

On December 8, 2006, NUX entered into a Declaration of Trust Agreement (the "Trust Agreement") with Yunnan JCJ, an indirectly wholly owned subsidiary of the Company, to hold in trust for NUX, two exploration permits ("Huaji Project") located in Guangdong Province, China. NUX is to advance cash to Yunnan JCJ to fund the exploration programs at Huaji Project. During the three and six months ended September 30, 2008, Yunnan JCJ incurred exploration expenditures of \$442,940 (three months ended September 30, 2007 - \$181,533) and \$751,928 (six months ended September 30, 2007 - \$273,561), respectively, for the sole benefit of NUX.

As of September 30, 2008, a total of \$1,795,697 (March 31, 2008 - \$683,995) of cash held in trust by the Company for the sole benefit of NUX is repayable upon demand, pursuant to a trust agreement dated October 16, 2007.

- (b) Henan Non-ferrous Geology Bureau ("Henan Geology Bureau") is a 22.5% equity interest holder of Henan Found. During the year ended March 31, 2008, Henan Found's Board of Directors declared a dividend of \$53,857,378 (RMB¥400 million), of which \$12,117,910 (RMB¥90 million) was payable to Henan Geology Bureau. During the three and six months ended September 30, 2008, a total of \$10,146,214 was paid to Henan Geology Bureau and the rest balance of \$1,971,696 was included in amounts due to related parties.
- (c) Qinghai Non-ferrous Geology Bureau is an 18% equity interest holder of Qinghai Found. During the three and six months ended September 30, 2008, Qinghai Non-ferrous Geology Bureau repaid \$17,113 previously owed to the Company.

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Notes to the Consolidated Financial Statements

For three and six months periods ended September 30, 2008

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- (d) Quanfa Exploration Consulting Services Ltd. (“Quanfa”) is a private company with majority shareholders and management from the senior management of Henan Found and Henan Huawei. NZ project is held by Quanfa and the title transfer of NZ project from Quanfa to Henan Found is in process. Prior to the completion of title transfer, Henan Found is required to pay certain consulting fees to Quanfa. During the three and six months ended September 30, 2008, the Company paid \$65,726 (three and six months ended September 30, 2007 - \$65,662) to Quanfa for its consulting services provided.

During the three and six months ended September 30, 2008, the Company also purchased a mining right from Quanfa for \$204,472 (three and six months ended September 30, 2007 - \$nil).

- (e) During the three and six months ended September 30, 2008, the Company paid \$52,218 and \$114,093, respectively, (three months ended September 30, 2007 - \$41,513; six months ended September 30, 2007 - \$80,258), respectively, to Gao Consulting Ltd., a private company controlled by a director of the Company for consulting services.
- (f) During the three and six months ended September 30, 2008, the Company paid \$96,538 and \$183,159 (three months ended September 30, 2007 - \$44,337; six months ended September 30, 2007 - \$81,902), respectively, to R. Feng Consulting Ltd., a private company controlled by a director of the Company for consulting services.
- (g) During the three and six months ended September 30, 2008, the Company incurred director fees of \$24,767 and \$39,617 (three months ended September 30, 2007 - \$35,760; six months ended September 30, 2007 - \$51,050), respectively, payable to four independent directors of the Company.

The transactions with related parties during the period 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.

12. CAPITAL DISCLOSURE

The Company’s objectives of capital management are intended to safeguard the entity’s ability to support the Company’s normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of the items included in shareholders’ equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company’s overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2008.

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)****13. FINANCIAL INSTRUMENTS**

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, and credit risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(a) Fair value

The fair values of financial instruments at September 30, 2008 and March 31, 2008 is summarized as follows:

	September 30, 2008		March 31, 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial Assets				
<i>Held for trading</i>				
Cash and cash equivalents	36,493,693	36,493,693	47,092,890	47,092,890
Short term investment	12,081,456	12,081,456	37,145,656	37,145,656
<i>Loans and receivable</i>				
Accounts receivables	1,876,420	1,876,420	3,393,487	3,393,487
<i>Available for sale</i>				
Long term investment				
- Investment in Dajin Resources Corp.	132,088	132,088	204,300	204,300
Financial Liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	10,473,856	10,473,856	7,026,628	7,026,628
Deposits received from customers	1,697,645	1,697,645	2,573,202	2,573,202
Dividend payable	2,864,742	2,864,742	-	-
Amount due to related parties	3,897,336	3,897,336	12,070,732	12,070,732

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments classified as current approximates their fair value because of the short maturities and normal trade term of these instruments. The fair value of the long term investment was based on the quoted market prices.

(b) Liquidity risk

The Company has in place a planning process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansion plans. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents and short term investments.

SILVERCORP METALS INC.**Notes to the Consolidated Financial Statements****For three and six months periods ended September 30, 2008****(Unaudited - expressed in US dollars, unless otherwise stated)**

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarized the remaining contractual maturities of the Company's financial liabilities.

	September 30, 2008			March 31, 2008
	Within a year	1 to 3 year	Total	
Accounts payable and accrued liabilities	\$ 10,473,856	\$ -	\$ 10,473,856	\$ 7,026,628
Deposits received from customers	1,697,645	-	1,697,645	2,573,202
Dividend payable	2,864,742	-	2,864,742	-
Amount due to related parties	3,897,336	-	3,897,336	12,070,732
	\$ 18,933,579	\$ -	\$ 18,933,579	\$ 21,670,562

(c) Exchange risk

The Company undertakes transactions in various foreign currencies, and reports its results of its operations in US Dollars while the Canadian dollar is considered its functional currency, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency and the translation of functional currency to reporting currency.

The Company conducts its mining operations in China and thereby the majority of the Company's assets, liabilities, revenues and expenses are denominated in RMB, which was tied to the U.S. Dollar until July 2005 and is now tied to a basket of currencies of China's largest trading partners. The RMB is not a freely convertible currency.

The Company currently does not engage in foreign currency hedging, and the exposure of the Company's financial assets and financial liabilities to foreign exchange risk is summarized as follows:

The amounts are expressed in USD equivalents	September 30, 2008		March 31, 2008
Canadian dollars	\$	20,731,164	\$ 39,184,560
United States dollars		16,564,577	1,018,552
Chinese renminbi		13,286,210	47,631,299
Hongkong dollars		1,706	1,922
Total financial assets	\$	50,583,657	\$ 87,836,333
Canadian dollars	\$	4,990,114	\$ 286,484
United states dollars		3,541	182,606
Chinese renminbi		13,939,924	21,201,472
Total financial liabilities	\$	18,933,579	\$ 21,670,562

SILVERCORP METALS INC.

Notes to the Consolidated Financial Statements

For three and six months periods ended September 30, 2008

(Unaudited - expressed in US dollars, unless otherwise stated)

For the period ended September 30, 2008, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the Canadian dollar would have decreased (increased) net income by approximately \$200,000 and increased (decreased) other comprehensive income (loss) \$800,000.

For the period ended September 30, 2008, with other variable unchanged, a 1% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) other comprehensive income (loss) \$2 million.

(d) Interest rate risk

The Company has no interest-bearing debt and so is not exposed to interest rate risk. None of the cash equivalents or short-term investments was in asset backed financial instruments. The Company has deposits of cash equivalents that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote.

(e) Credit risk

The Company is exposed to credit risk primarily associated to accounts receivable from customers, cash and cash equivalents and short-term investments. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

The Company undertakes credit evaluations on customers as necessary and has monitoring processes intended to mitigate credit risks. The Company has accounts receivable from clients primarily in China engaged in the mining and milling of base and polymetallic metals industry. The historical level of customer defaults is zero and aging of accounts receivable are less than 30 days, and, as a result, the credit risk associated with accounts receivable at September 30, 2008 is not considered to be high.

SILVERCORP METALS INC.
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14. 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

(i) The following is the summary of balance sheet items of each geographic segment:

September 30, 2008									
Balance sheet items:	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Mineral rights and properties	\$ -	\$ 23,313,975	\$ 10,535,500	\$ 24,250,213	\$ 10,102,667	\$ 77,129,856	\$ -	\$ -	\$ 147,649,454
Property, plant and equipment	374,714	16,962,779	1,082,461	1,014,726	324,661	77,321	2,173,550	-	22,447,937
Long term investments	9,646,571	6,572,318	-	-	-	-	-	-	16,218,889

March 31, 2008									
Balance sheet items:	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Mineral rights and properties	\$ -	\$ 18,302,750	\$ 9,732,393	\$ 20,015,357	\$ 9,748,658	\$ -	\$ 3,105,117	\$ -	\$ 60,904,275
Property, plant and equipment	438,723	12,329,390	955,816	-	-	-	625,643	-	14,349,572
Long term investments	11,455,948	6,417,939	-	-	-	-	-	-	17,873,887

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(ii) The following is the operation summary of each geographic segment:

For the	Six months ended September 30, 2008								
	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Sales	\$ -	39,980,425	4,994,957	\$ 3,466,063	\$ 2,521,431	\$ -	\$ -	\$ -	\$ 50,962,876
Cost of sales	-	(10,285,864)	(1,708,923)	(2,245,189)	(1,366,938)	-	-	-	(15,606,914)
Amortization and depletion	-	(1,688,406)	(829,026)	(637,592)	(614,429)	-	-	-	(3,769,453)
Gross Profit	-	28,006,154	2,457,009	583,282	540,064	-	-	-	31,586,509
Expenses	(4,944,468)	(1,555,665)	(964,797)	(444,229)	(295,724)	(950,241)	(216,027)	3,495,935	(5,875,216)
Interest, option & other income	347,623	668,199	3,578	-	-	1,033	45,081	70,413	1,135,927
Loss and other expenses	(1,444,337)	-	-	-	-	-	(9,504)	-	(1,453,841)
Non controlling interest	-	(5,280,779)	(563,319)	(62,160)	(14,809)	3,526	-	-	(5,917,541)
Income tax recovery (expenses)	-	(3,243,067)	(45,909)	137,212	135,458	-	-	-	(3,016,306)
Net income (loss)	\$ (6,041,182)	\$ 18,594,842	\$ 886,562	\$ 214,105	\$ 364,989	\$ (945,682)	\$ (180,450)	\$ 3,566,348	\$ 16,459,532
For the	Six months ended September 30, 2007								
	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Sales	\$ -	\$ 46,794,306	\$ 4,633,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,427,488
Cost of sales	-	(7,787,748)	(978,936)	-	-	-	-	-	(8,766,684)
Amortization and depletion	-	(831,418)	(1,227,541)	-	-	-	-	-	(2,058,959)
Gross Profit	-	38,175,140	2,426,705	-	-	-	-	-	40,601,845
Expenses	(2,891,193)	(1,095,132)	(150,366)	-	-	-	(478,022)	(392,587)	(5,007,300)
Interest, option & other income	3,846,456	275,435	4,005	-	-	-	18,151	12,126	4,156,173
Loss and other expenses	(103,595)	(48,130)	-	-	-	-	-	-	(151,725)
Non controlling interest	-	(8,744,797)	(923,857)	-	-	-	-	-	(9,668,654)
Income tax Recovery (expenses)	-	1,366,693	-	-	-	-	-	-	1,366,693
Net income (loss)	\$ 851,668	\$ 29,929,209	\$ 1,356,487	\$ -	\$ -	\$ -	\$ (459,871)	\$ (380,461)	\$ 31,297,032

SILVERCORP METALS INC.
Notes to the Consolidated Financial Statements
For three and six months periods ended September 30, 2008
(Unaudited - expressed in US dollars, unless otherwise stated)

For the	Three months ended September 30, 2008								
	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Sales	\$ -	\$ 15,286,381	\$ 1,794,689	\$ 1,700,178	\$ 1,322,351	\$ -	\$ -	\$ -	\$ 20,103,599
Cost of sales	-	(4,597,968)	(647,561)	(1,834,887)	(587,742)	-	-	-	(7,668,158)
Amortization and depletion	-	(1,058,061)	(258,644)	(492,493)	(391,813)	-	-	-	(2,201,011)
Gross Profit	-	9,630,351	888,485	(627,202)	342,796	-	-	-	10,234,430
Expenses	(2,755,199)	(524,140)	(567,663)	(156,162)	(118,194)	(778,602)	(227,522)	3,495,935	(1,631,547)
Interest, option & other income	129,626	85,047	1,430	-	-	1,033	42,883	70,413	330,432
Loss and other expenses	(1,239,606)	-	-	-	-	-	-	-	(1,239,606)
Non controlling interest	-	(1,724,344)	(142,255)	159,518	(2,399)	3,526	-	-	(1,705,954)
Income tax recovery (expenses)	-	(1,324,704)	(275,906)	274,395	196,551	-	-	-	(1,129,664)
Net income (loss)	\$ (3,865,179)	\$ 6,142,210	\$ (95,909)	\$ (349,451)	\$ 418,754	\$ (774,043)	\$ (184,639)	\$ 3,566,348	\$ 4,858,091

For the	Three months ended September 30, 2007								
	Canada	China						BVI	Total
		Ying	HPG	TLP	LM	GC & SMT	Other		
Sales	\$ -	\$ 26,078,276	\$ 3,095,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,174,202
Cost of sales	-	(3,905,430)	(583,065)	-	-	-	-	-	(4,488,495)
Amortization and depletion	-	(429,558)	(1,043,348)	-	-	-	-	-	(1,472,906)
Gross Profit	-	21,743,288	1,469,513	-	-	-	-	-	23,212,801
Expenses	(1,710,258)	(551,759)	(8,276)	-	-	-	(328,733)	(129,480)	(2,728,505)
Interest and option income	1,642,439	146,436	2,817	-	-	-	(32,163)	12,126	1,771,655
Other income	16,423	-	-	-	-	-	-	-	16,423
Non controlling interest	-	(4,739,674)	(677,894)	-	-	-	-	-	(5,417,568)
Income tax Recovery (expenses)	-	(84,797)	-	-	-	-	-	-	(84,797)
Net income (loss)	\$ (51,396)	\$ 16,513,494	\$ 786,160	\$ -	\$ -	\$ -	\$ (360,896)	\$ (117,354)	\$ 16,770,009

(c) Sales by metal

The sales generated for the three and six months ended September 30, 2008 comprised of:

	Three months ended September 30,		Six months ended September 30,	
	2008	2007	2008	2007
Silver (Ag)	\$ 10,183,599	\$ 10,279,805	\$ 25,590,323	\$ 19,727,847
Gold (Au)	278,348	250,332	625,453	396,345
Lead (Pb)	8,682,235	13,674,794	21,507,463	21,997,786
Zinc (Zn)	959,417	4,969,271	3,239,637	9,305,510
	\$ 20,103,599	\$ 29,174,202	\$ 50,962,876	\$ 51,427,488

(d) Major customers

For the six months ended September 30, 2008, four (six months ended September 30, 2007 - two) major customers accounted for 10% to 33% (six months ended September 30, 2007 - 12% to 14%) and collectively 78% (six months ended September 30, 2007 - 26%) of the total sales of the Company.

For the three months ended September 30, 2008, four (three months ended September 30, 2007 - two) major customers accounted for 9% to 25% (three months ended September 30, 2007 - 18% to 21%) and collectively 71% (three months ended September 30, 2007 - 39%) of the total sales of the Company.

SILVERCORP METALS INC.

Notes to the Consolidated Financial Statements

For three and six months periods ended September 30, 2008

(Unaudited - expressed in US dollars, unless otherwise stated)

15. COMMITMENTS

The Company's commitments include:

(a) During the 2007 fiscal year, Henan Found entered into a joint venture agreement, for a 30% participation interest, in Luoyang Yongning Smelting Co. Ltd. ("Yongning"), to custom build a 150,000-tonne per year lead-silver-gold smelter in Luoning County, Luoyang City, Henan Province, China. On September 21, 2007, Yongning obtained approval from Chinese governmental authorities and the business license was issued.

During the 2008 fiscal year, Henan Found fulfilled its registered capital requirement through a contribution of approximately \$6.6 million (RMB¥45 million) to Yongning. As of March 31, 2008, the registered capital requirement of \$21.4 million (RMB¥150 million) has been fully contributed by all the joint venture parties.

The remaining commitment, for other capital expenditure investment, of approximately \$4.3 million (RMB¥30 million) (30% of \$14.3 million or RMB¥100 million) is to be contributed based on the construction process of the smelter and as requested by Yongning.

(b) The Company's leasehold obligation commitments total \$814,549 over six years (years ending March 31, 2009: \$106,602; 2010: \$256,853; 2011: \$256,853; 2012: \$85,117; 2013: \$87,299; and 2014: \$21,825).