

The Premier Silver Producer in China

# Corporate Presentation

December 1, 2008



Within just four years, Silvercorp Metals has grown to become the largest primary silver producer in China...



## Corporate Overview

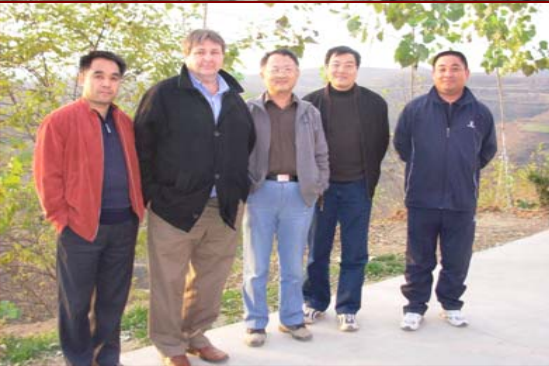
### Capital Structure

- **TSX: Common Shares (SVM)**
- **52-Week Hi/Low: \$10.65/\$1.19**
- **151.8M Shares Outstanding**
- **3-mo Ave. Daily Vol: 581,100**
- **Market Cap: ~\$300 Million**  
(Based on share price of C\$2.00 as of November 30, 2008 close)
- **Component of the S&P/TSX Composite and Global Mining Indexes**

### Financial Highlights – Q2/2009

- **Sales of \$20.1-million**
- **Net income of \$4.9-million**
- **Operating cash flow of \$11.7-million**
- **\$48.6-Million Cash Position**
- **No LT Debt; No Hedging**
- **Quarterly Dividends of CDN\$0.02/share**

## Why Silvercorp?



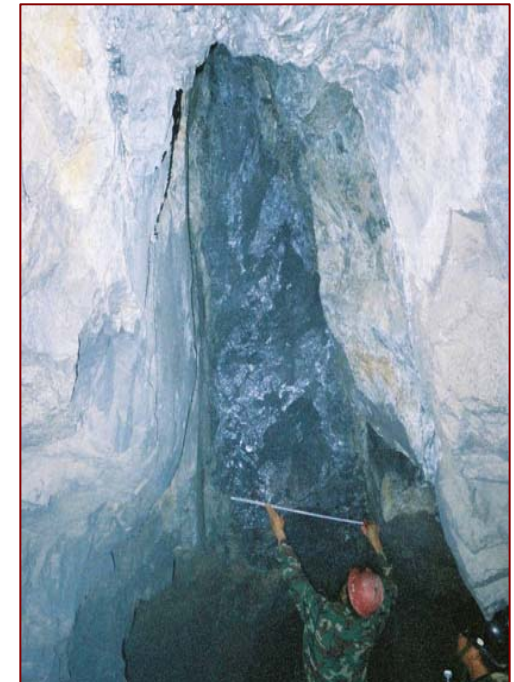
- High Quality Assets
- Lowest Cost Producer Among Industry Peers
- Industry Leading Profitability & Returns
- Strong Balance Sheet for Future Growth
- Management Team with Proven Strategy of Success in China

## High Quality Assets



### Head Grade at Ying Mine in September 2008

- 405 g/t Silver (14oz Ag)
- 7.1% Lead
- 2.8% Zinc



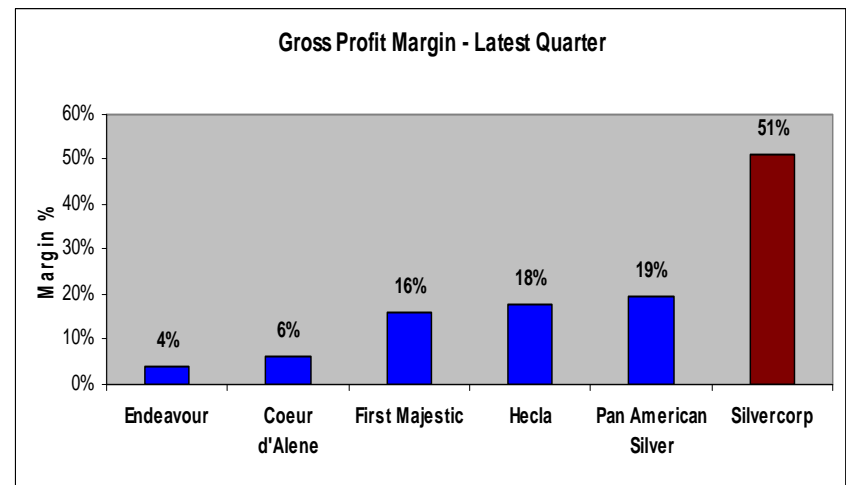
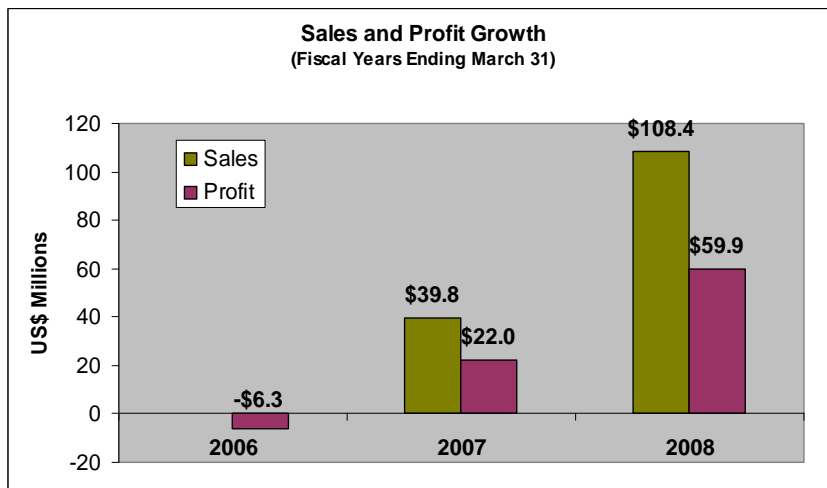
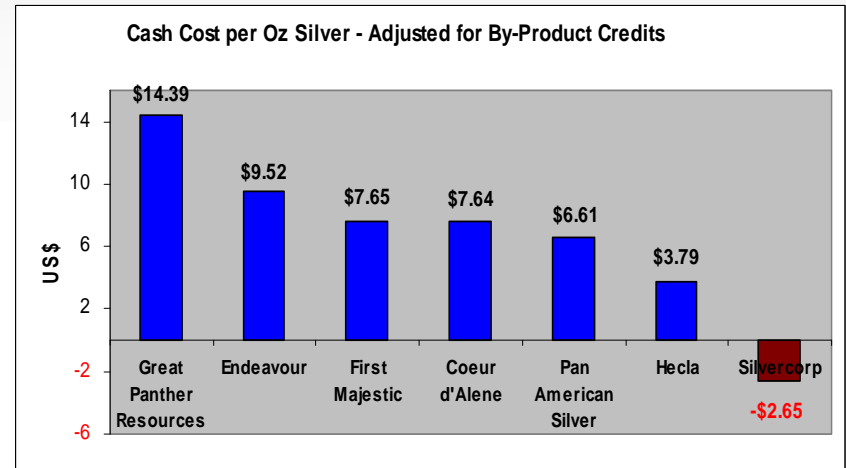
Resource Category	Resource (Tonnes)	Contained Metal Resource			
		Ag (oz)	Pb (t)	Zn (t)	Ag Equivalent (oz)
M & I	4,081,426	59,245,995	283,070	162,464	122,224,558
Inferred	10,773,497	104,215,165	551,527	335,589	246,976,124

Resource estimates from NI43-101 report on Ying and HPG from August 2007 and GC from April 2008. Ag equivalent is calculated using U.S \$6.60/oz (Ag), US \$0.40/lb (Pb) and US \$0.45/lb (Zn). Calculations reflect gross metal content and have not been adjusted for metallurgical recoveries.

Project	Description
<p><b>Ying Mine (77.5%)</b>  <i>Silver-Lead-Zinc</i></p>	<ul style="list-style-type: none"> <li>▪ Acquired March 2004; Commercial production began April 2006</li> <li>▪ Average grades of 331 g/t Ag, 5.98% Pb &amp; 2.52% Zn in Q2/2009</li> <li>▪ Produced 1.6M oz silver, 19M lb lead &amp; 6.3M lb zinc in H1/2009</li> <li>▪ M&amp;I resource of 50.4M oz and Inferred resource of 72Moz silver</li> <li>▪ Only small portion of 50 km2 project fully explored</li> </ul>
<p><b>HPG Mine (70%)</b>  <i>Silver-Lead-Gold</i></p>	<ul style="list-style-type: none"> <li>▪ Acquired January 2007; Commercial production began May 2007</li> <li>▪ Average grades 135 g/t Ag, 4.21% Pb &amp; 1% Zn in Q2/2009</li> <li>▪ Produced 134K oz silver, 3.3M lb lead &amp; 156K lb zinc in H1/2009</li> </ul>
<p><b>TLP Mine (77.5%)</b>  <i>Silver-Lead</i></p>	<ul style="list-style-type: none"> <li>▪ Acquired December 2007; Commercial production in March 2008</li> <li>▪ Produced 166K oz silver &amp; 1.7 million lb lead in H1/2009</li> <li>▪ NI43-101 Technical Report being compiled</li> </ul>
<p><b>LM Mine (70%)</b>  <i>Silver-Lead</i></p>	<ul style="list-style-type: none"> <li>▪ Acquired November 2007; Commercial production in March 2008</li> <li>▪ Produced 165K oz silver, &amp; 685K lb lead in H1/2009</li> <li>▪ NI43-101 Technical Report being compiled</li> </ul>

## Industry Leading Profitability

- Lowest Cost Producer Among our Peer Companies
- Highest Gross Profit Margins
- Strong Sales & Profit Growth



## FY2007/2008 Production Costs

### Production Cost/Cash Cost Per Ounce of Silver, Adjusted for By-Product Credits

	FY2008	1H/2009
Total Production cost per ounce of Silver	<b>(\$10.15)</b>	<b>(\$2.91)</b>
Total cash cost per ounce of Silver	<b>(\$10.99)</b>	<b>(\$4.73)</b>

### Production Cost on Co-Product Basis

Commodity	FY2008	1H/2009
Silver	\$2.44/oz	\$4.72/oz
Gold	\$119.74/oz	\$232.29/oz
Lead	\$0.21/lb	\$0.33/lb
Zinc	\$0.19/lb	\$0.19/lb

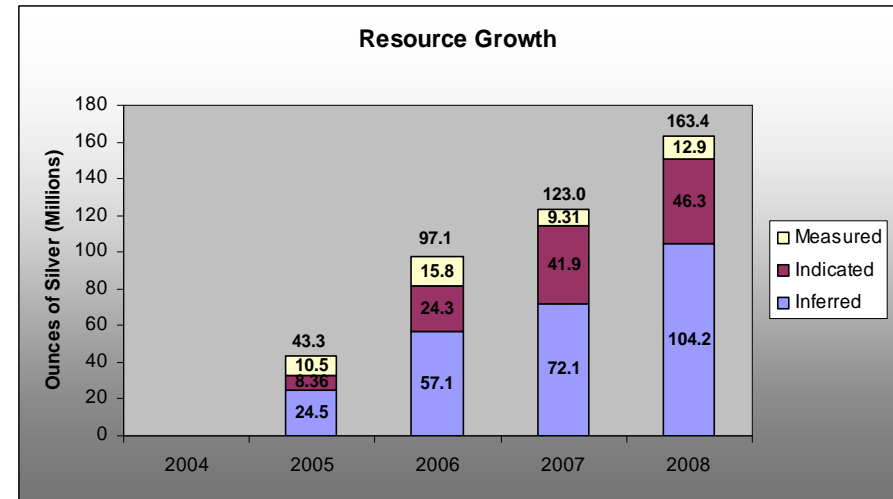
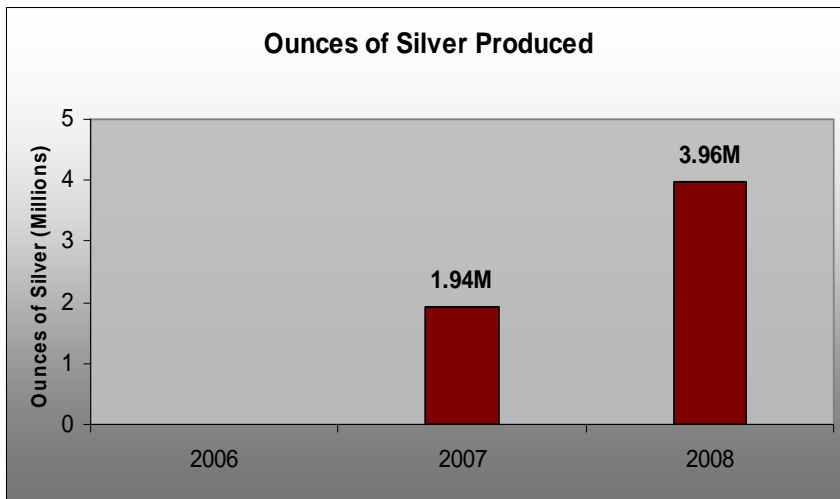
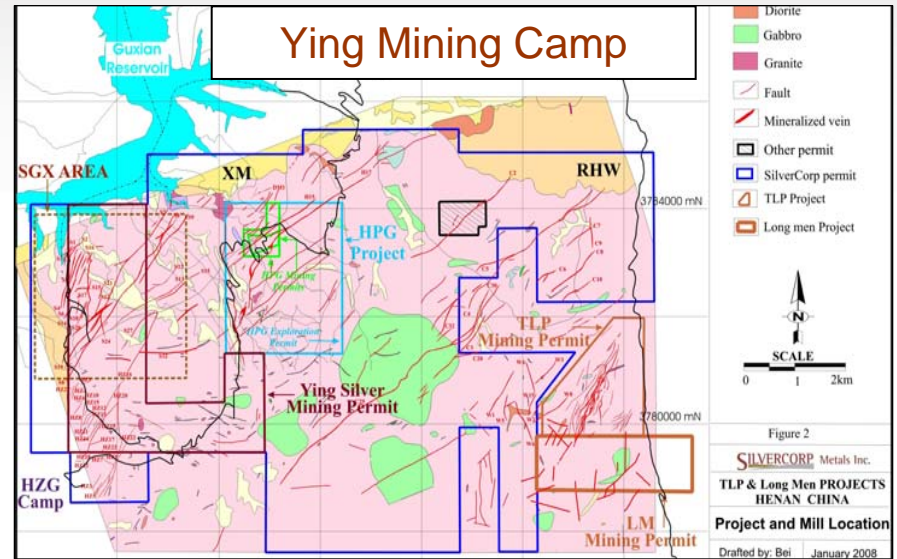
## Strong Balance Sheet

Key Items	30-Sept-2008 (Un-audited)
Cash, Cash Equivalents & Short-Term Investments	\$48.57 Million
Other Current Assets	\$10.34 Million
Total Current Assets	\$58.92 Million
<b>Total Assets</b>	<b>\$249.87 Million</b>
Current Liabilities	\$18.93 Million
Total Liabilities*	\$46.36 Million
Non-controlling Interests	\$18.13 Million
Shareholders' Equity	\$185.38 Million
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$249.87 Million</b>

\* No Long-term Debt

**Growth in Production & Resources**

- Doubling in silver production since 2007
- Silver resource growth of 369% since 2006
- Acquisition of 3 new mines in Ying Mining Camp during last 18 months
- Construction of new 1,500 tpd mill



## Growth Through GC/SMT Acquisition

- Acquisition of GC Project in Guangdong Province in Summer of 2008
- Increases Silvercorp's resources by ~30%
- NI43-101 M&I Resource of 7.6MM oz Ag and Inferred Resource of 29.4MM oz Ag
- Currently applying for a mining permit for a 1,500 tpd silver/lead/zinc mine with a 20-year mine life



## Management & Board

### Senior Management Team:

- **Rui Feng**, Ph. D., Geology --  
*Chairman & CEO, Director*
- **Myles J. Gao**, P.Geo. -- *President  
& Chief Operating Officer, Director*
- **Maria Tang**, CA, CPA –  
*Interim Chief Financial Officer*
- **Michael Hibbitts**, B.Sc (Geology),  
B.Ed, P.Geo. -- *VP Operations*
- **Lorne Waldman**, MBA, LL.B. --  
*Corporate Secretary*

**Jack Austin**, P.C., Q.C., B.A.,  
LL.B., LL.M., Doc.Soc.Sci. (Hon)  
*Special Advisor to the Chairman*



Dr. Rui Feng & Yikang Liu

### Board of Directors:

- Rui Feng, Ph. D., Geology
- Myles J. Gao , P.Geo.
- Yikang Liu
- Earl Drake
- Paul Simpson
- Greg Hall
- Robert Gayton

Operating in China poses great opportunities but also unique regulatory challenges. Management of Silvercorp has built up a record of success in this environment by formulating and executing a distinct long-term strategy:

**Silvercorp's Long-Term Game Plan:**

- 1) **Make a discovery through selective and limited drilling.**
- 2) **Develop mining operations before full potential is drilled off.**
- 3) **Use cash flow generated from operations to expand resources and ramp up further production.**

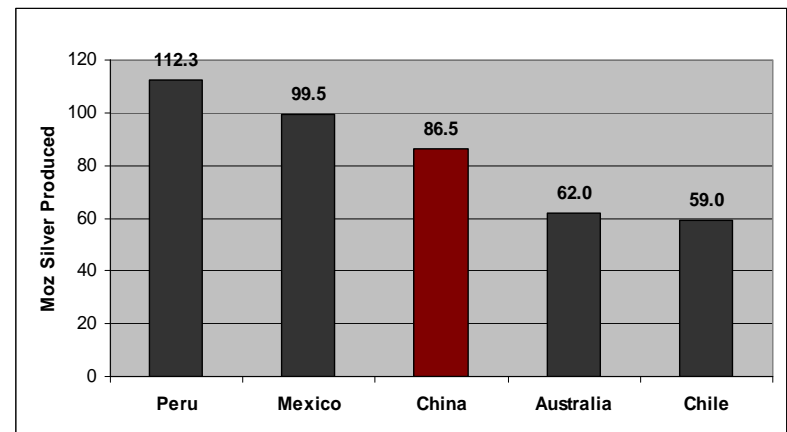
**Why the Game Plan is Working:**

In China, there are no benefits to the local community and no tax revenue for the local government during the initial 3 to 5 years of drilling and feasibility studies. By developing a mining operation even before a project's full potential is drilled off, Silvercorp is able to:

- 1) **Provide local employment → Local community wins.**
- 2) **Generate local tax revenue → Local government wins.**
- 3) **Use profits generated from operations to finance additional exploration to grow resources and expand operations – Silvercorp's shareholders win.**

## The China Advantage

- **Low Capital & Operating Costs** – Low-cost mining equipment and experienced labour.
- **Rapid Construction Times** – Mills and roads built in a fraction of the time it takes in North America – all supplies sourced locally.
- **Close to End Market** – Chinese smelters located within 100 miles of Silvercorp Mill
- **Third Largest Silver Producing Country** – Home to world class silver deposits.
- **Many Regions Underexplored** – Historical government ownership; no access to equity market to fund exploration and development.
- **Fragmented Primary Silver Market** – largest existing producer accounts for less than 5% of market share...providing opportunities for consolidation.



Source: The Silver Institute and CPM Silver Yearbook 2007

At Silvercorp, we recognize that our success cannot continue without astute concern for the welfare of the labour force and the environment that drives and supports our growth.

### **Employee Safety Measures**

- Silvercorp has increased its safety budget by over 300%, employing over 20 people to provide safety education to, and policing of, the labour force.
- New worker training as well as continuous training programs; system of bonuses and penalties to encourage worker safety.
- Viewed by local government as model mining company.

### **Environmental Protection Measures**

- Silvercorp operates a zero discharge mill and has a full tailings dam.
- Tunnel constructed to mitigate risks of environmental damage from flooding.
- Water spraying program to reduce dust; dust collection system installed at Ying Crushing Plant.
- Local government officials retained to monitor water quality.
- Water treatment plant completed and testing confirms water is acceptable for discharge.

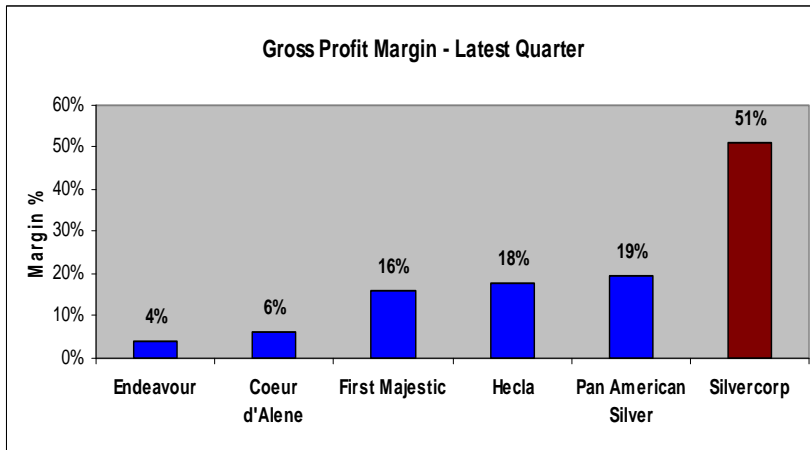
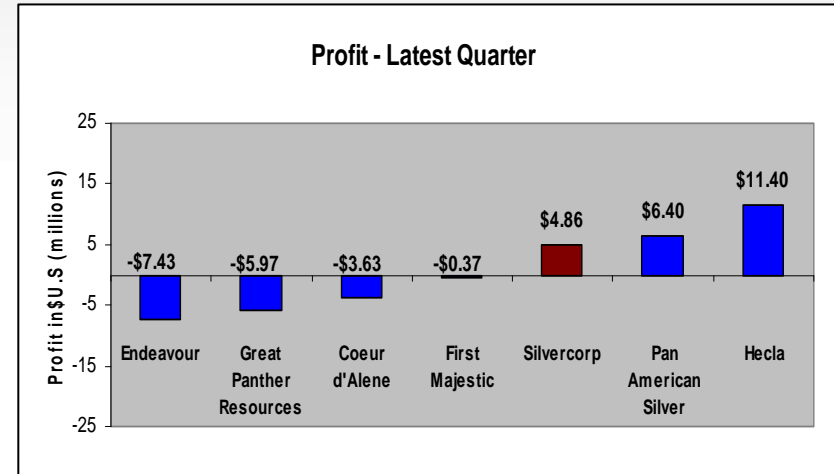
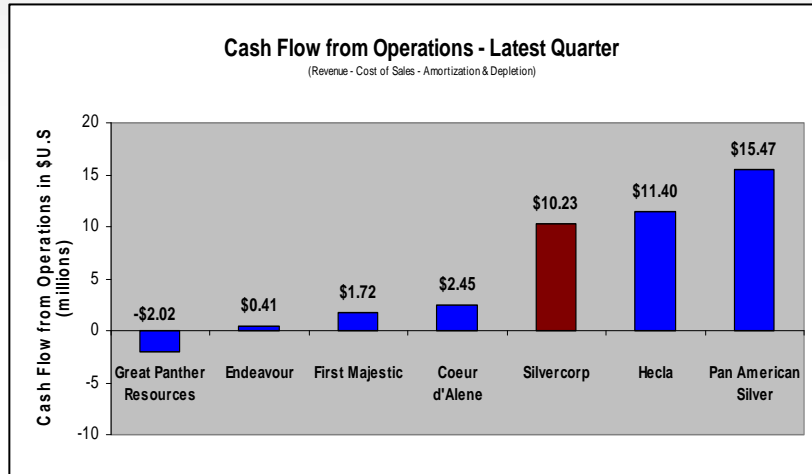


*Mine water from the SGX mine flows into a three-stage, centralized settling pond. Discharged water meets Class II water standards.*

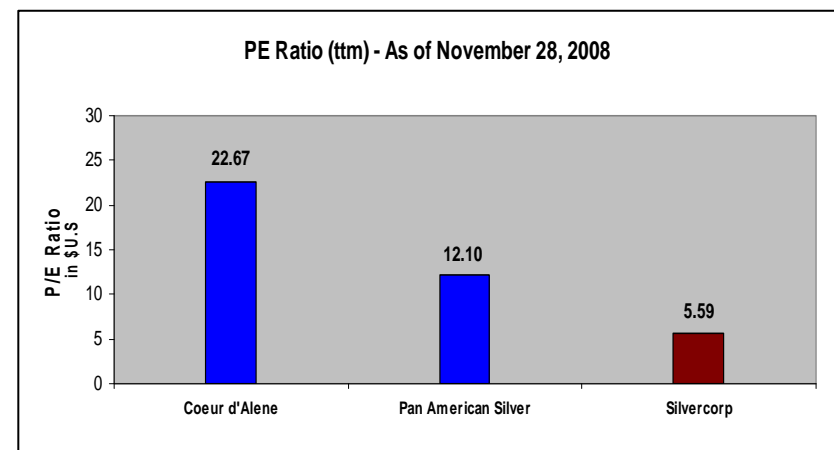
## Strategy for Downturn

- Capital Preservation
- Focus on Mine Profitability
- Implementation of Cost Cutting Measures & Controls
- Opportunity to Acquire Assets at Distressed Prices

# Peer Comparison



Great Panther Resources' gross profit margin stands at -46% as of their latest quarterly results



Other peer companies such as Hecla Mining, First Majestic, Endeavour Silver and Great Panther Resources were not profitable when calculated on a trailing twelve month basis and as such no PE ratio is calculated.

## Cautionary Statements

### **Safe Harbor Statement under the United States Private Securities Litigation Reform Act of 1995:**

Except for the statements of historical fact contained herein, the information presented constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including but not limited to those with respect to the price of silver, lead and zinc, the possibility, timing and amount of estimated future production, costs of production, reserve determination and reserve conversion rates involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Silvercorp to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to international operations, risks related to Chinese government issuance of mining and related development permits, risks related to joint venture operations, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of silver, lead and zinc, as well as other Risk Factors.

Although Silvercorp has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **Cautionary Note To U.S. Investors Concerning Estimates Of Measured, Indicated And Inferred Resources**

This presentation uses the terms "Measured", "Indicated" and "Inferred" Resources. U.S. investors are advised that while such terms are recognized and required by Canadian regulations, the Securities and Exchange Commission does not recognize them. "Inferred Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally of an Inferred Mineral Resource existence, or is economically or legally mineable.**

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