

Silvercorp Metals Inc.

Third Quarter Fiscal 2025 Financial Results Conference Call

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CORPORATE PARTICIPANTS

Lon Shaver

Silvercorp Metals Inc. — President

CONFERENCE CALL PARTICIPANTS

Dalton Baretto

Canaccord Genuity — Analyst

Joseph Reagor

ROTH Capital Partners — Analyst

PRESENTATION

Operator

Thank you for standing by and good afternoon. My name is Chloe (phon), and I'll be your conference Operator for today.

At this time, I would like to welcome everyone to the Silvercorp Third Quarter Fiscal 2025 Financial Results Conference Call.

All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, then the number 2. Thank you.

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

Lon Shaver — President, Silvercorp Metals Inc.

Thank you, Chloe. On behalf of Silvercorp, I'd like to welcome everyone to the call this morning or afternoon, wherever you may be.

Today, we'll discuss our third quarter fiscal 2025 financial results, which were released on Tuesday after the market close.

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

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

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

And now to jump in and recap our financial results, fiscal Q3 was our strongest quarter ever. And this was highlighted by record revenue of \$84 million, which was up 43 percent from the quarter last year; record operating cash flow of \$45 million, which is up 90 percent; and record silver production of 1.9 million ounces, which is up 16 percent.

This growth was driven by a strong performance from our flagship Ying mine, which also successfully completed a mill expansion in early December and will be increasing production capacity from 2,500 to 4,000 tonnes per day.

In addition, a robust commodity market led to improved realized metals prices compared to the same period last year.

And in particular, the realized gold and silver price rose by 35 percent, the zinc price rose by 49 percent, and lead by 8 percent.

Silver remains our most important metal and contributed 63 percent of our net realized Q3 revenue this year, and that compared to 59 percent of revenue in last year's fiscal Q3.

The results again reinforce why Silvercorp remains a compelling investment. We are a growing and profitable silver producer that provides investors with leverage to higher metals prices.

Moving down the income statement, attributable net income for the quarter was \$26 million or \$0.12 per share, more than double the \$11 million or \$0.06 a share that was reported in the same period last year.

On an adjusted basis, removing the impact of noncash and one-time items, our net income for the quarter was \$22 million or \$0.10 per share, compared to \$11 million or \$0.06 in the comparative quarter.

The increase in our bottom line primarily reflects the higher metals prices, as well as higher volumes of gold, silver, and lead sold, which increased 40 percent, 15 percent, and 5 percent respectively year over year.

And these increases were partially offset by a 10 percent decrease in zinc sold, a \$2 million increase in admin expenses, and a one-time \$12 million government payment related to the renewal of our mining licence at the SGX mine.

Looking at cash flow from operating activities, our mines generated \$45 million this past quarter. This is up 90 percent year over year, driven by higher metal prices, increased sales, and a \$10 million inflow from changes in non-cap (sic) working capital. And that's compared to a \$135,000 outflow for the changes of noncash working capital last year.

Even after adjusting for noncash working capital changes, our cash flow still grew by 47 percent year over year.

During the quarter, we invested \$25 million in our mines and projects. This is up 29 percent from last year, and it's largely due to increased underground development and completion of the new tailings storage facility and the mill expansion projects at the Ying mine, as well as ongoing spending at El Domo and Condor projects in Ecuador.

Additionally, we repaid Wheaton Precious Metals \$13.25 million that had been drawn as an early deposit for the El Domo project, paid \$2.7 million in dividends, and repurchased close to \$1 million worth of our shares under the current NCIB program.

We ended 2024 with a healthy cash balance of \$355 million, which includes \$143 million in net proceeds from our convertible notes offering, which we completed last November.

This cash position does not include our investments in our associates and other companies, which had a total market value of \$69 million as of December 31st, and this value is up slightly to \$73 million as of today.

Turning to our operating results. As we reported in January, Ying delivered record performance in Q3, which drove an 11 percent and 16 percent increase year over year in the Company's total ore mined and milled.

As a result, our production of silver, gold, and lead increased by 16 percent, 53 percent, and 5 percent respectively, in Q3.

Zinc production decreased by 10 percent compared to last year, due to lower head grades.

Year to date, we have produced 5.3 million ounces of silver, 4,400 ounces of gold, 46 million pounds of lead, and 19 million pounds of zinc.

With the successful expansion of our Mill No. 2 and a 145,000-tonne ore stockpile, we kept the plant running at Ying during Chinese New Year, and we remain confident in achieving our silver guidance of between 6.7 million to 7.2 million ounces for fiscal 2025.

On the unit cost front, production costs averaged \$78 per tonne in Q3, 5 percent higher than last year, due to more underground development and grade-control drilling completed and expensed as part of the mining cost.

Year-to-date production costs averaged \$80 per tonne, which was in line with our annual cost guidance of between \$77 and \$80 per tonne.

Our cash cost per ounce of silver, net of by-products, was negative \$1.88 in Q3, lower than the negative \$0.96 in the prior-year quarter, which reflected a \$6 million increase in by-product credits which offset the impact of higher production costs.

And our all-in-sustaining production costs increased by 10 percent year over year to \$150 per tonne in Q3, driven by a 5 percent increase in unit production costs and a 3 percent increase in sustaining capital expenditures.

However, year to date, all-in-sustaining production costs of \$146 per tonne is in line with our annual guidance of between \$144 to \$152 per tonne.

Our all-in-sustaining costs per ounce of silver, net of by-product credits, was \$12.75, a 13 percent increase year over year, reflecting increases in G&A, some sustaining capital, plus some government payments totalling \$6 million.

Turning to our growth projects. As mentioned earlier, we commissioned the Mill No. 2 capacity expansion and Phase 1 of our third tailings storage facility at Ying last December. Both were completed on time and under budget.

With these upgrades, we are well positioned for sustained production growth in the coming years as we continue to increase mechanization at our underground mines.

Additionally, we've secured all necessary permits and licences for the Kuanping satellite project, which is now ready for construction. Recall, as part of our fiscal 2025 budget, we've allocated \$1 million for development at Kuanping.

We are leveraging our mine-building expertise in Ecuador as we advance construction of the El Domo copper-gold project. Since acquiring the project last July, we have strengthened our in-country technical and management team. We've optimized the site layout, project infrastructure designs, and our

open-pit production plan, and commenced detailed engineering for the process plant while conducting some additional metallurgical testing to potentially improve gold recovery in our copper concentrate.

Additionally, we have signed a power line contract with the Ecuadorian state utility, CNEL, and we've finalized the project's materials balance. And for everyone, this is basically an earth-moving schedule, and it really speaks to exactly what gets moved when to where, and that includes ore coming from the open pit.

We've also adopted a unit cost method for our contractor bidding, ensuring we pay only on a per-tonne-of-material-moved basis going forward.

Based on this approach, we awarded the first silver contract to CRCC 14, a seasoned operator in-country with over a decade of experience building large infrastructure and mining projects in Ecuador. CRCC is now mobilized to build the temporary camp, initial phase of the tailings facility, the waste dump, and other important infrastructure.

The remaining two silver contracts for pit stripping and mining, as well as for process plant construction, are set to be awarded in the coming months, keeping us on track for initial production targeted in the second half of 2026.

We look to provide guidance on our capital budget for fiscal 2026, along with our production targets, in April.

At the early-stage Condor project, our focus has been on completing a resource review to assess future development plans for what would be a high-grade underground gold mine. And we continue to develop an exploration plan as we further our understanding of the project.

We're committed to working closely with the government of Ecuador, local communities, and our in-country partners, Salazar Resources. Our focus on responsible and sustainable development aims to create lasting benefits for both the local communities and the country.

With that, Operator, I would like to open the call for questions.

Q&A

Operator

Thank you, sir. Ladies and gentlemen, we will now conduct the question-and-answer session. If you would like to ask a question, press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, 2. If you are using a speakerphone, please lift the handset before pressing any keys.

One moment.

Our first question comes from the line of Dalton Barreto from Canaccord Analyst (sic) [Genuity].

Your line is open.

Dalton Baretto — Canaccord Genuity

Yeah. Thanks, Operator. Good morning, guys. I'm going to start with sort of a housekeeping question here. My understanding is that you guys aren't exposed at all to a lot of the tariff talk that's happening. I just want to confirm that that's the case and how you are fielding questions from investors around it. Thank you.

Lon Shaver

Yeah. Hi, Dalton, and thanks. Yeah. Questions definitely coming up on that front. But yeah, as you know, we sell all our concentrates to smelters in-country, and that's really not that different from,

say, a Mexican or Peruvian miner that's producing concentrates that obviously has to ship them to a smelter.

But obviously, there's advantages to us being a domestic producer. And really, once the metals leave our mine site in concentrate form and we've been paid for them, we really have no further exposure. And we're not exporting anything from China.

Obviously, I sometimes joke the only thing we export is cash in the form of dividends. So we're not bringing anything out of the country to bring into the US. But obviously, Dalton, you're an analyst who follows the sector and the world markets. So if the tariffs were to impact global economic activity in some way, and that somehow led to an impact on global metals prices, we'd be affected indirectly like any other miner that would be in your coverage universe.

Dalton Baretto

Got it. Thank you for that. And then just as a follow-up, on El Domo, is it—I mean, are you planning to put out some sort of an overall game plan going forward with this April update? How comprehensive is it going to be?

Lon Shaver

Yes, we are. And what we'll do, if we have the benefit of some more contracts being signed, then we'll have some fixed numbers in terms of being able to report on actuals. But what we'll be putting together is a budget which is our best estimates of both the total construction as well as the budget for this current fiscal year.

So have to wait just a little bit longer, but we will have numbers to provide that update. It just seemed a bit premature to put them out now, while we're in the midst of finalizing some very important details regarding the construction.

But we continue to see the opportunity to cut back on that initial capital, which in the feasibility study had been \$248 million. And there's nothing that we're seeing now that causes us to change our view.

Dalton Baretto

Okay. So that's fine on the CapEx but just in terms of a mine plan, because I know you guys are looking at pretty much everything, are you going to put out an updated mine plan as well?

Lon Shaver

The mine plan isn't really expected to change once we get into production that much. So it's more just related to pre-stripping and some of the scheduling up front, but we don't see a huge impact on the actual mine plan once we're into mining.

So the production numbers that you'd be using from the feasibility study are still the best to use going forward.

Dalton Baretto

Got it. Thank you. And if I can just squeeze one last one in.

Is Salazar still committed to their stake? Or is there an opportunity for you to consolidate that as well?

Lon Shaver

Can't comment on that. You'll have to ask them. But obviously, we're very happy having a local partner in-country, and our relationship with Salazar is very good.

Dalton Baretto

Got it. Thanks, Lon. That's all for me.

Operator

Our next question comes from the line of Joseph Reagor from ROTH Capital Partners. Your line is open.

Joseph Reagor — ROTH Capital Partners

Thanks for taking the questions. So I guess first thing, part of modelling your guys' assets is the difference in pricing that you guys get for individual commodities being Chinese-based rather than the rest of the world.

As you look at El Domo and the concentrates you'll produce there and the sales you'll have, should we be more modelling like an LME pricing basis? Or an SME pricing basis?

Lon Shaver

Yeah, no, no. An LME and a more typical pricing structure would be appropriate. We've got in place an offtake agreement that was entered into by Adventus with a concentrate trader, and this is based on sort of market terms and conditions at the times of delivery. So if you used Western-based LME pricing and a more typical concentrate pricing model, that would be appropriate.

Joseph Reagor

Okay. That's helpful. And then, I know the intention is to keep the mill running through the Chinese New Year this year. Do you have kind of a rough estimate of how much extra tonnage you're going to get? I know you already have a stockpile, but how much of that you're going to process during this extra milling time.

Lon Shaver

Our view—I mean, obviously, we're through Chinese New Year now, but we're still milling stockpile ores, and we'll be doing that.

I think our current estimate is that we will end the quarter with a more typical ore inventory that we would have carried in the past. So not the 145,000 tonnes but I think, in the past, we've had somewhere in the range of sort of the 15,000-tonne type numbers or whatever that we've carried.

So I think you can model that we will have run through the bulk of the ore stockpile to the end of March.

Joseph Reagor

Right. And adjusting that 15,000 to the fact that the mill's a little larger, that number might be a little larger?

Lon Shaver

Yeah. Yeah. Well, I mean, we haven't sort of hit steady state yet. And just obviously, as we're ramping up production on the mine—and we have been, and that's obviously why we were able to build that stockpile. As we're ramping up, there will be periods of time where suddenly we'll get a point where we're running at a higher rate from the mine and obviously the mill now is in a position to ramp up to match that.

Joseph Reagor

Okay. Thanks and congrats on a good quarter.

Lon Shaver

Thanks, Joe.

Operator

Again, if you would like to ask a question, please press *, then the number 1 on your telephone keypad.

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

Lon Shaver

Okay. Well, that's great. I'd like to thank everyone for tuning in today. And as always, if anyone has any further questions, please call or email us, and we look forward to hearing from you and continuing the conversation. Thanks, everyone, and have a great day.

Operator

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