

2 February 2024

Market Announcements Office
ASX Limited
Level 40, Central Park
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Perth WA 6000

Attention: Nicholas Mountain, Adviser, ASX Listings Compliance

TARGET'S STATEMENT - TAKEOVER OFFER FROM SILVERCORP METALS INC. FOR ORECORP LIMITED

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), please find attached a copy of the Target's Statement issued by OreCorp Limited (**OreCorp**) in response to the off-market takeover offer from Silvercorp Metals Inc. (**Silvercorp**) for all of the OreCorp shares not already owned by Silvercorp (**Silvercorp Offer**). The Target's Statement includes an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd in relation to the Silvercorp Offer.

The Target's Statement was lodged today with the Australian Securities and Investments Commission and sent to Silvercorp.

In accordance with section 110D and item 12 of section 633(1) of the *Corporations Act 2001* (Cth), the Target's Statement is being despatched to OreCorp shareholders today by the following means:

1. OreCorp shareholders with an electronic address for the purposes of receiving electronic copies of shareholder communications will, unless they have validly elected to receive hard copies of shareholder communications, receive an email with a letter providing a link to an electronic copy of the Target's Statement (**Shareholder Letter**); and
2. OreCorp shareholders who do not have an electronic address for the purposes of receiving electronic copies of shareholder communications, and OreCorp shareholders who have validly elected to receive hard copies of shareholder communications, will be sent a hard copy of the Shareholder Letter to their registered postal address.

A copy of the Shareholder Letter is attached to this announcement.

This announcement has been approved and authorised for release by the Board of OreCorp Limited.

Yours sincerely



Matthew Yates
Executive Chairman
OreCorp Limited

2 February 2024

Dear Shareholder

TARGET'S STATEMENT - TAKEOVER OFFER FROM SILVERCORP METALS INC. FOR ORECORP LIMITED

OreCorp Limited (**OreCorp** or the **Company**) refers to its previous ASX announcements regarding the off-market takeover offer from Silvercorp Metals Inc. (**Silvercorp**) for all of the OreCorp shares not already owned by Silvercorp (**Silvercorp Offer**).

This letter sets out how you can access OreCorp's Target's Statement. It is an important document and requires your immediate attention. The Target's Statement sets out OreCorp's formal response to the Silvercorp Offer.

On 16 January 2024, Silvercorp released its replacement Bidder's Statement in relation to the Silvercorp Offer. The replacement Bidder's Statement contains the detailed terms of the Silvercorp Offer and has been sent to all OreCorp shareholders with an accompanying personalised acceptance form.

The purpose of this letter is to inform you that OreCorp has now released its Target's Statement and, in accordance with section 110D of the *Corporations Act 2001* (Cth), to provide instructions as to how you can access it. The Target's Statement sets out OreCorp's formal response to, and important information about, the Silvercorp Offer, including the OreCorp directors' unanimous recommendation to accept the Silvercorp Offer and the reasons for that recommendation.

The Target's Statement also includes an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**) in connection with the Silvercorp Offer. The Independent Expert has concluded that, in the absence of a superior proposal, the Silvercorp Offer is fair and reasonable to OreCorp shareholders. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report, the replacement Bidder's Statement and the Target's Statement.

HOW TO ACCESS THE TARGET'S STATEMENT

You can access the Target's Statement on OreCorp's website at the following link:

<https://www.orecorp.com.au/investor-centre/asx-announcements>

If you are in any doubt as to the contents of this letter or the Target's Statement please contact your legal, financial or other professional adviser.

Please note that OreCorp will not be sending you a hard copy of the Target's Statement. However, you may request a hard copy via email to hello@automicgroup.com.au or by calling the OreCorp Information Line on 1300 441 602 (within Australia) or +61 (2) 9934 0529 (from outside Australia). If you request a hard copy of the Target's Statement, it will be printed and mailed to you as follows:

1. if the holder is in Australia – by pre-paid ordinary post or by courier; or
2. if the holder is outside Australia – by pre-paid airmail post or by courier.

Thank you for your continued support of OreCorp.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Matthew Yates".

Matthew Yates
Executive Chairman
OreCorp Limited



ORECORP

LIMITED

ACN 147 917 299

Target's Statement

**in response to the off-market takeover bid by Silvercorp Metals Inc
(BN 131033920 / ARBN 671 900 020)
to purchase all of your ordinary shares in OreCorp Limited in
consideration for A\$0.19 cash and 0.0967 Silvercorp Shares for every
OreCorp Share held**

Your directors unanimously recommend that you

ACCEPT

**the Offer in the absence of a Superior Proposal and subject to the
Independent Expert's Report continuing to conclude that the Offer is
reasonable to OreCorp Shareholders.**

**This is an important document and requires your immediate attention and
should be read in its entirety. If you are in any doubt as to how to deal with it,
you should consult your financial, legal or other professional adviser as soon as
possible.**

The Offer is scheduled to close on 23 February 2024

Financial Adviser



Legal Adviser

ALLEN & OVERY

Important notices

Date of this Target's Statement

This Target's Statement is dated 2 February 2024.

Defined Terms

Capitalised terms and certain abbreviations used in this Target's Statement (other than in the Independent Expert's Report contained in Annex 1) have the defined meanings set out in section 11 (*Definitions and interpretation*). The Independent Expert's Report contained in Annex 1 contains its own defined terms which are sometimes different from those set out in section 11.

Purpose of this Target's Statement

This Target's Statement is given by OreCorp Limited ACN 147 917 299 (**OreCorp**) to its shareholders under Part 6.5 Division 3 of the Corporations Act 2001 (Cth) (**Corporations Act**) in response to the Offer made by Silvercorp Metals Inc (BN 131033920 / ARBN 671 900 020) (**Silvercorp**) in its Bidder's Statement. This Target's Statement contains a recommendation as to how to respond to the Offer, the reasons for that recommendation, and certain other disclosures required by the Corporations Act. You should read this Target's Statement in its entirety before deciding whether or not to accept the Offer.

Role of ASIC

A copy of this Target's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 2 February 2024. Neither ASIC nor any of its officers takes any responsibility for the contents of this Target's Statement.

Risk Factors

OreCorp Shareholders should note that there are a number of risk factors attached to their investment in Silvercorp and other risks which apply in the event the Offer is accepted. Section 8 of this Target's Statement sets out further information regarding those risks.

Forward looking statements

Certain statements in this Target's Statement relate to the future. The forward-looking statements in this Target's Statement are not based on historical facts, but rather reflect the current views and expectations of OreCorp concerning future events and circumstances. These statements may generally be identified by the use of forward-looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential" or derived or similar words. Similarly, statements that describe the expectations, goals, objectives, plans or targets of Silvercorp or OreCorp are or may be forward looking statements.

These forward-looking statements are based on certain assumptions regarding the operations of OreCorp, Silvercorp and the economic and regulatory environment in which OreCorp and Silvercorp will operate in the future. They are subject to known and unknown risks and uncertainties that could cause the actual outcomes, and the actual performance or results of OreCorp and Silvercorp to be materially different from the outcomes, or the performance or results of OreCorp and Silvercorp expressed or implied by such statements, including, among other things, general economic conditions, changes in law, regulation or government policy and certain other operational and financial risks and uncertainties associated with carrying on business in the mining industry. All forward-looking statements should be read in light of such risks and uncertainties.

None of OreCorp and its respective officers, employees and advisers makes any representation or warranty that any outcome, performance, or result expressed in or implied by any forward-looking statement in this Target's Statement will actually occur. You should treat all forward-looking statements with caution and not place undue reliance on them.

Any forward-looking statements in this Target's Statement reflect the assumptions and expectations of OreCorp as at the date of this Target's Statement. Except as required by law, OreCorp and its officers, employees and advisers disclaim any obligation to revise or update any forward-looking statements after the date of this Target's Statement to reflect any change in the assumptions or expectations on which those statements are based.

Important information regarding OreCorp Directors' recommendation of the Offer

You should note when considering the OreCorp Directors' recommendation of the Offer set out in this Target's Statement that Mr Yates (Executive Chairman), Mr Diederichs (CEO and Managing Director), Mr Morrison (Non-Executive Director) and Mr Klessens (Non-Executive Director) will each be receiving a benefit if Silvercorp obtains Effective Control (see sections 10.3 and 10.4).

As at the date of this Target's Statement, Mr Yates holds 1,060,208 OreCorp Performance Rights and Mr Diederichs holds 804,274 OreCorp Performance Rights that will vest upon a change of control resulting, upon exercise, in the issue of 1,060,208 OreCorp Shares (with an implied value of \$576,750.59) to Mr Yates and 804,274 OreCorp Shares to Mr Diederichs (with an implied value of \$437,523.11) (see sections 5.4(c), 10.3 and 10.4). Despite these interests in the outcome of the Offer, Mr Yates and Mr Diederichs consider that, given the importance of the Offer and their respective roles as Executive Chairman and CEO and Managing Director of OreCorp, it is important and appropriate for them to provide a recommendation to OreCorp Shareholders in relation to the Offer. Additionally, the OreCorp Board (excluding Mr Yates and Mr Diederichs) also considers that it is appropriate for each of Mr Yates and Mr Diederichs to make a recommendation on the Offer given their respective roles in the management and operations of OreCorp.

As at the date of this Target's Statement, Mr Yates holds 1,059,603 OreCorp Options, Mr Morrison holds 250,000 OreCorp Options and Mr Klessens holds 250,000 OreCorp Options. In accordance with the terms of the Bid Implementation Deed, Silvercorp has entered into an option acquisition deed with each holder of OreCorp Options to acquire their OreCorp Options in exchange for the Ascribed Value applicable to the relevant OreCorp Option (see sections 5.4(b), 10.3 and 10.4). Despite these interests in the outcome of the Offer, Mr Yates, Mr Morrison and Mr Klessens consider that, given the importance of the Offer and their respective roles, it is important and appropriate for them to provide a recommendation to OreCorp Shareholders in relation to the Offer. Additionally, the OreCorp Board (excluding Mr Yates, Mr Morrison and Mr Klessens) also considers that it is appropriate for each of Mr Yates, Mr Morrison and Mr Klessens to make a recommendation on the Offer given their respective roles within OreCorp.

Foreign Jurisdictions

The release, publication and distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with law and regulations outside Australia.

Privacy and personal information

OreCorp and Silvercorp and their respective share registries may collect personal information in the process of distributing this Target's Statement including the names and addresses of OreCorp Shareholders and details

of their holdings of OreCorp Shares. The personal information may include the names, contact details and bank account details of OreCorp Shareholders and details of their holdings of OreCorp Shares. Individuals in respect of whom personal information is collected have certain rights to access the personal information collected in relation to them. Such individuals should in the first instance contact the OreCorp Registry on 1300 441 602 or hello@automicgroup.com.au if they wish to request access to that personal information.

The personal information referred to above is collected for the primary purpose of distributing this Target's Statement including the names and addresses of OreCorp Shareholders and details of their holdings of OreCorp Shares and may also be used for the purposes of calling OreCorp Shareholders in relation to their holdings of OreCorp Shares or the Offer. The personal information referred to above may be disclosed to the share registries of OreCorp and Silvercorp, to securities brokers, to third party service providers, including professional advisers and print and mail service providers, to Related Bodies Corporate of OreCorp and Silvercorp and each of their agents and contractors, and to ASX and other regulatory authorities. It may also be disclosed where required or permitted by law or where the individual OreCorp Shareholder has consented to such disclosure.

Investment decisions

This Target's Statement does not constitute financial product advice and has been prepared without reference to your individual investment objectives, financial situation or other circumstances. This Target's Statement should not be relied upon as the sole basis for any decision as to whether or not to accept the Offer and you should consider seeking independent financial, legal or other professional advice before making any such investment decision.

Effect of rounding

Certain amounts or figures in this Target's Statement, including those in respect of the Offer, are subject to the effect of rounding. Accordingly, the actual calculation of these amounts or figures may differ from the amounts or figures set out in this Target's Statement. In particular, all entitlements to Silvercorp Shares will be rounded up or down to the nearest whole number of Silvercorp Shares (with any fractional entitlement of 0.5 or more being rounded up) in order to avoid fractions of Silvercorp Shares.

References to currency

All references to:

- \$, A\$, AUD, dollars or cents in this Target's Statement are to Australian currency, unless otherwise specified;
- US\$, USD or US dollars in this Target's Statement are to the currency of the United States of America; and
- C\$, CAD or Canadian dollars in this Target's Statement are to the currency of Canada.

Charts and diagrams

Unless stated otherwise, all data included in diagrams, charts, graphs and tables is based on information available as at the date of this Target's Statement.

Contents

Section	Page
Key dates.....	5
Chairman's letter.....	6
1. Key considerations relating to the Offer.....	10
2. Questions and answers.....	22
3. Information about the Offer.....	30
4. Your choices in relation to the Offer.....	34
5. Information on OreCorp and the OreCorp Group.....	36
6. Information on Silvercorp.....	45
7. Financial information in relation to OreCorp.....	49
8. Risk factors.....	52
9. Australian taxation implications.....	71
10. Additional information.....	72
11. Definitions and interpretation.....	84
12. Approval of Target's Statement.....	93

Annex

1. **Independent Expert's Report**
2. **Comparison of relevant Australian and Canadian laws**

Key dates

Event	Date
Announcement of the Transaction	27 December 2023
Silvercorp lodges with ASIC, and provides to OreCorp and ASX, a copy of the original Bidder's Statement	27 December 2023
Silvercorp lodges with ASIC, and provides to OreCorp and ASX, a copy of the replacement Bidder's Statement	16 January 2024
Commencement of despatch of Bidders Statement and commencement of Offer Period	16 January 2024
Completion of despatch of Bidders Statement	18 January 2024
OreCorp lodges with ASIC, and provides to Silvercorp and ASX a copy of the Target's Statement	2 February 2024
Offer Period ends (unless extended or withdrawn)	7.00pm (Sydney time) 23 February 2024

NOTE: future dates in this timetable are indicative only and may be subject to change subject to the requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules

Chairman's letter

Dear OreCorp Shareholder

RECOMMENDED OFF-MARKET TAKEOVER OFFER FOR ORECORP

On 27 December 2023, Silvercorp announced an off-market takeover offer to acquire 100% of the OreCorp Shares on issue (the **Offer**). The Offer comprises A\$0.19 cash and 0.0967 Silvercorp Shares for each OreCorp Share you hold.

The Offer replaces the proposed Scheme between OreCorp and its shareholders under which, subject to satisfaction and/or waiver of various conditions, all of the issued shares in OreCorp (other than the OreCorp Shares held by Silvercorp) were to be transferred to Silvercorp. It became clear the Scheme was at risk of not proceeding to completion. Your OreCorp Board believed this would have prevented you having the opportunity to receive a substantial premium to the trading price of OreCorp Shares on the ASX prior to announcement of the Scheme and the chance to become a shareholder in a bigger company that is geographically diverse, with a strong balance sheet and extensive expertise in mine building and operational experience.

The Offer Consideration is the same as the consideration which was being offered under the Scheme, but this revised mechanism of an Offer rather than the Scheme provides shareholders with the ability to realise value for their OreCorp Shares in circumstances where the high voting threshold for the Scheme may not have been achieved.

This Target's Statement sets out your OreCorp Directors' response to the Offer and contains their recommendation, reasons for that recommendation, and other important information you should consider when deciding whether to accept or not accept the Offer.

OreCorp Directors' Recommendation

The OreCorp Directors have carefully considered the Offer and unanimously recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is reasonable to OreCorp Shareholders.¹ The OreCorp Directors recommend that you **ACCEPT** the Offer (subject to the qualifications noted above) for the following reasons:

- The Offer Consideration represents a premium to the trading prices of OreCorp Shares on ASX prior to announcement of the Scheme and subsequently, the Offer.
- The Independent Expert has concluded that the Offer is fair and reasonable.
- Silvercorp is well positioned to fund and advance the Nyanzaga Project into commercial production, and the Offer permits OreCorp Shareholders to reduce their exposure to risks associated with OreCorp remaining a standalone entity.
- The Offer provides OreCorp Shareholders with an opportunity to participate in any additional value created in Silvercorp.

¹ In respect of the recommendation of the OreCorp Directors, OreCorp Shareholders should have regard to the fact that, if the Offer is accepted, certain OreCorp Directors will receive personal benefits as further detailed on page 3 of this Target's Statement in the paragraph titled "Important information regarding OreCorp Directors' recommendation of the Offer".

- The Offer is subject to limited and customary conditions, including a 50.1% Minimum Acceptance Condition.
- The price of OreCorp Shares may fall if the Offer is not accepted.

As at 30 January 2024, being the Last Practicable Date, the Offer values OreCorp at approximately A\$255.4 million, with each OreCorp Share having an implied value of A\$0.544². Further details as to how the implied value of the Offer Consideration compares to the trading prices of OreCorp Shares is set out in section 1.2(a).

The OreCorp Directors appointed BDO Corporate Finance (WA) Pty Ltd to prepare an Independent Expert's Report on the Offer, which includes an Independent Technical Specialist's Report prepared by SRK Consulting (Australasia) Pty Ltd. The Independent Expert's Report is contained in Annex 1 to this Target's Statement and you are encouraged to read it in full. The Independent Expert has determined a value range of the Offer Consideration between A\$0.451 and A\$0.623 per OreCorp Share. Further, the Independent Expert has determined that the value of an OreCorp Share prior to the Offer (on a controlling interest basis) was between A\$0.313 and A\$0.550. Having considered the terms of the Offer, the Independent Expert has concluded that the Offer is fair and reasonable to OreCorp Shareholders, in the absence of a superior proposal. Further, having determined the valuation range for the Offer Consideration and considered other factors pertinent to the Perseus Offer, the Independent Expert has concluded that they do not consider the Perseus Offer to be superior to the Offer.

Silvercorp is well-positioned to fund and advance the Nyanzaga Project into commercial production. Further, in Silvercorp's interactions with relevant government authorities and other Tanzanian stakeholders, it has established positive and constructive working relationships with relevant parties in relation to the Nyanzaga Project. These positive interactions and relationships will position Silvercorp well to develop the Nyanzaga Project with the support of the Tanzanian government for the benefit of all stakeholders. Silvercorp Shares offer OreCorp Shareholders enhanced liquidity, re-rating potential and the opportunity to participate in further upside from the Nyanzaga Project and Silvercorp's existing portfolio.

The Offer is subject to a limited number of conditions, including Silvercorp acquiring a Relevant Interest in 50.1% of all OreCorp Shares and other customary conditions as outlined in the Bidder's Statement. In deciding whether and when to **ACCEPT** the Offer, you should consider the conditions remaining to be satisfied. On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled.

Despite its recommendation of the Offer, the OreCorp Directors note that, as with any transaction, there are risks in accepting the Offer. These risks are outlined in section 8.3 of this Target's Statement and include:

- Exposure to additional risks relating to the Merged Group as a result of the change in investment profile.
- The price of Silvercorp Shares, which constitute part of the Offer Consideration, fluctuate in value.
- In accepting the Offer, OreCorp Shareholders will be unable to accept the Perseus Offer or any other competing offer that may emerge, unless the Offer closes without becoming or being declared unconditional or a right to withdraw your acceptance arises under the Corporations Act.

² Implied consideration based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024

As announced by OreCorp on 22 January 2024, OreCorp received a confidential, conditional proposal from Perseus after market close on Friday, 19 January 2024. On 22 January 2024, Perseus announced the Perseus Offer, being an intended off-market takeover offer by Perseus of OreCorp for cash consideration of A\$0.55 per OreCorp Share. The OreCorp Board, together with its advisers, carefully considered both the 19 January 2024 proposal and the 22 January 2024 Perseus Offer and in each instance concluded that the proposal did not constitute a Superior Proposal. On 29 January 2024, Perseus released its bidder's statement in respect of the Perseus Offer. Refer to section 1.6 for further information relating to the Perseus Offer and the OreCorp Board's considerations and conclusion.

The OreCorp Board encourages you to read this Target's Statement carefully and in its entirety as it will assist you in making an informed decision. If you have any queries in relation to the recommended Offer, please consult your professional adviser, contact the OreCorp information line on 1300 441 602 (within Australia) or +61 2 9934 0529 (from outside Australia).

The Offer is scheduled to close at 7.00pm (Sydney time) on 23 February 2024, unless extended by Silvercorp. To **ACCEPT** the Offer, follow the instructions set out in the Bidder's Statement which can be accessed at www.orecorp.com.au. On behalf of the OreCorp Directors, I thank you for your continued support.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Matthew Yates', is positioned above the printed name and title.

Matthew Yates
Executive Chairman
OreCorp Limited

1. Key considerations relating to the Offer

1.1 OreCorp Directors' recommendation

The OreCorp Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer, unless a Superior Proposal emerges and subject to the Independent Expert's Report continuing to conclude the Offer is reasonable to OreCorp Shareholders.³

In reaching a decision on whether to accept or reject the Offer, OreCorp Shareholders should carefully consider section 8 of this Target's Statement and section 10 of the Bidder's Statement which summarises relevant key risks.

The key reasons for this recommendation are set out below:

(a)	The Offer represents a premium to the trading prices of OreCorp Shares on ASX prior to announcement of the Scheme and subsequently, this Offer
(b)	The Independent Expert has determined that the Offer is fair and reasonable
(c)	The Offer provides OreCorp Shareholders with an opportunity to participate in any additional value created in Silvercorp
(d)	If accepted, the Offer is expected to mitigate certain risks associated with OreCorp remaining a standalone entity
(e)	The Offer is subject to limited Offer Conditions
(f)	No Superior Proposal has emerged
(g)	The price of OreCorp Shares may fall if the Offer is not accepted
(h)	You may be able to gain rollover relief on capital gains made on the disposal of your OreCorp Shares

The OreCorp Directors unanimously believe the Offer is in the best interests of OreCorp Shareholders and unanimously recommend that you accept the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is reasonable to OreCorp Shareholders.

In accordance with the terms of the Bid Implementation Deed, each OreCorp Director has accepted the Offer in respect of all OreCorp Shares in which they have a Relevant Interest. As at the date of this Target's Statement, this represents in total approximately 18.5 million OreCorp Shares or 3.9% of the total number of OreCorp Shares on issue.⁴

Whilst the OreCorp Directors acknowledge that there may be reasons not to accept the Offer, they believe that the advantages of the Offer outweigh the potential disadvantages (set out in section 1.3).

³ In respect of the recommendation of the OreCorp Directors, OreCorp Shareholders should have regard to the fact that, if the Offer is accepted, certain OreCorp Directors will receive personal benefits as further detailed on page 3 of this Target's Statement in the paragraph titled "Important information regarding OreCorp Directors' recommendation of the Offer".

⁴ Note that the OreCorp Directors' holdings referred to in this paragraph do not include the OreCorp Performance Rights held by Messrs Yates and Diederichs. As noted on page 3 of this Target's Statement, Mr Yates holds 1,060,208 OreCorp Performance Rights and Mr Diederichs holds 804,274 OreCorp Performance Rights that will vest upon a change of control resulting, upon exercise, in the issue of an additional 1,060,208 OreCorp Shares to Mr Yates and an additional 804,274 OreCorp Shares to Mr Diederichs. The Offer will extend to these additional OreCorp Shares once issued.

The OreCorp Directors recommend that you accept the Offer promptly to ensure that your acceptance is received before the closing date of the Offer at **7:00pm (Sydney time) on 23 February 2024** (unless extended). You should not assume that the Offer Period will be extended. As noted in section 3.4, if you accept the Offer, Silvercorp will pay you the Offer Consideration on or before 10 Business Days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional.

The Offer has a number of advantages and disadvantages which may affect OreCorp Shareholders in different ways depending on their individual circumstances. OreCorp Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.2 sets out in more detail the reasons why OreCorp Shareholders may wish to accept the Offer, but should be read in conjunction with section 1.3 which sets out in more detail the reasons why OreCorp Shareholders may wish not to accept the Offer.

You should read this Target's Statement in full, including the Independent Expert's Report before deciding whether to accept the Offer.

1.2 Reasons to accept the Offer

(a) The implied value of the Offer Consideration represents a premium to the trading prices of OreCorp Shares on ASX prior to announcement of the Scheme and subsequently, the Offer

If the Offer is accepted, eligible OreCorp Shareholders will receive the Offer Consideration for each OreCorp Share they hold at the date their acceptance is processed.⁵ The Offer Consideration comprises the Cash Consideration of A\$0.19 and the Scrip Consideration of 0.0967 Silvercorp Shares for each OreCorp Share you hold.

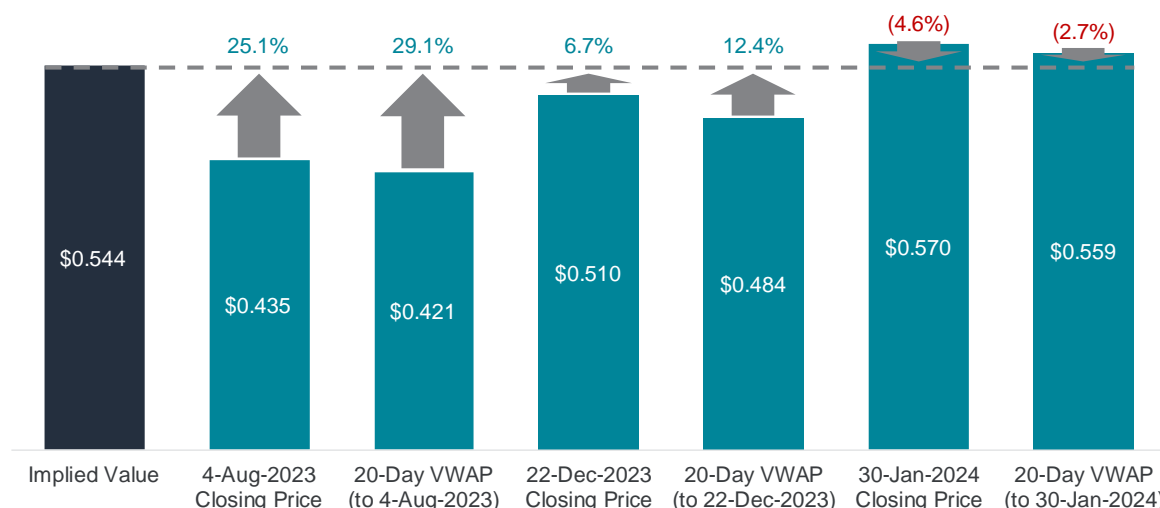
As at the Last Practicable Date, the implied value of the Offer Consideration is A\$0.544 per OreCorp Share (being A\$0.19 in cash and 0.0967 of a Silvercorp Share valued at A\$0.354)⁶, which represents a:

- 25.1% premium to the closing price of OreCorp Shares of A\$0.435 on ASX on 4 August 2023 (being the last trading day prior to the announcement of the Scheme);
- 29.1% premium to the 20-day VWAP of OreCorp Shares of A\$0.421 on the ASX for the period ending 4 August 2023 (being the last trading day prior to announcement of the Scheme);
- 6.7% premium to the closing price of OreCorp Shares of A\$0.510 on ASX on 22 December 2023 (being the last trading day prior to the Offer Announcement Date);
- 12.4% premium to the 20-day VWAP of OreCorp Shares of A\$0.484 on ASX for the period ending 22 December 2023 (being the last trading day prior to the Offer Announcement Date);
- 4.6% discount to the closing price of OreCorp Shares of A\$0.570 on ASX on 30 January 2024 (being the Last Practicable Date); and
- 2.7% discount to the 20-day VWAP of OreCorp Shares of A\$0.559 on ASX for the period ending 30 January 2024 (being the Last Practicable Date).

⁵ Ineligible Shareholders will have their Silvercorp Shares issued instead to a Sale Agent. These shares will then be sold by the Sale Agent and the net proceeds of the sale will be paid to the Ineligible Shareholders. Refer to section 3.5 for more details on this process.

⁶ Implied consideration based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024.

The implied value of the Offer Consideration may move upwards and downwards with fluctuations in the market price of Silvercorp Shares on the TSX and the NYSE American as well as the applicable foreign exchange rate. The implied value of the Offer Consideration (being A\$0.544 as at the Last Practicable Date made up of A\$0.19 in cash and 0.0967 of a Silvercorp Share valued at A\$0.354)⁷ relative to relevant OreCorp trading benchmarks is depicted in the chart below:



As discussed further in section 1.6 below, on 22 January 2024, Perseus announced that it intended to make a takeover bid for OreCorp. Between the open and close of trading on 22 January 2024, the OreCorp share price increased 4.7% from A\$0.530 to A\$0.555. The OreCorp Directors believe this increase may be driven by the Perseus Offer and possibly an expectation that a higher offer may be made or that a Superior Proposal may emerge. This increase in the OreCorp share price has contributed to the discounts represented above that have been calculated by reference to the Last Practicable Date.

Whilst there is a risk that the implied value of the Offer Consideration could decrease if the price of a Silvercorp Share decreases, the 12-month low⁸ closing share price of Silvercorp Shares on the NYSE American (converted into Australian dollars at the then-prevailing US dollar to Australian dollar foreign exchange rate) of A\$3.34 on 13 November 2023 implied an Offer Consideration value of \$0.513 per OreCorp Share, representing a 17.9% premium to the last closing price of OreCorp Shares prior to 4 August 2023 (being the last trading day prior to announcement of the Scheme) and a 10.0% discount to the last closing price of OreCorp Shares prior to 30 January 2024 (being the Last Practicable Date). Conversely, the 12-month high⁹ closing price of Silvercorp Shares on the NYSE American (converted into Australian dollars at the then-prevailing US dollar to Australian dollar foreign exchange rate) of A\$6.13 on 13 April 2023 implied an Offer Consideration value of A\$0.783 per OreCorp Share, representing a 80.0% premium to the closing price of OreCorp Shares prior to 4 August 2023 (being the last trading day prior to announcement of the Scheme) and a 37.4% premium to the last closing price of OreCorp Shares prior to 30 January 2024 (being the Last Practicable Date).

(b) The Independent Expert has concluded that the Offer is fair and reasonable to OreCorp Shareholders.

⁷ Based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024.

⁸ For the 12-month period immediately prior to the Last Practicable Date.

⁹ For the 12-month period immediately prior to the Last Practicable Date.

OreCorp commissioned the Independent Expert, BDO, to prepare a report on the Offer to determine whether it is fair and reasonable to OreCorp Shareholders.

The Independent Expert has concluded that, in its opinion, the Offer is fair and reasonable.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annex 1. OreCorp Shareholders are encouraged to read the Independent Expert's Report in its entirety.

(c) **The Offer provides OreCorp Shareholders with an opportunity to participate in any additional value created in Silvercorp**

OreCorp Shareholders who accept the Offer and decide to retain Silvercorp Shares forming part of the Offer Consideration will become shareholders in Silvercorp. Silvercorp has stated that its strategy will be to continue creating shareholder value by focusing on generating free cashflow from long life mines, bringing development projects into commercial production, organic growth through optimisation, expansion, and extensive drilling for discovery at existing mines and projects, an ongoing merger and acquisition strategy to enhance diversification and grow accretively and a long-term commitment to responsible mining and sound ESG practices. OreCorp Shareholders who retain their Silvercorp Shares will have the opportunity to participate in any additional value created in Silvercorp.

(d) **If accepted, the Offer is expected to mitigate certain risks and uncertainties faced by OreCorp as a standalone entity**

If accepted, the Offer is expected to mitigate certain risks associated with an investment in OreCorp as a standalone entity. In considering the merits of the Offer, the OreCorp Directors gave careful consideration to the risks facing OreCorp, and OreCorp Shareholders, if the Offer is not accepted, including the items listed below:

- OreCorp's cash position prior to the Offer Announcement Date and the need to fund near-term commitments of the Nyanzaga Project, in particular the completion of the Resettlement Action Plan, as well as corporate overheads and working capital, implied a near-term requirement to raise equity capital. As at 31 December 2023, OreCorp had A\$14.9 million in cash and cash equivalents. OreCorp's cashflow forecast contemplates the continuation of resettlement activities at the Nyanzaga Project, considered a critical activity by the Government of Tanzania, and ongoing corporate expenditure. Should the Offer not proceed to completion on the expected timeline, OreCorp will require further funding via debt or equity funding, as highlighted in the 30 June 2023 Annual Report.
- As at 30 September 2023, Silvercorp had cash and cash equivalents and short-term investments of US\$189.1 million and an equity investment portfolio in associates and other companies, excluding OreCorp, with a total market value of US\$101.9 million. Silvercorp's balance sheet, together with its track record of cash generation from its existing asset base, provide significantly greater certainty of funding the development and commissioning of the Nyanzaga Project.
- While OreCorp had made significant progress toward securing debt funding for a component of the capital required to construct the Nyanzaga Project, together with advancing a potential streaming funding transaction, the remaining capital expenditure required to construct the Nyanzaga Project, together with funding required to meet corporate overheads and working capital, implied a need to raise significant equity capital. The OreCorp Directors expect this would occur at a discount to the prevailing price of an OreCorp Share, which would consequently result in significant dilution for OreCorp Shareholders.

With regard to the potential challenges and risks described above, specifically the funding challenges and associated dilution to OreCorp Shareholders (as discussed further in section 8.5(b) below), the Offer provides OreCorp Shareholders (other than Ineligible Shareholders) with an opportunity to partially realise their investment in OreCorp and retain exposure to the Nyanzaga Project through your Silvercorp Shares.

(e) **Silvercorp's offer is subject to limited conditions**

The Offer is subject to a limited number of Offer Conditions as set out in Appendix 2 of the Bidder's Statement. A summary of the Offer Conditions is set out below:

- (a) 50.1% Minimum Acceptance Condition;
- (b) TSX and NYSE American Stock Exchange Approvals Condition;¹⁰
- (c) No Regulatory Action Condition;
- (d) no Material Adverse Change;
- (e) no Prescribed Occurrences occurring; and
- (f) no other prescribed events.

Further details relating to the Offer Conditions are set out in section 3.2 of this Target's Statement.

(f) **Since the announcement of the Scheme, and then subsequently the Offer, no Superior Proposal has emerged.**

Between the announcement of the Scheme on 6 August 2023 and the date of this Target's Statement, no Superior Proposal has emerged and OreCorp is not aware, as at the date of this Target's Statement, of any Superior Proposal. While Perseus has announced the Perseus Offer, the OreCorp Board has determined that the Perseus Offer is not a Superior Proposal. Refer to section 1.6 for further details in respect of the Perseus Offer. Should any further competing proposal arise, your OreCorp Directors will consider such proposal, taking into account all aspects of the proposal, including conditions precedent, identity and reputation of the person making the proposal and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations, conditions or other matters affecting the probability of the proposal being completed). If such competing proposal is considered to be a Superior Proposal, the OreCorp Directors will reconsider their recommendation and inform you accordingly.

(g) **The price of OreCorp Shares may fall if the Offer is not accepted.**

If the Offer is not accepted, OreCorp Shareholders will retain their shares in OreCorp, which will continue to be quoted on ASX. In this event, the OreCorp Directors anticipate that OreCorp Shares will trade at levels below those at which they have traded since the Scheme, and subsequently the Offer were announced, in the absence of an alternative proposal on similar or superior terms to the Offer.

¹⁰ On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. A full copy of this notice was released to ASX on 30 January 2024.

(h) **You may be able to obtain rollover relief on capital gains made on disposal of your OreCorp Shares.**

If you make a capital gain as a result of the CGT event happening on the disposal of your OreCorp Shares pursuant to the Offer, you may be eligible to choose to obtain a roll-over in respect of part of that capital gain pursuant to Subdivision 124-M of the Tax Act (**roll-over**), to the extent the capital proceeds received are Silvercorp Shares, subject to the specific criteria for the roll-over being satisfied.

If you are eligible and choose to apply the partial roll-over to the CGT event happening on the disposal of your OreCorp Shares, any capital gain arising from that CGT event would be disregarded for Australian income tax purposes to the extent that the capital proceeds received are Silvercorp Shares, and accordingly such capital gain would not be included in calculating the net capital gain for inclusion in your assessable income.

Further details of the Australian tax implications of acceptance of the Offer are set out in section 9 of this Target's Statement and section 11 of the Bidder's Statement.

1.3 Reasons why you may consider not accepting the Offer

(i) **You may hold different views to the OreCorp Directors and the Independent Expert**

Notwithstanding the unanimous recommendation of the OreCorp Board as set out in section 1.2 and the conclusion by the Independent Expert that the Offer is fair and reasonable to OreCorp Shareholders, you may hold a different view and believe that the Offer is not in your individual best interests.

(j) **The value of the Offer Consideration is not fixed and will depend on the price at which Silvercorp Shares trade on the TSX and the NYSE American.**

As at the close of trading on NYSE American on the Last Practicable Date, the implied value of the Offer Consideration was A\$0.544 per OreCorp Share.¹¹ The implied value of the Silvercorp Shares will vary over time depending on the price of Silvercorp Shares and the AUD:USD exchange rate. Accordingly, the implied value of the Scrip Consideration is likely to change, including between the date of this Target's Statement and when the Scrip Consideration is issued. There is no guarantee that you will actually receive the implied value of the Scrip Consideration referred to in this Target's Statement.

¹¹ Based on the 20-day VWAP of Silvercorp Share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including the Last Practicable Date.

Scrip Consideration Sensitivity

AUD:USD EXCHANGE RATE	SILVERCORP SHARE PRICE (USD)				
	USD2.23	USD2.33	USD2.43	USD2.53	USD2.63
	Implied value per OreCorp share (AUD)				
1.407	A\$0.49	A\$0.51	A\$0.52	A\$0.53	A\$0.55
1.457	A\$0.50	A\$0.52	A\$0.53	A\$0.55	A\$0.56
1.507	A\$0.51	A\$0.53	A\$0.54	A\$0.56	A\$0.57
1.557	A\$0.53	A\$0.54	A\$0.56	A\$0.57	A\$0.59
1.607	A\$0.54	A\$0.55	A\$0.57	A\$0.58	A\$0.60

The 20-day VWAP of Silvercorp's shares trading on the NYSE American, up to and including the Last Practicable Date, was US\$2.43 and the average AUD:USD exchange rate was 1.507 for the twenty days up to and including the Last Practicable Date.

The Silvercorp Shares that you will receive under the Offer is fixed at 0.0967 Silvercorp Shares for each OreCorp Share that you hold. This ratio will not change, even if the value of Silvercorp Shares decreases or the value of OreCorp Shares increases, or vice versa, before the Silvercorp Shares are issued to you.

The value of the Silvercorp Shares will vary over time. In particular, Silvercorp's share price may be affected by the risks set out in section 10 of the Bidder's Statement. These risks include general economic conditions, changes in law, regulation or government policy, the impact of competition, certain other operational and financial risks and uncertainties associated with carrying on business in the mining industry, investor sentiment and general movements in securities markets. OreCorp Shareholders are already exposed to a considerable number of these risks through their investment in OreCorp. However, if the Offer is accepted, the extent to which a particular risk may affect the price of Silvercorp Shares may be greater than the extent to which that risk currently affects OreCorp. These risks also include the matters summarised in section 10 of the Bidder's Statement, which OreCorp Shareholders are not currently exposed to.

In addition, if the Offer is accepted, Silvercorp will issue up to 38,634,744 Silvercorp Shares under the Offer, representing approximately 17.7% of the total Silvercorp Shares on issue at the Offer Announcement Date on a fully diluted in-the-money basis.¹² If a significant number of Silvercorp

¹² Assumptions – (i) based on 399,531,991 OreCorp Shares on issue that are not held by Silvercorp as at the date of this Target's Statement (ii) all OreCorp Performance Rights are vested and exercised prior to the end of the Offer Period (iii) all OreCorp Options are acquired by Silvercorp and remain unexercised (iv) 100% take up under the Offer (v) maximum number of Silvercorp Shares to be issued under the Offer does not contemplate rounding (vi) no Silvercorp Options or Silvercorp RSUs are exercised between the date of this Target's Statement and the end of Offer Period (vii) Silvercorp has not cancelled any Silvercorp Shares that have been repurchased by Silvercorp under the Silvercorp Share Repurchase Program.

Shares are sold on or shortly after issue to OreCorp Shareholders, there may be additional volatility in the price of Silvercorp Shares in the short term.

- (k) **You may wish to maintain your direct investment in OreCorp, as an ASX-listed company, and prefer for OreCorp to continue to operate as a standalone entity.**

If the Offer is accepted and you receive the Offer Consideration, you will no longer hold OreCorp Shares and you will relinquish any benefits that may result from being an OreCorp Shareholder. Additionally, and notwithstanding the risk factors relevant to OreCorp and its operations and business detailed in section 8, you may wish to maintain your investment in an ASX-listed company with the specific attributes of OreCorp and, more broadly, your current investment profile.

You may prefer that OreCorp continues to execute its strategy and operate as a standalone entity. An investment in Silvercorp is not the same as an investment in OreCorp and will have different attributes (including with respect to your rights as a shareholder and the risks, returns and liquidity profiles) to your current investment in OreCorp.

If the Offer is accepted, your ownership percentage and voting power in Silvercorp will be diluted, as compared with your current ownership percentage and voting power in OreCorp. Additionally, any future development and exploration upside in respect of the Nyanzaga Project will be shared with the existing Silvercorp Shareholders.

- (l) **You may consider that there is a possibility that a Superior Proposal could emerge in the foreseeable future.**

It remains possible that a Superior Proposal may arise.

If a further Competing Proposal is received, this will be considered by the OreCorp Board in accordance with the provisions in the Bid Implementation Deed and their directors' duties. Depending on the circumstances, where OreCorp terminates the Bid Implementation Deed because it determines that the Competing Proposal constitutes a Superior Proposal and should be accepted, and this Competing Proposal completes, OreCorp may be required to pay the Break Fee to Silvercorp. Further details in relation to the payment of the Break Fee are set out in section 10.1.

- (m) **Silvercorp and its shareholders will be subject to different corporate and securities law than OreCorp currently is.**

OreCorp is incorporated in Australia and OreCorp Shareholders' rights are governed by the laws of Australia, the ASX Listing Rules and the constitution of OreCorp. Silvercorp is incorporated under the laws of the Province of British Columbia, Canada and subject to the laws of Canada, the Silvercorp Articles and the rules applicable to entities listed on the TSX and the NYSE American.

If the Offer is accepted, you will receive Silvercorp Shares. The rights of holders of Silvercorp Shares will be governed by the laws of the Province of British Columbia, Canada, the Silvercorp Articles and the rules applicable to entities listed on the TSX and the NYSE American.

Whilst some of the material differences between applicable laws, as they relate to each of OreCorp and Silvercorp, may be seen as advantageous to OreCorp Shareholders, others may be seen as having a disadvantage.

Refer to Annex 2 for further details of the differences between the applicable laws of Australia and Canada.

- (n) **The tax consequences of accepting the Offer may not suit your particular financial circumstances.**

Acceptance of the Offer may have tax or other financial consequences for OreCorp Shareholders, some of which may not be favourable. In particular, you may realise a capital gain on which you may be taxed. A general guide to the taxation implications of the Offer is set out in section 9 of this Target's Statement and section 11 of the Bidder's Statement. This guide is expressed in general terms and individual OreCorp Shareholders should seek professional advice regarding the tax consequences applicable to their own circumstances.

- (o) **You will be exposed to foreign exchange rates.**

Silvercorp Shares are denominated in CAD on the TSX and USD on the NYSE American. Accordingly, you will receive Silvercorp Shares and be exposed to movements in foreign exchange rates between AUD:USD and AUD:CAD, the impact of which cannot be predicted reliably. Accordingly, the Australian dollar value that you receive for any sale of Silvercorp Shares in the future may be adversely affected by foreign exchange rate movements.

- (p) **You may prefer to maintain your current investment and risk profile.**

You may prefer to keep your OreCorp Shares to maintain your investment in an Australian public company with the specific characteristics of OreCorp. While OreCorp and Silvercorp are both resources companies with a focus on precious metals assets, the operational profile, geographic exposure and capital structure of Silvercorp will differ from that of OreCorp on a standalone basis. Silvercorp will have market exposure to the prices of silver, lead and zinc, commodities that OreCorp is not currently exposed to, as well as project specific risks related to the mines owned and operated by Silvercorp. Full details of the risks associated with the Offer, the Merged Group and its creation are set out in section 8 of this Target's Statement and section 10 of the Bidder's Statement.

1.4 Risks associated with not accepting the Offer

If the Offer is unsuccessful and no other offer is successful, OreCorp's share price may fall below the current trading price and liquidity levels may also fall, leaving OreCorp Shareholders exposed to the ongoing risks associated with an investment in OreCorp. In particular:

- OreCorp shareholders will have full exposure to the risks associated with development of a project of the nature of the Nyanzaga Project, and will not benefit from Silvercorp's development capabilities and financial strength;
- OreCorp will need to raise the funds required to develop the Nyanzaga Project, including a potential issue of equity, likely to be priced at a discount to the trading price of OreCorp Shares, which could dilute your investment in OreCorp; and
- If the Offer is unsuccessful and there is a subsequent decline in the OreCorp Share price, there may exist the potential for opportunistic or hostile offers, which may be less advantageous to OreCorp Shareholders, to emerge in the future. This could expose OreCorp to heightened risk and reduced negotiating leverage in potential future transactions, potentially compromising OreCorp Shareholders' long-term return on investment.

1.5 Risks associated with accepting the Offer while it remains subject to conditions

While the Offer is only subject to limited conditions, it is conditional and there is no certainty about whether the Offer Conditions will be satisfied and when they will be satisfied. If you accept the Offer whilst it remains subject to one or more of the Offer Conditions then:

- Silvercorp will not be obliged to acquire your OreCorp Shares, and you will not receive the Offer Consideration, unless and until such Offer Conditions are satisfied or waived; and
- you will be unable to sell your OreCorp Shares on market or to accept the Perseus Offer or any other competing offer that may emerge for your OreCorp Shares unless and until the Offer closes without becoming or being declared unconditional or a right to withdraw your acceptance arises under the Corporations Act.

You may only withdraw your acceptance under the Corporations Act if Silvercorp varies the Offer in a way that postpones for more than one month the time by which it must meet its obligations under the Offer.

1.6 Perseus Offer

As announced by OreCorp on 22 January 2024, OreCorp received a confidential, conditional proposal from Perseus after market close on Friday, 19 January 2024. The OreCorp Board carefully considered the proposal with its advisers and, on Sunday, 21 January 2024, notified Perseus that it was not considered a Superior Proposal for the purposes of the Bid Implementation Deed.

On 22 January 2024, Perseus announced that it intends to make a takeover bid for OreCorp. The OreCorp Board reviewed the terms of the Perseus Offer and, upon confirming that the Perseus Offer materially reflected the terms of the proposal received on Friday, 19 January 2024, determined that the Perseus Offer did not constitute a Superior Proposal for the purposes of the Bid Implementation Deed.

On 29 January 2024, Perseus released its bidder's statement in respect of the Perseus Offer (**Perseus Bidder's Statement**).

The OreCorp Board is of the view that the consideration offered by Perseus, being A\$0.55 cash per OreCorp Share, is not sufficient to compensate for the increased timing and execution risk associated with the Perseus Offer, as compared to the Silvercorp Offer.

The Perseus Offer represents the following premiums and discounts to OreCorp Shares based on various reference periods (as set out below), on the basis of the Perseus Offer being A\$0.55 cash. For comparative purposes the corresponding premiums and discounts represented by the Silvercorp Offer based on the implied value of the Silvercorp Offer being A\$0.544¹³ are included in italics.

- 26.4% premium (*Silvercorp Offer: 25.1% premium*) to the closing price of OreCorp Shares of A\$0.435 on ASX on 4 August 2023 (being the last trading day prior to the announcement of the Scheme);
- 30.5% premium (*Silvercorp Offer: 29.1% premium*) to the 20-day VWAP of OreCorp Shares of A\$0.421 on the ASX for the period ending 4 August 2023 (being the last trading day prior to announcement of the Scheme);
- 7.8% premium (*Silvercorp Offer: 6.7% premium*) to the closing price of OreCorp Shares of A\$0.510 on ASX on 22 December 2023 (being the last trading day prior to the Offer Announcement Date);

¹³ Implied consideration based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024

- 13.7% premium (*Silvercorp Offer: 12.4% premium*) to the 20-day VWAP of OreCorp Shares of A\$0.484 on ASX for the period ending 22 December 2023 (being the last trading day prior to the Offer Announcement Date);
- 3.5% discount (*Silvercorp Offer: 4.6% discount*) to the closing price of OreCorp Shares of A\$0.570 on ASX on 30 January 2024 (being the Last Practicable Date); and
- 1.7% discount (*Silvercorp Offer: 2.7% discount*) to the 20-day VWAP of OreCorp Shares of A\$0.559 on ASX for the period ending 30 January 2024 (being the Last Practicable Date).

OreCorp notes Perseus' statement in its 22 January 2024 announcement that the Perseus Offer is intended to be subject to conditions "materially the same and that are no less favourable" as those under the current Silvercorp Offer, and that it has largely replicated the "no regulatory action" condition contained in the Silvercorp Offer. Perseus further stated that, following its recent discussions with the Government of Tanzania, it "does not foresee any challenges in obtaining the requisite approvals in a timely manner."

The regulatory approval required by both Perseus and Silvercorp is merger approval for the acquisition of control of OreCorp from the FCC. FCC approval requires lodgement of extensive documentation, initial review by the FCC, a 14 day public notice period and provided no public objection, up to a further 90 day period during which the application is assessed by the FCC. FCC approval also requires consent from various government entities including the Tanzania Mining Commission and the Treasury Registrar.

In early November 2023, Silvercorp obtained FCC approval in respect of the Scheme. Given this Existing Approval, the minimal additional documentation which OreCorp and Silvercorp were required to provide to the FCC in the updated application and recent meetings between representatives of OreCorp and the relevant Tanzanian authorities, OreCorp anticipates that Silvercorp is well positioned to receive the further FCC confirmation and/or approval in respect of the Silvercorp Offer within an expedited timeframe. As an example, the FCC was willing to reduce the required public notice period from 14 days to 7 days in light of the Existing Approval. Silvercorp and OreCorp's current expectation is to receive the FCC decision by mid-February 2024.

Perseus does not have the benefit of a prior approval that would both assist and expedite its FCC approval process. Accordingly, the OreCorp Board does not share Perseus' optimism regarding obtaining the requisite FCC approval in as timely a manner.

The Perseus Bidder's Statement provides that the Perseus Offer will remain open until at least 15 March 2024 (to allow the FCC to make a determination in relation to the Perseus Offer). OreCorp is concerned that the period until 15 March 2024 is not sufficient for the FCC to be able to provide a determination in relation to the Perseus Offer (on the basis that Perseus does not have an existing approval and the FCC requires a 14 day public notice period and up to a further 90 day assessment period). Perseus has not committed to extend the Perseus Offer, if required, to allow for the FCC approval to be obtained in accordance with the standard FCC approval process. If the FCC has not provided its approval by 15 March 2024, and the Perseus Offer is not extended, the Perseus Offer will not proceed and any acceptances of the Perseus Offer made by OreCorp Shareholders will be returned. OreCorp Shareholders who accept the Perseus Offer before it becomes unconditional will be unable to sell their OreCorp Shares on market or to accept any other competing offer that may emerge for their OreCorp Shares unless and until the Perseus Offer closes without becoming or being declared unconditional or a right to withdraw acceptance arises under the Corporations Act.

The Independent Expert's Report contained in Annex 1 to this Target's Statement considers the Perseus Offer. Having determined the valuation range for the Offer Consideration and considered other

factors pertinent to the Perseus Offer, the Independent Expert has concluded that they do not consider the Perseus Offer to be superior to the Offer.

This Target's Statement has been issued in response to the Offer. OreCorp will issue a separate target's statement in response to the Perseus Offer which will contain further information in respect of that offer and in response to the Perseus Bidder's Statement. The OreCorp Board recommends that OreCorp Shareholders take no action in respect of the Perseus Offer until they have received and considered the target's statement to be issued by OreCorp in response to the Perseus Offer (which will be issued in accordance with the time frame prescribed under the Corporations Act).

2. Questions and answers

This section provides summary answers to a number of questions that you may have in relation to the Offer and refers you to other sections of this Target's Statement where you will find more information on the subjects mentioned. This section does not provide all information that may be relevant. You should read the Bidder's Statement and this Target's Statement in full before deciding whether or not to accept the Offer. You may also wish to seek independent financial, legal or other professional advice in relation to the action that you should take in relation to the Offer and your OreCorp Shares.

If you have any further questions about the Offer or how to accept it, please contact the OreCorp Registry / information line on 1300 441 602 (within Australia) or +61 2 9934 0529 (from outside Australia).

Question	Summary answer	Further information
<p>What is the Bidder's Statement?</p>	<p>The Bidder's Statement is the document setting out the terms of the Offer. Silvercorp lodged the original Bidder's Statement with ASIC on 27 December 2023 and the replacement Bidder's Statement with ASIC on 16 January 2024. Silvercorp commenced sending the replacement Bidder's Statement to OreCorp Shareholders on 16 January 2024 and completed dispatch on 18 January 2024.</p>	<p>N/A</p>
<p>What is this Target's Statement?</p>	<p>This Target's Statement is OreCorp's formal response to the Offer, including the recommendation of your OreCorp Directors.</p>	<p>N/A</p>
<p>What is the Offer?</p>	<p>Silvercorp is offering to buy all of the OreCorp Shares it does not already own (including all Rights attaching to those OreCorp Shares) by way of an off-market takeover bid.</p> <p>If you accept the Offer, and the Offer is declared or becomes unconditional, you will receive the Offer Consideration for each OreCorp Share you own, being:</p> <ul style="list-style-type: none"> • \$0.19 cash; and • 0.0967 Silvercorp Shares. <p>The Offer relates to all OreCorp Shares that exist on the Register Date, other than the OreCorp Shares owned by Silvercorp. The Offer also extends to all OreCorp Shares that are issued during the Offer Period due to conversion of any OreCorp Performance Rights that exist at the Register Date.</p>	<p>Section 3</p>
<p>Who is Silvercorp?</p>	<p>Silvercorp is a Vancouver based Canadian mining company producing silver, gold, lead, zinc and other metals with a</p>	<p>Section 6</p>

Question	Summary answer	Further information
	long history of profitability and growth. Silvercorp’s strategy is to create shareholder value by focusing on generating free cashflow from long life mines, organic growth through extensive drilling for discovery, ongoing merger and acquisition efforts to unlock value, and long-term commitment to responsible mining and sound environmental, social and governance practices.	
What is the implied value of the Offer Consideration?	<p>The current implied value of the Offer Consideration is A\$0.544 per OreCorp Share (being A\$0.19 in cash and 0.0967 of a Silvercorp Share valued at A\$0.354).¹⁴</p> <p>It is important to note that the value of a Silvercorp Share and therefore the Offer Consideration may move upwards and downwards with fluctuations in the market price of Silvercorp Shares on the TSX and the NYSE American as well as the applicable foreign exchange rate.</p>	Section 1.2
When does the Offer close?	The Offer is currently scheduled to close at 7.00 pm (Sydney Time) on 23 February 2024, unless extended or withdrawn.	See ‘Key dates’ on page 6
Does Silvercorp have a Relevant Interest in any OreCorp shares?	As at the Offer Announcement Date, Silvercorp held a Relevant Interest in 73,889,007 OreCorp shares, being 15.74% of the OreCorp Shares.	Section 6.8
What choices do I have as an OreCorp Shareholder?	<p>You can do any of the following:</p> <ul style="list-style-type: none"> • ACCEPT the Offer if you agree with the OreCorp Directors; • sell your OreCorp Shares on market - the price at which you are able to sell on the market may be higher or lower than the Offer Consideration; or • reject the Offer by taking no action and remain an OreCorp Shareholder (unless your OreCorp Shares are compulsorily acquired – see section 3.7). 	Section 4

¹⁴ Implied consideration based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024

Question	Summary answer	Further information
	You should carefully consider the OreCorp Directors' recommendation and other important information set out in this Target's Statement before deciding what to do.	
Are there any circumstances in which I will not be entitled to receive Silvercorp Shares?	If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, you will not be provided with Silvercorp Shares. Instead, you will receive the net proceeds of the sale (after deducting the applicable brokerage (applied at market standard rates), taxes and charges) of the Silvercorp Shares you would have otherwise been entitled to.	Section 3.5
What do your Directors recommend?	The OreCorp Directors unanimously recommend that you ACCEPT the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is reasonable to OreCorp Shareholders. ¹⁵	Chairman's letter on page 7 and section 4.3
What is the Independent Expert's opinion on the Offer?	The Independent Expert, BDO, has concluded that the Offer is fair and reasonable.	Annex 1
What is the Perseus Offer?	<p>The Perseus Offer is the intended off-market takeover offer by Perseus of OreCorp for cash consideration of A\$0.55 per OreCorp Share, as announced by Perseus on 22 January 2024. The OreCorp Board reviewed the terms of the Perseus Offer and determined that the Perseus Offer does not constitute a Superior Proposal.</p> <p>OreCorp will issue a separate target's statement in response to the Perseus Offer which will contain further information in respect of that offer and in response to the Perseus Bidder's Statement. The OreCorp Board recommends that OreCorp Shareholders take no action in respect of the Perseus Offer until they have received and considered the separate target's statement to be issued by OreCorp in response to the Perseus Offer (which will be issued in accordance with the time frame prescribed under the Corporations Act).</p>	Section 1.6

¹⁵ In respect of the recommendations of the OreCorp Directors, OreCorp Shareholders should have regard to the fact that, if the Offer is accepted, certain OreCorp Directors will receive personal benefits as further detailed on page 3 of this Target's Statement in the paragraph titled "Important information regarding OreCorp Directors' recommendation of the Offer".

Question	Summary answer	Further information
<p>What interests do the OreCorp Directors have in relation to the Offer?</p>	<p>Mr Yates (Executive Chairman) and Mr Diederichs (CEO and Managing Director) will each be receiving a benefit if the Offer becomes or is declared unconditional because of their respective holdings of OreCorp Performance Rights.</p> <p>Further, if Silvercorp obtains Effective Control, Mr Yates, Mr Morrison and Mr Klessens will receive a cash payment in respect of the acquisition by Silvercorp of their respective holdings of OreCorp Options.</p> <p>Full details of these personal benefits are set out on page 3 of this Target’s Statement in the paragraph titled “Important information regarding OreCorp Directors’ recommendation of the Offer”.</p>	<p>See “Important information regarding OreCorp Directors’ recommendation of the Offer” on page 3 and sections 10.3 and 10.4.</p>
<p>What will the OreCorp Directors do?</p>	<p>In accordance with the terms of the Bid Implementation Deed, each OreCorp Director who holds OreCorp Shares has accepted the Offer in relation to those OreCorp Shares in which they have a Relevant Interest.</p>	<p>Section 1 and section 4.4</p>
<p>How do I accept the Offer?</p>	<p>To accept the Offer, you must follow the instructions in the Bidder's Statement.</p>	<p>Section 4.1(b)</p>
<p>How do I reject the Offer?</p>	<p>If you do not wish to accept the Offer you should do nothing with the documents you have received from Silvercorp.</p>	<p>Section 4.1(d)</p>
<p>When do I have to make a decision?</p>	<p>If you wish to accept the Offer, you must do this before its scheduled closing date. Silvercorp has stated that the Offer remains open until 7.00pm (Sydney time) on 23 February 2024. Silvercorp may extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See section 3 of Appendix 1 of the Bidder's Statement for details of circumstances in which the Offer Period can be extended. You should not assume that the Offer Period will be extended.</p>	<p>‘Key dates’ on page 6</p>
<p>What are the Conditions of the Offer?</p>	<p>The Offer is currently subject to a limited number of Offer Conditions. These are summarised in section 3.2 and are set out in full in Appendix 2 of the Bidder's Statement.</p> <p>Silvercorp has agreed that, within 3 Business Days after both the 50.1% Minimum Acceptance Condition and the Stock</p>	<p>Sections 3.2 and 10.12</p>

Question	Summary answer	Further information
	<p>Exchange Approvals Condition are satisfied, it will waive all Offer Conditions other than any Offer Condition in respect of which Silvercorp has publicly announced a breach or suspected breach before that time. On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. A full copy of this notice was released to ASX on 30 January 2024.</p> <p>Shareholders should be aware that Silvercorp has announced that the No Regulatory Action Condition will be breached if the FCC does not determine that the Existing Approval is valid for the change of control of OreCorp associated with the Offer, and does not grant a new approval in relation to the Offer.</p>	
<p>What happens if I accept the Offer while it is still subject to one or more of the Offer Conditions?</p>	<p>If you accept the Offer whilst it remains subject to one or more of the Offer Conditions then:</p> <ul style="list-style-type: none"> • Silvercorp will not be obliged to acquire your OreCorp Shares, and you will not receive the Offer Consideration, unless and until such Offer Conditions are satisfied or waived; and • you will be unable to sell your OreCorp Shares on market or to accept the Perseus Offer or any other competing offer that may emerge for your OreCorp Shares unless and until the Offer closes without becoming or being declared unconditional or a right to withdraw your acceptance arises under the Corporations Act. <p>You may only withdraw your acceptance under the Corporations Act if Silvercorp varies the Offer in a way that postpones for more than one month the time by which it must meet its obligations under the Offer.</p>	<p>Section 3.3</p>
<p>What happens if I do nothing?</p>	<p>You will remain an OreCorp Shareholder. However, if Silvercorp acquires 90% or more of the OreCorp Shares and the Offer becomes unconditional, Silvercorp will be entitled to compulsorily acquire your OreCorp Shares. See section 3.7 of this Target's Statement for more details. If Silvercorp acquires a Relevant Interest in between 50.1% and 90% of OreCorp Shares and the Offer becomes unconditional, you will be a minority shareholder in OreCorp. The implications of this are described in section 3.8 of this Target's Statement.</p>	<p>Section 3.7 and section 3.8</p>

Question	Summary answer	Further information
Can I sell my OreCorp Shares on market?	<p>You can sell your OreCorp Shares on market unless you have accepted the Offer in respect of those OreCorp Shares. If you sell your OreCorp Shares on market:</p> <ul style="list-style-type: none"> • you will not benefit from any possible increase in the value of OreCorp Shares; and • you will not benefit from any possible increase in the consideration that may be provided under the Offer or any other offer, should one be made. 	Section 4.1(c)
Can I be forced to sell my OreCorp Shares?	<p>You cannot be forced to sell your OreCorp Shares unless Silvercorp becomes entitled to compulsorily acquire your OreCorp Shares. Silvercorp will become entitled to do this if it acquires more than 90% of the OreCorp Shares and the Offer becomes unconditional. In this situation, you will be paid the same consideration as is payable by Silvercorp under the Offer.</p>	Section 3.7
What happens if Bidder increases the Offer Consideration?	<p>The Directors will carefully consider the revised Offer and advise you accordingly. If you have already accepted the Offer, you will be entitled to any increase in the Offer Consideration (assuming all Offer Conditions are satisfied or waived).</p>	N/A
Will my Silvercorp Shares be quoted on the ASX?	<p>No, as Silvercorp is not listed on ASX. Silvercorp is listed on the TSX and NYSE American.</p> <p>Silvercorp has obtained conditional approval (subject only to customary conditions to be satisfied when or around the time when the Offer becomes or is declared unconditional) for the new Silvercorp Shares issuable under the Offer to be quoted on the TSX and NYSE American. Quotation of these new Silvercorp Shares will commence as soon as practicable after the relevant new Silvercorp Shares are issued.</p> <p>Silvercorp has advised that it continues to explore the possibility of being admitted to the official list of ASX, and if that occurs, holders of Silvercorp Shares will be able to convert their Silvercorp Shares into Silvercorp CDIs which will be tradeable on the ASX.</p>	N/A
What rights will my Silvercorp Shares have?	<p>The Silvercorp Shares issued under this Offer will be issued fully paid and will from the time of issue rank equally with existing Silvercorp Shares.</p>	N/A

Question	Summary answer	Further information
Can I withdraw my acceptance?	Under the terms of the Offer which are set out in Appendices 1 and 2 of the Bidder's Statement, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, Silvercorp varies the Offer in a way that postpones, for more than one month, the time when Silvercorp has to meet its obligations under the Offer (eg if Silvercorp extends the Offer for more than 1 month while the Offer remains conditional).	Section 3.3
When will I be paid if I accept the Offer?	If you accept the Offer, Silvercorp will pay you the Offer Consideration on or before 10 Business Days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional.	Section 3.4
How can I get further information?	Announcements made to ASX by OreCorp and other information relating to the Offer can be obtained from OreCorp's website at www.orecorp.com.au . You can also get updates on OreCorp's share price from ASX's website at www.asx.com.au .	N/A
Are there any risks of accepting the Offer?	If you accept the Offer, you will be issued with Silvercorp Shares as part of the Offer Consideration (unless you are an Ineligible Shareholder, refer section 3.5 of this Target's Statement). There are a number of risk factors associated with an investment in Silvercorp Shares and with the Offer itself.	Section 3.7 and section 8.2
What happens if I do not accept the Offer?	<p>If you do not accept the Offer and Silvercorp acquires a Relevant Interest in at least 90% of OreCorp Shares and the other Offer Conditions are satisfied or waived, Silvercorp intends to proceed to compulsorily acquire outstanding OreCorp Shares. If this occurs, you will receive the Offer Consideration for each of your OreCorp Shares at the conclusion of this process. You will receive the Offer Consideration sooner if you accept the Offer, rather than being compulsorily acquired.</p> <p>If the Offer becomes or is declared unconditional but Silvercorp does not become entitled to compulsorily acquire your OreCorp Shares, you will remain a shareholder of OreCorp. In these circumstances and, depending on the number of OreCorp Shares acquired by Silvercorp, as a result of the Offer you may be a minority shareholder in what may be a less liquid stock. Silvercorp will seek to have OreCorp delisted from the ASX if the relevant conditions</p>	Section 3.7 and section 8.2

Question	Summary answer	Further information
	required by ASX are met. If delisting occurs, your OreCorp Shares will no longer be quoted or able to be traded on the ASX.	
What are the tax implications of accepting the Offer?	<p>If you accept the Offer, there may be tax consequences for which will vary depending on a number of factors, including your place of residence for tax purposes and your individual tax circumstances.</p> <p>Section 9 of this Target’s Statement and section 11 of the Bidder’s Statement set out a summary of the general Australian income tax, stamp duty and GST consequences for you accepting the Offer.</p> <p>You should consult with your own tax adviser regarding the consequences of the Offer in light of current tax laws and your particular circumstances.</p>	Section 9
Do I pay brokerage if I accept?	<p>If your OreCorp Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Silvercorp, you will not incur any brokerage connected with you accepting of the Offer.</p> <p>If your OreCorp Shares are registered in a CHESS Holding or you hold your OreCorp Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker or the bank, custodian or other nominee) whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, the cash proceeds that you will receive (following the sale by the nominee of the Silvercorp Shares that you would otherwise be entitled to receive under the Offer) will be net of transaction costs.</p>	N/A
Who should I call if I have any questions?	If you have any questions in relation to the Offer, you can contact the OreCorp information line on 1300 441 602 (within Australia) or +61 2 9934 0529 (from outside Australia). If you are in any doubt as to what to do, you should consult your financial, legal or other professional adviser immediately.	N/A

3. Information about the Offer

3.1 Overview of the Offer

Silvercorp has offered to acquire all of your OreCorp Shares and all Rights attaching to them, for the Offer Consideration, being:

- the Cash Consideration of A\$0.19 for each OreCorp Share you hold; and
- the Scrip Consideration of 0.0967 Silvercorp Shares for each OreCorp Share you hold,

on the terms and subject to the conditions set out in the Bidder's Statement (including the Offer Conditions described in section 3.2). You may only accept the Offer in respect of all, and not some, of your OreCorp Shares. If you accept the Offer, you undertake to transfer to Silvercorp not only your OreCorp Shares, but also all Rights attached to them.

The Offer is open for acceptance until 7.00pm (Sydney time) on 23 February 2024, unless Silvercorp extends the Offer Period in accordance with the Corporations Act or the Offer Period is automatically extended under section 624(2) of the Corporations Act, in which case the Offer will remain open for acceptance until the end of the Offer Period as so extended.

3.2 Conditions to the Offer

The Offer is subject to a limited number of Offer Conditions as set out in Appendix 2 of the Bidder's Statement. A summary of the Offer Conditions is set out below:

- (a) 50.1% Minimum Acceptance Condition;
- (b) TSX and NYSE American Stock Exchange Approvals Condition;¹⁶
- (c) No Regulatory Action Condition;
- (d) no Material Adverse Change;
- (e) no Prescribed Occurrences occurring; and
- (f) no other prescribed events.

Subject to the Corporations Act, Silvercorp may free the Offer and any contract resulting from your acceptance of the Offer from all or any of the Offer Conditions by giving written notice to OreCorp and ASX in accordance with section 650F of the Corporations Act. Any such notice (except for in relation to the Offer Condition of no Prescribed Occurrences occurring) must be given not less than 7 days before the end of the Offer Period.

Silvercorp has agreed that, in accordance with the terms of the Bid Implementation Deed, within 3 Business Days after both the 50.1% Minimum Acceptance Condition and the Stock Exchange Approvals Condition are satisfied, it will waive all Offer Conditions other than any Offer Condition in respect of which Silvercorp has publicly announced a breach or suspected breach before that time. Shareholders should be aware that Silvercorp has announced that the No Regulatory Action Condition will be breached if the FCC does not determine that the Existing Approval is valid for the change of

¹⁶ On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. A full copy of this notice was released to ASX on 30 January 2024.

control of OreCorp associated with the Offer, and does not grant a new approval in relation to the Offer.

On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. As at the date of this Target's Statement, Silvercorp has not given notice that any of the Offer Conditions other than the Stock Exchange Approvals Condition have been fulfilled or waived.

If the Offer Conditions are not satisfied or waived, then the Offer will not proceed and any acceptances will be returned.

3.3 Consequences of accepting the Offer

The effect of acceptance of the Offer is set out in clause 8 of Appendix 1 of the Bidder's Statement. You should read that section of the Bidder's Statement in full to understand the effect that accepting the Offer will have on your ability to deal with your OreCorp Shares, and the representations and warranties which you give by accepting the Offer. In particular, it is important you understand that if you accept the Offer whilst it remains subject to one or more of the Offer Conditions then:

- (a) Silvercorp will not be obliged to acquire your OreCorp Shares, and you will not receive the Offer Consideration, unless and until such Offer Conditions are satisfied or waived; and
- (b) you will be unable to sell your shares on market or to accept the Perseus Offer or any other competing offer that may emerge for your OreCorp Shares unless and until the Offer closes without becoming or being declared unconditional or a right to withdraw your acceptance arises under the Corporations Act.

If you accept the Offer you may not withdraw that acceptance unless a right to withdraw your acceptance arises under the Corporations Act. This applies even if the Offer is still subject to one or more of the Offer Conditions described in section 3.2 at the time that you accept. A right to withdraw your acceptance under the Corporations Act will only arise if Silvercorp varies the Offer in a way that postpones for more than one month the time by which it must meet its obligations under the Offer.

3.4 Payment of consideration

Under the terms of the Offer Silvercorp is only obliged to pay you for your OreCorp Shares on or before the later of the date that is 10 Business Days after the date of your acceptance or, if at the time of your acceptance the Offer is still subject to one or more Offer Conditions, the date that is 10 Business Days after the Offer becomes unconditional.

This means that if you accept the Offer whilst the Offer is still subject to one or more of the Offer Conditions, you will be subject to the restrictions described in section 3.3 from the time that you accept the Offer but you may have to wait before you receive any consideration (and if the Offer Conditions are not satisfied or waived you will not receive any consideration at all).

3.5 Ineligible Shareholders

Generally speaking, if your address on OreCorp's Register is in a jurisdiction other than Australia, New Zealand, the United Kingdom or Canada, or if you are a US Purchaser, you will be considered an Ineligible Foreign Shareholder.

If you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, you are entitled to accept the Offer just like any other OreCorp Shareholder. Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders that accept the Offer will not receive Silvercorp Shares. Rather, the Silvercorp Shares that Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders would

have been entitled to receive will be issued to, and sold by, the nominee appointed by Silvercorp and the net cash proceeds attributable to each Ineligible Foreign Shareholder and Unmarketable Parcel Shareholder (after deducting the applicable brokerage (applied at market standard rates), taxes and charges) will be paid to them in Australian dollars.

Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders should read clause 6.3 of the Offer Terms of Appendix 1 of the Bidder's Statement, which provides further information on this process.

3.6 Notice on status of Conditions

Section 7.6 of the Bidder's Statement states that Silvercorp will give a notice on the status of the Offer Conditions to ASX and OreCorp on 16 February 2024 (subject to any extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Silvercorp is required to set out in its notice on the status of the Offer Conditions:

- (a) whether the Offer is free of all Offer Conditions;
- (b) whether, so far as Silvercorp knows, any of the Offer Conditions have been fulfilled; and
- (c) Silvercorp's voting power in OreCorp.

If the Offer Period is extended before the time by which the notice on the status of the Offer Conditions is to be given, the date for giving the notice on the status of the Offer Conditions will be taken to be postponed for the same period. In the event of such an extension, Silvercorp is required, as soon as practicable after the extension, to give notice to ASX and OreCorp that states the new date for giving the notice on the status of the Offer Conditions.

If an Offer Condition is fulfilled or waived (so that the Offer becomes free of that Offer Condition) during the Offer Period but before the date for giving the notice on the status of the Offer Conditions is required to be given, Silvercorp must, as soon as practicable, give ASX and OreCorp a notice that states that the particular Offer Condition has been fulfilled or waived.

On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. As at the date of this Target's Statement, Silvercorp has not given notice that any of the Offer Conditions other than the Stock Exchange Approvals Condition have been fulfilled or waived.

3.7 Compulsory acquisition

If during, or at the end of the Offer Period:

- (a) Silvercorp and its Associates collectively have Relevant Interests in at least 90% (by number) of the OreCorp Shares; and
- (b) Silvercorp and its Associates have acquired at least 75% (by number) of the OreCorp Shares for which the Offers are made under the Offer,

Silvercorp will be entitled to compulsorily acquire all outstanding OreCorp Shares and has indicated that it intends to do so, by giving a notice pursuant to Part 6A.1 of the Corporations Act to compulsorily acquire all outstanding OreCorp Shares, even if the OreCorp Shares to which those notices relate are issued:

- (c) after the Offer closes but before notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- (d) on exercise of OreCorp Options or OreCorp Performance Rights, up to 6 weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

If it is required to do so under section 662A and section 663A of the Corporations Act, Silvercorp intends to give notices to OreCorp Shareholders and holders of OreCorp Performance Rights and OreCorp Options offering to acquire their OreCorp Shares and OreCorp Performance Rights and OreCorp Options in accordance with section 662B and section 663B of the Corporations Act.

Any OreCorp Shares that Silvercorp acquires under these compulsory acquisition provisions will be acquired for the Offer Consideration and otherwise on the same terms as OreCorp Shares acquired under the Offer. Shareholders whose OreCorp Shares are acquired in accordance with these provisions may not receive payment for them until 2 months or more after the end of the Offer Period.

Following completion of such compulsory acquisition process, OreCorp would be a wholly-owned subsidiary of Silvercorp and Silvercorp would be entitled to exercise its rights as the sole shareholder of OreCorp.

3.8 Consequences of Silvercorp acquiring a Relevant Interest in 50.1% or more and less than 90% of the OreCorp Shares

If Silvercorp acquires 50.1% or more but less than 90% of the OreCorp Shares then, assuming all other Offer Conditions are satisfied or waived by Silvercorp, Silvercorp will acquire a majority shareholding in OreCorp. In those circumstances OreCorp Shareholders who do not accept the Offer will be minority shareholders in OreCorp. This has a number of possible implications, including:

- (a) Silvercorp will be in a position to cast a majority of votes at a general meeting of OreCorp. This will enable Silvercorp to control the appointment of the directors of OreCorp. Any director appointed by Silvercorp would be required to act in the best interests of OreCorp as a whole; and
- (b) the liquidity of OreCorp Shares may be lower than at present, especially if OreCorp is delisted from the ASX.

If Silvercorp acquires 75% or more of the OreCorp Shares it will be able to pass a special resolution of OreCorp. This will enable Silvercorp, among other things, to change OreCorp's constitution which sets out the general rules for the governance of OreCorp by the OreCorp Board. The Constitution deals with the rights and obligations of OreCorp Shareholders, as well as OreCorp's policies and processes relating to, among other things, decision-making structure and Board composition, nature and extent of OreCorp Shareholder liability, business objectives and activities, further issue of equity capital, OreCorp Board and OreCorp Shareholder meeting process and procedure.

3.9 Consequences of Silvercorp acquiring a Relevant Interest in less than 50.1% of the OreCorp Shares

If Silvercorp waives its 50.1% Minimum Acceptance Condition and acquires a Relevant Interest in less than 50.1% of the OreCorp Shares, the trading price of OreCorp Shares may be higher or lower than the Offer Consideration. If you remain an OreCorp Shareholder in these circumstances you will continue to enjoy the rewards, and be subject to the risks, of being a OreCorp Shareholder.

4. Your choices in relation to the Offer

4.1 Your choices

(a) Overview

As an OreCorp Shareholder you have three choices currently available to you:

- accept the Offer;
- sell your OreCorp Shares on market; or
- reject the Offer by taking no action.

(b) Accept the Offer

The OreCorp Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is reasonable to OreCorp Shareholders.¹⁷ To accept the Offer, please refer to clause 4 of Appendix 1 of the Bidder's Statement for instructions on how to do so.

(c) Sell your OreCorp Shares on market

If you have not already accepted the Offer you can still sell your OreCorp Shares on market for cash. The closing price of OreCorp Shares on ASX on the Last Practicable Date was A\$0.570, a 4.8% premium to the implied Offer Consideration of A\$0.544. The latest price of OreCorp Shares may be obtained from the ASX website www.asx.com.au.

OreCorp Shareholders who sell their OreCorp Shares on market:

- will lose their exposure to the growth potential of Silvercorp;
- may be liable for CGT or income tax on the sale;
- may incur a brokerage charge; and
- will not receive the benefits of any potential higher offer from Silvercorp or any potential higher competing offer for OreCorp Shares.

If you wish to sell your OreCorp Shares on market you should contact your broker.

(d) Reject the Offer

If you do not wish to accept the Offer, you can choose to do nothing with the documents you have received from Silvercorp.

OreCorp Shareholders should note that if Silvercorp acquires 90% of OreCorp Shares during or by the end of the Offer Period, Silvercorp will be entitled to compulsorily acquire the OreCorp Shares it does not already own.

¹⁷ In respect of the recommendation of the OreCorp Directors, OreCorp Shareholders should have regard to the fact that, if the Offer is accepted, certain OreCorp Directors will receive personal benefits as further detailed on page 3 of this Target's Statement in the paragraph titled "Important information regarding OreCorp Directors' recommendation of the Offer".

4.2 Directors' assessment of the Offer

The Directors of OreCorp as at the date of this Target's Statement are:

- (a) Matthew Yates;
- (b) Hendrik (Henk) Diederichs;
- (c) Alastair Morrison;
- (d) Michael Klessens; and
- (e) Michael Davis.

Further details in relation to the Directors are set out in section 5.5(a).

In accordance with section 638(3) of the Corporations Act, this Target's Statement must contain a statement by each Director recommending whether or not OreCorp Shareholders should accept the Offer and giving reasons for that recommendation.

In order to make a recommendation in relation to the Offer your Directors have assessed the Offer having regard to a number of considerations, including the information set out in the Bidder's Statement and the information set out in this Target's Statement.

4.3 Directors' recommendation

As a result of the assessment described above, and for the reasons described in section 1 of this Target's Statement, your Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is reasonable to OreCorp Shareholders. To accept the Offer, please refer to clause 4 of Appendix 1 of the Bidder's Statement for instructions on how to do so.

4.4 Directors' intentions

In accordance with the terms of the Bid Implementation Deed, each OreCorp Director who holds OreCorp Shares has accepted the Offer in respect of all OreCorp Shares in which they have a Relevant Interest.¹⁸ As at the date of this Target's Statement, those Directors collectively hold 3.9% of the OreCorp Shares on issue (see section 10.4 for more information on the respective shareholdings of the Directors).¹⁹

¹⁸ Refer footnote 2 on page 10.

¹⁹ Note that the OreCorp Directors' holdings referred to in this paragraph do not include the OreCorp Performance Rights held by Messrs Yates and Diederichs. As noted on page 3 of this Target's Statement, Mr Yates holds 1,060,208 OreCorp Performance Rights and Mr Diederichs holds 804,274 OreCorp Performance Rights that will vest upon a change of control resulting, upon exercise, in the issue of an additional 1,060,208 OreCorp Shares to Mr Yates and an additional 804,274 OreCorp Shares to Mr Diederichs. The Offer will extend to these additional OreCorp Shares once issued.

5. Information on OreCorp and the OreCorp Group

5.1 Overview

OreCorp is a West Australian based mineral development company which has been listed on the ASX under the code “ORR” since 2013.

OreCorp’s key project is the multi-million ounce Nyanzaga Project in northwest Tanzania. A Definitive Feasibility Study (**DFS** or **Study**) has been completed outlining a high margin, low cost gold producer with a production profile of 242,000 ounces per annum over 10 years.²⁰

The Special Mining Licence (**SML**) for the Project was granted to SMCL on 13 December 2021. SMCL is a joint venture company in which OreCorp holds an 84% interest through its wholly-owned subsidiary NMCL, and the Treasury Registrar of the Tanzanian Government holds a 16% free carried interest in accordance with the Tanzanian Mining Act.

Further information on OreCorp can be obtained from OreCorp’s website at www.orecorp.com.au.

5.2 Business and operations

Nyanzaga Project Overview

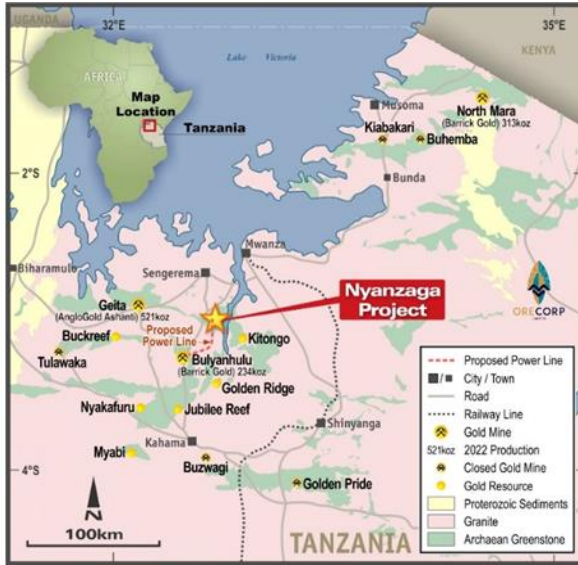
The Nyanzaga Project is located within the Archean Greenstones of the Lake Victoria Goldfields, northwest Tanzanian (refer below). The Nyanzaga Project comprises SML 653/2021 (23.4km²) and other surrounding prospecting licences and applications covering an additional 164km² (refer below).

Nyanzaga is within the Sengerema District of the Mwanza Region and is accessed from Mwanza (Tanzania’s second largest city) via the sealed Mwanza-Geita Highway, crossing Smith Sound by ferry at Busisi, then turning southwest to Ngoma Village, refer below. A bridge crossing Smith Sound is currently under construction and due for completion in 2024 which will significantly improve access to the Nyanzaga Project.

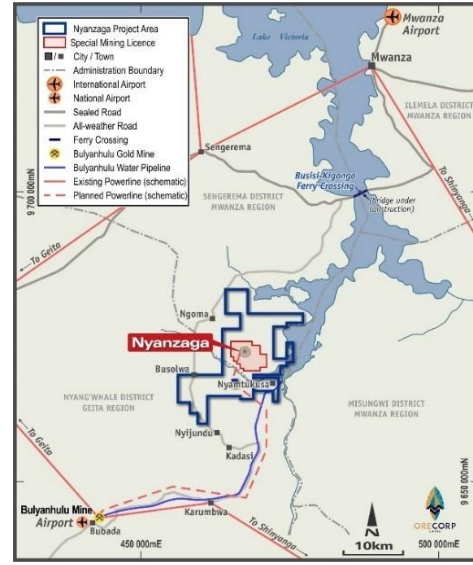
²⁰

Cautionary Statement - The production target referred to in the DFS and this Target’s Statement comprises 92% Probable Ore Reserves and 8% Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Lake Victoria Goldfields, Tanzania



Nyanzaga Project Licences



As announced in August 2022, the DFS expects the Nyanzaga Project to deliver an average gold production of 234 koz pa over a 10.7 year Life of Mine (LOM), with >242 koz pa (average) for the first 10 years peaking at 295 koz pa in Year 6 delivering a total of approximately 2.5 Moz of gold produced over the LOM.²¹

The DFS evaluated the technical and economic viability of various open pit and underground development scenarios and was optimised considering mining, processing and economic factors. The Study delivered an optimal development scenario of 4 Mtpa with concurrent development of both the open pit and underground operations.

Highlights of the DFS are as follows:

- Maiden Probable Ore Reserve (stated at US\$1,500/oz) of 40.08Mt @ 2.02g/t gold for 2.60 Moz gold.

Nyanzaga Gold Project Probable Ore Reserve As of 22 August 2022			
Area	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (Moz)
Nyanzaga Open Pit	25.63	1.35	1.11
Kilimani Open Pit	2.04	1.05	0.07
Nyanzaga Underground	12.42	3.57	1.42
Total	40.08	2.02	2.60

²¹

Cautionary Statement - The production target referred to in the DFS and this Target's Statement comprises 92% Probable Ore Reserves and 8% Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

- Combined open pit and underground production target of 42.51 Mt @ 2.07 g/t gold for 2.83 Moz contained gold comprising the Probable Ore Reserve plus Inferred Mineral Resources of 2.42 Mt at 2.95 g/t for 0.23 Moz contained gold.²²
- Peak gold production of 295 koz pa; averaging 250 koz pa for the first eight years; 242 koz pa for the first ten years.
- LOM average gold production of 234 koz pa over 10.7 years.
- Concurrent open pit and underground mine schedule delivers the optimal economic outcome for the Project.
- Pre-production capital cost of US\$474 million includes underground development, open pit pre-strip, plant and associated project infrastructure and US\$36 million contingency.
- High margin project with low all-in sustaining cost (AISC) of US\$954/oz.
- Pre-tax NPV5% of US\$926 million and IRR of 31%; post-tax NPV5% of US\$618 million and IRR of 25% based on a US\$1,750/oz gold price.
- Short payback period of 3.7 years (post-tax).
- Detailed DFS metallurgical test work confirmed average LOM gold recovery of 88% through a conventional 4 Mtpa Carbon in Leach (CIL) processing plant.

Geology and Mineral Resource Estimate

The Nyanzaga and Kilimani Mineral Resource Estimates (**MRE**) were reported by OreCorp in September 2017²³ and May 2022,²⁴ respectively and included drilling undertaken by OreCorp, as well as historical drilling since the early 1990's. The entire Nyanzaga Project drilling database includes 3,492 drillholes, totalling 325,242m. The two MREs form the basis for the DFS and are supported by extensive interpretive geological and geostatistical work completed by or on behalf of OreCorp.

The MRE for the Nyanzaga deposit is reported at a cut-off grade of 1.5 g/t gold and is classified in accordance with the JORC Code, as reported in the table below.

OreCorp Limited – Nyanzaga Deposit, Nyanzaga Project Mineral Resource Estimate as of 12 September 2017			
Classification	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (Moz)
Measured	4.63	4.96	0.738
Indicated	16.17	3.80	1.977
Sub-Total M & I	20.80	4.06	2.715
Inferred	2.90	3.84	0.358
Total	23.70	4.03	3.072

Reported at a 1.5g/t gold cut-off grade. MRE defined by 3D wireframe interpretation with sub cell block modelling. Gold grade for lower grade sedimentary cycle hosted resources estimated using Uniform Conditioning using a 2.5m x 2.5m x 2.5m SMU. Totals may not add up due to appropriate rounding of the MRE. Assuming gold price of US\$1,250.

²² Based on a gold price of US\$1,750/oz. Refer OreCorp ASX announcement dated 22 August 2022 (“Nyanzaga DFS Delivers Robust Results”).

²³ OreCorp ASX announcement dated 12 September 2017 (“MRE Update for the Nyanzaga Project Increasing Category and Grade”).

²⁴ OreCorp ASX announcement dated 5 May 2022 (“DFS Completion and Kilimani Mineral Resources Estimate Update”).

The MRE for Kilimani is reported at a cut-off grade of 0.4 g/t Au and is classified in accordance with the JORC Code, as shown in the table below.

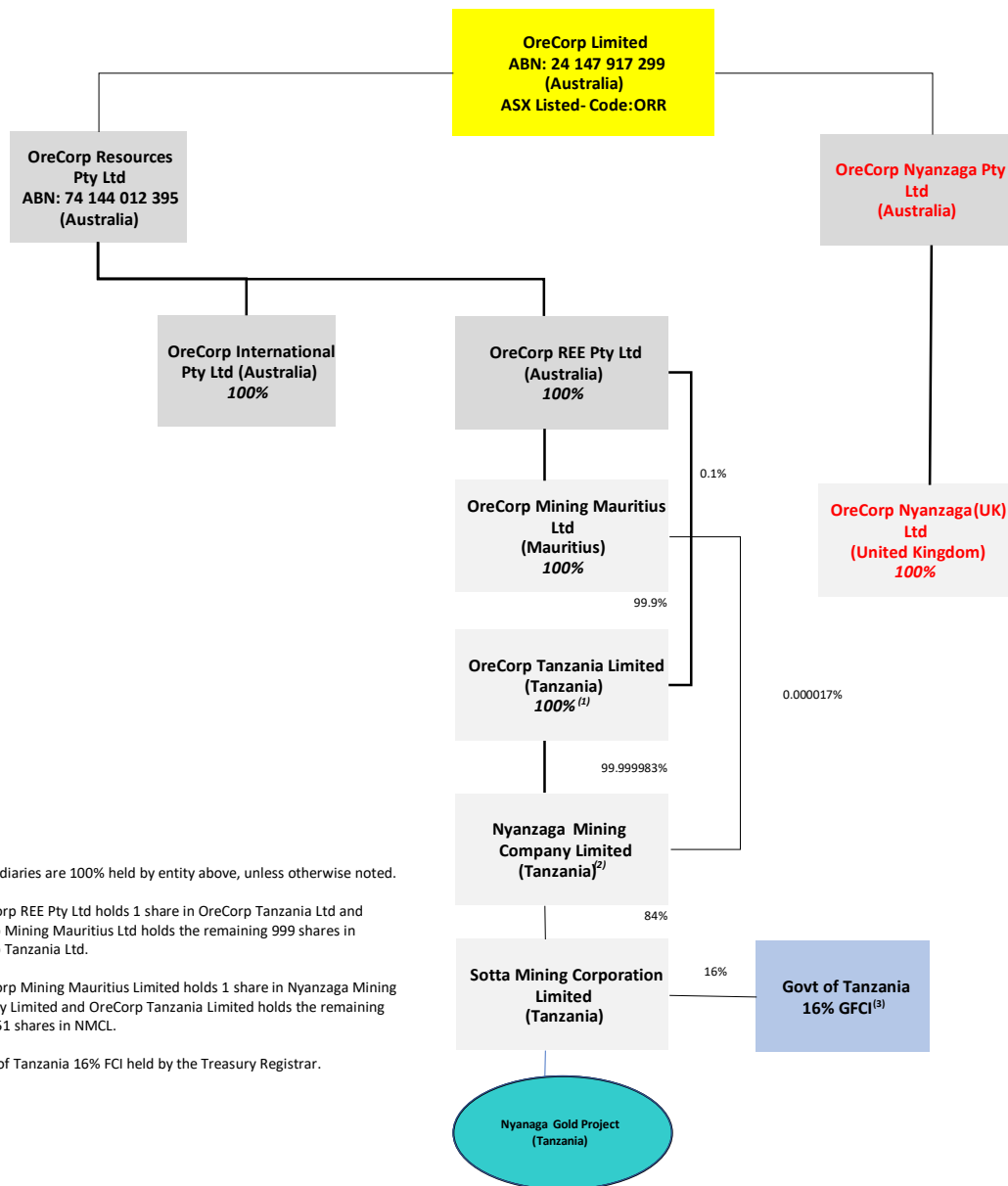
Kilimani Gold Deposit, Nyanzaga Project Mineral Resource Estimate as of 2 May 2022			
Classification	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
Indicated	3.4	1.09	119
Inferred	2.9	1.02	94
Total	6.3	1.06	213
Reported at a cut-off grade of 0.40 g/t Au and classified in accordance with the JORC Code MRE defined by 3D wireframe interpretation with sub-cell block modelling to honour volumes. Gold grade estimated using Ordinary Kriging using a 5 m x 5 m x 2 m parent cell. Totals may not add up due to appropriate rounding of the MRE (nearest 5,000 t and 1,000 oz Au). Reasonable prospects for eventual economic extraction supported by a conceptual pit optimisation generated using a gold price of US\$1,500.			

Project Development

Over the past 12 months, OreCorp has been progressing with key activities for the development of the Nyanzaga Project, including but not limited to:

- Award of Early Contract Involvement (**ECI**) contracts, awarded in parallel to Ausenco Services Pty Ltd and DRA Global Limited, to deliver a detailed costs estimate, execution schedule, design deliverables and execution plans. The ECI process has been completed and includes a comprehensive optimisation review of the process design, equipment specification and site layout. The ECI process indicated cost savings of 4% to 6% of the pre-production capital cost estimate set out in the DFS, as well as an improvement of the DFS execution schedule by approximately 14 weeks.
- Resettlement of communities currently within the SML boundary in accordance with the Resettlement Action Plan. Compensation agreements with affected households have been executed and compensation payments in accordance with those agreements are almost complete. The tender process for the construction of resettlement housing tender process is well progressed.
- Initial review completed of open pit mining contract tenders.
- Site access road, including the Ngoma town bypass, design completed by in-country engineering company Nimeta Consult (T) Ltd, in preparation for submission to Tanzanian Rural and Urban Roads Agency.
- Preliminary engagement with Tanzanian and international contractors for major works packages, including civil works, SMP works and electrical works.
- Signing a non-binding Memorandum of Understanding with Tanzania Electric Supply Company Limited (TANESCO) to extend grid power to Nyanzaga which will bring competitively priced power, with a significant portion from sustainable sources, that include hydro power to the Nyanzaga Project.

5.3 Corporate structure



5.4 Capital structure

(a) OreCorp Shares

As at the date of this Target’s Statement, there were 469,408,892 OreCorp Shares on issue (of which Silvercorp held 73,889,007).

(b) OreCorp Options

As at the date of this Target’s Statement, OreCorp had 3,725,257 OreCorp Options on issue, comprising 2,575,257 OreCorp Options each with an exercise price of \$0.9906 (**OreCorp \$0.9906 Options**) and 1,150,000 OreCorp Options each with an exercise price of \$0.9066 (**OreCorp \$0.9066 Options**). All of the OreCorp Options have an expiry date of 25 November 2024.

As noted in section 10.3, Silvercorp has entered into an option acquisition deed with each holder of OreCorp Options to acquire their OreCorp Options in exchange for the Ascribed Value applicable to the relevant OreCorp Option, subject to Silvercorp having Effective Control and any necessary ASX waiver, consent or approval required to give effect to the acquisition of the relevant OreCorp Options by Silvercorp.

OreCorp has applied to ASX for a waiver of ASX Listing Rule 6.23.4 to the extent necessary to allow the terms of some of the OreCorp Options to be amended to allow them to be acquired by Silvercorp without separate OreCorp Shareholder approval.

(c) **OreCorp Performance Rights**

As at the date of this Target's Statement, OreCorp had 4,012,106 OreCorp Performance Rights on issue, comprising 1,562,106 OreCorp Performance Rights with an expiry date of 22 November 2026 and 2,450,000 OreCorp Performance Rights with an expiry date of 26 August 2027.

As noted in section 10.3, in accordance with the terms on which the OreCorp Performance Rights were granted, the Offer will constitute a change of control event, as a result of which all of the OreCorp Performance Rights will vest and be exercisable by the holder. In accordance with the Bid Implementation Deed, OreCorp is required to take such action as is necessary to ensure that all OreCorp Performance Rights are exercised into OreCorp Shares prior to the end of the Offer Period so that there is reasonable time for the holders of the OreCorp Shares issued on exercise of the OreCorp Performance Rights to accept the Offer.

5.5 Board and senior management

(a) **OreCorp Board**

The members of the OreCorp Board are as follows:

Matthew Yates

Executive Chairman
B.Sc. (Hons), MAIG

Mr Yates is a geologist with over 30 years' industry experience, covering most facets of exploration from generative work to project development. Prior to founding OreCorp, he was the Managing Director of OmegaCorp Limited and then Joint Managing Director of Mantra Resources Limited and was instrumental in the acquisition of a number of uranium projects, including Mkuju River (Tanzania), Kariba (Zambia) and Mavuzi (Mozambique). He has worked in Australia and southern, east and west Africa, Central Asia and the Gulf Region. He managed exploration teams in Western Australia and Tanzania respectively. Mr Yates has an applied technical background and has held senior positions for over 25 years, including resident Exploration Manager in Tanzania for Tanganyika Gold Limited.

Mr Yates joined the OreCorp Board as a Director on 27 February 2013. He was in the role of CEO & Managing Director until 16 November 2022 when he moved into the role of Executive Chairman.

Henk Diederichs

CEO & Managing Director
B.Eng (Mech), MAusIMM

Mr Diederichs is an engineer with over 20 years of experience in the mining industry with extensive expertise in project development and operations. He was formerly the Senior Vice President

Operations for West African producer Allied Gold Corp, which operates the Bonikro, Agbaou and Sadiola gold mines. Mr Diederichs formed an integral part in the successful development and operation of Equinox Minerals' Lumwana Copper Mine in Zambia. During this time Lumwana was developed into one of Africa's largest open cut copper mines at a capital cost exceeding US\$800m. He initially joined OreCorp as Vice President Project Development in late 2016 and was instrumental in leading the Nyanzaga Project through the Scoping and pre-Feasibility Study phases.

Mr Diederichs was appointed Chief Operating Officer in October 2021 and then moved into the role of CEO & Managing Director on 16 November 2022.

Alastair Morrison

Non-Executive Director

M.Sc (Hons), Grad Dip App Fin & Inv, MAIG, GAICD

Mr Morrison is a geologist with more than 30 years' experience in mineral exploration and investment. He initially worked for more than six years in Australia as an exploration geologist in Western Australia, then for North Flinders Mines in the Northern Territory during the development of the +5 million ounce Callie gold deposit. From 1996 to 2003 he worked in Tanzania for East African Gold Mines Limited at the North Mara Gold Project. He was responsible for the management of exploration, overseeing the delineation of more than 5 million ounces of resources, including the discovery of the high-grade Gokona gold deposit. In later years, he had additional responsibilities for all in-country development activities, through feasibility and permitting until the commencement of construction. East African Gold Mines was acquired by Placer Dome Inc. in mid-2003 for US\$252 million. Since 2004, he has worked as a portfolio manager for a family office investment fund.

Mr Morrison joined the OreCorp Board as a Director on 27 February 2013.

Michael Klessens

Non-Executive Director

B.Bus., CPA

Mr Klessens is a CPA with over 30 years' practical financial and management experience, particularly within the resources industry. This experience has involved all areas of corporate and treasury management, project financing, capital raisings, mergers and acquisitions, dual listings, feasibility studies and establishment of systems and procedures for new mining operations. From 2002 – 2011, Mr Klessens was Vice President – Finance and Chief Financial Officer of Equinox Minerals Limited where he was responsible for finance, debt and equity financings, treasury and all financial functions of the company and its operations. Prior to Equinox, Mr Klessens held senior positions in mid-tier Australian resource companies primarily focused on gold.

Mr Klessens joined the OreCorp Board as a Director on 27 February 2013.

Michael Davis

Non-Executive Director

B.Eng (Chemicals and Materials), FAusIMM

Mr Davis is an engineer with 33 years' experience in the design and operation of mineral processing projects. He has had extensive experience with the full project life cycle from discovery, definition, design, commissioning and operation through to closure. Mr Davis has global mining experience on studies, projects and operations in Australia, Africa, Asia, and the Americas as both an in-house consultant and senior management with several engineering consulting companies. He has been involved in the development or operation of more than 35 gold and copper/gold projects in Africa

including 6 projects in Tanzania and is currently a Director and Principal Consultant at MineScope Services Pty Ltd.

Mr Davis joined the OreCorp Board as a Director on 12 October 2022.

(b) **Senior management**

Together with the executive Directors referred to above, the following persons make up the senior management team of OreCorp:

Greg Hoskins

Chief Financial Officer
BCom, CA

Mr Hoskins is a chartered accountant with more than 20 years' experience across a range of sectors including resources, education and financial services. After commencing his career with international accounting firm Ernst & Young, Mr Hoskins has gained extensive financial and corporate experience in both Australia and internationally, within the areas of corporate and treasury management, acquisitions, mine development and establishment of systems and procedures for new mining operations. More recently Mr Hoskins was the Group Finance Manager at Base Resources Limited and was integral in establishing the finance function at the Kwale operation in Kenya, which has since achieved consistently strong results.

Mr Hoskins joined OreCorp as Chief Financial Officer on 27 February 2023.

Brad Walker

Project Director
B.Eng (Hons) (Mech), Macc

Mr Walker is a mechanical engineer with over 20 years of mining and minerals processing experience in Australia and Africa. He commenced his career in precious and base metals with a number of roles including Western Mining Corporation and BHP Group Limited. His career includes several in-house roles across Africa and Australia in both mine development and operations. Mr Walker spent a number of years working in West Africa, in particular Ghana and Mali.

Mr Walker joined OreCorp as Project Director in June 2022.

Jessica O'Hara

Company Secretary and Senior Legal Counsel
LLB, BCom

Ms O'Hara is a corporate lawyer with extensive experience advising clients on general corporate law and regulatory/compliance issues. She has previously held senior positions at both Clayton Utz and Allen & Overy and more recently, had experience acting as in-house legal counsel. Ms O'Hara has advised a significant number of ASX-listed clients with operations in Australia and overseas, with specific experience within the mining and resources sectors.

Ms O'Hara joined OreCorp as legal counsel in August 2021 and was appointed joint company secretary on 6 December 2021 (and subsequently became sole company secretary as from 31 January 2022).

5.6 Current trading and outlook

The current price of OreCorp Shares on ASX can be obtained from the ASX website (www.asx.com.au).

5.7 Recent OreCorp share price performance

OreCorp Shares are listed on ASX under the trading symbol “ORR”.

The entry into the Scheme Implementation Deed was announced to the market on 6 August 2023. The last recorded closing price for OreCorp Shares on the ASX before that announcement was A\$0.435 (on 4 August 2023). The Bid Implementation Deed was announced to the market on 27 December 2023. The last recorded closing price for OreCorp Shares on the ASX before that announcement was A\$0.510 on 22 December 2023.

5.8 Litigation and investigation

OreCorp currently has several threatened litigation matters and two pending litigation matters in which it and certain of its Tanzanian subsidiaries have been named as defendant(s). These matters relate to the resettlement activities being undertaken in Tanzania, including claims for compensation based on unspecified pieces of land, alleged value of certain trees and plants and compensation for the elevated landforms (being the hills).

During the resettlement process, OreCorp has complied with all Government of Tanzania directives, including in relation to compensation not being payable for elevated landforms. Some landowners have given notice that they intend to take action against the Government of Tanzania, claiming compensation for the elevated landforms, and have indicated their intention to join SMCL as a defendant to the proceeding. The matter is at an early stage and OreCorp intends to work with the Government of Tanzania to the extent necessary to defend any claim which eventuates.

If a claim were to eventuate and not be resolved in favour of the Government of Tanzania, OreCorp may be required to pay compensation in relation to the elevated landforms. However, it is anticipated that any such additional compensation which may become payable by OreCorp would fall within the contingency contemplated in the DFS for the aggregate resettlement costs.

OreCorp Tanzania, OreCorp’s wholly-owned Tanzanian subsidiary, has been subject to a tax audit exercise undertaken by the Tanzanian Revenue Authority (**TRA**) for the years of income 2016-2021. The TRA issued a notice of audit findings, to which OreCorp responded, following input from OreCorp’s professional tax advisors in Tanzania, with detailed explanations, supporting documentation and reference to relevant Tanzanian tax legislation. Based on the professional tax advisors’ representation that there is no basis for each finding, OreCorp will continue to object to these findings made by the TRA.

5.9 Publicly available information about OreCorp

OreCorp is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require OreCorp to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market.

Once OreCorp becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of an OreCorp Share, OreCorp must (subject to limited exceptions) immediately notify the ASX of that information. Additionally, ASIC maintains a

record of documents OreCorp has lodged with it, which may be obtained or inspected at any office of ASIC.

Publicly disclosed information about all ASX-listed entities, including OreCorp, is available on the ASX website at <https://www.asx.com.au>. OreCorp's annual and interim reports and public announcements are also available on the OreCorp website at <https://www.orecorp.com.au/investor-centre>.

5.10 Additional material information

Certain additional material information in relation to OreCorp and OreCorp Shares is set out in section 10 of this Target's Statement.

6. Information on Silvercorp

6.1 Disclaimer

The information on Silvercorp in this Target's Statement has been prepared by OreCorp using publicly available information and has not been independently verified by OreCorp. Accordingly, subject to the Corporations Act, OreCorp does not make any representation (express or implied) as to the accuracy or completeness of such information. The information on Silvercorp in this Target's Statement should not be considered comprehensive. Further information about Silvercorp is set out in the Bidder's Statement.

6.2 Overview of Silvercorp

Silvercorp is a Vancouver based Canadian mining company producing silver, gold, lead, zinc and other metals with a long history of profitability and growth. Silvercorp's strategy is to create shareholder value by focusing on generating free cashflow from long life mines, organic growth through extensive drilling for discovery; ongoing merger and acquisition efforts to unlock value, and long-term commitment to responsible mining and sound environmental, social and governance (ESG) practices. Further details of Silvercorp's approach to environmental, social and governance management can be found in its Sustainability Report which is available on the Silvercorp's website at <https://silvercorpmetals.com/reporting/>.

Silvercorp was formed in British Columbia, Canada as Spokane Resources Ltd pursuant to an amalgamation of Julia Resources Corporation and MacNeill International Industries Inc. on October 31, 1991. The name of the company was changed to "Silvercorp Metals Inc." on 2 May 2005. Silvercorp was admitted to TSX on 24 October 2005 and the NYSE American on or around 15 May 2017 (both under the symbol "SVM").

Silvercorp has interests in mineral properties located in China and Mexico, with its main assets being several silver-lead-zinc mines at the Ying Mining District in Henan Province, China (**Ying Mining District**) and the Gaocheng silver-lead-zinc mine in Guangdong Province, China (**GC Mine**).

Silvercorp has been acquiring, exploring, developing, and operating mineral properties in China since 2003. Production at the SGX Mine at the Ying Mining District commenced on 1 April 2006 and the SGX Mine achieved profitability during the first year commercial mining operation in fiscal year 2007. Since that time, several of Silvercorp's other mining properties at the Ying Mining District have commenced production. The GC Mine commenced production in July 2014.

Silvercorp's principal products and its sources of sales are silver-bearing lead and zinc concentrates. At present, Silvercorp sells all its products to local smelters or companies in the mineral products trading business.

6.3 Overview of Silvercorp's key business operations

Silvercorp's material properties consist of two producing mines, at the Ying Mining District in Henan Province, China and the GC Mine located in Guangdong Province, China. Section 4.2 of the Bidder's Statement provides an overview of Silvercorp's key business operations.

6.4 Silvercorp's corporate structure and other investment interests

Section 4.3 of the Bidder's Statement sets out detailed information relating to the corporate structure of Silvercorp and its other investment interests.

6.5 Silvercorp Directors

As at the date of this Target Statement, the directors of Silvercorp are:

- (a) Dr Rui Feng (Chairman, Chief Executive Officer, and Director);
- (b) Paul Simpson (Independent Non-Executive Director);
- (c) Yikang Liu (Independent Non-Executive Director);
- (d) Marina Katusa (Independent Non-Executive Director); and
- (e) Ken Robertson (Independent Non-Executive Director).

Biographical details of each of the Silvercorp directors are set out in section 4.6 of the Bidder's Statement.

6.6 Historical financial information

Section 4.8 of the Bidders Statement includes financial statements extracted from Silvercorp's audited consolidated financial statements for fiscal year ended 31 March 2021 to fiscal year ended 31 March 2023, and the unaudited consolidated financial statements for 6 months ended 30 September 2023. Silvercorp's fiscal year starts on 1 April and ends on 31 March.

Electronic copies of financial statements and information on Silvercorp can be obtained from Silvercorp's website at <https://silvercorpmetals.com/>.

6.7 Silvercorp's current trading and outlook

Section 4.9 of the Bidder's Statement sets out details, in respect of the fiscal year ending 31 March 2024 of Silvercorp's expected production and production costs, development and capital expenditure and activities at Silvercorp's projects.

6.8 Silvercorp interest in OreCorp securities

(a) Silvercorp interest in OreCorp Shares

As at the Offer Announcement Date, Silvercorp had a Relevant Interest in 73,889,007 OreCorp Shares and had voting power in OreCorp of 15.74%.

(b) **Acquisition of OreCorp Shares by Silvercorp and its Associates**

Placement and subscription agreement

Concurrent with entering into the Scheme Implementation Deed on 5 August 2023, Silvercorp and OreCorp entered into a subscription agreement, under which OreCorp issued 70,411,334 OreCorp Shares to Silvercorp at a price of A\$0.40 per OreCorp Share for aggregate proceeds of approximately A\$28 million (**Placement**). The Placement occurred in two tranches: the first tranche (for aggregate proceeds of A\$18 million) completed on 9 August 2023 and the second tranche (for aggregate proceeds of approximately A\$10 million) completed on 16 August 2023.

Following completion of the Placement, Silvercorp held a Relevant Interest in 70,411,334 OreCorp Shares, representing 15% of the total OreCorp Shares on issue.

Proceeds from the Placement have been, and continue to be used primarily on resettlement activities as contemplated in the Resettlement Action Plan, facilitating the prompt development of the Nyanzaga Project.

Under the subscription agreement, Silvercorp has been granted a participation right, whereby any time that Silvercorp holds a Relevant Interest in at least 10% of all OreCorp Shares on issue, OreCorp agrees not to make any additional issue of OreCorp Shares or other equity securities without first giving Silvercorp reasonable notice of the proposed issue and the opportunity to participate at least pro-rata in that issue on the same terms as available to other participating parties.

Further, if the Scheme Implementation Deed is terminated in accordance with its terms, then for so long as Silvercorp holds a Relevant Interest in at least 15% of the total OreCorp Shares on issue, Silvercorp may nominate one person to be appointed as a director of OreCorp. Notwithstanding the termination of the Scheme Implementation Deed, Silvercorp has agreed under the Bid Implementation Deed, that it will not exercise this right to appoint a director of OreCorp unless the Bid Implementation Deed is terminated in accordance with its terms.

On-market purchase

On 20, 21 and 30 November 2023 and 21 and 22 December 2023, Silvercorp acquired 3,477,673 OreCorp Shares on market at the price between \$0.48 and \$0.51 per OreCorp Share.

No other acquisition

Other than the OreCorp Shares acquired by Silvercorp noted in this section 6.7 neither Silvercorp, or any of its Associates, have provided, or agreed to provide consideration for OreCorp Shares during the four months ending on the day immediately before the date of the Bidder's Statement and the date of the Offer.

Highest prices paid for OreCorp Shares by Silvercorp or its Associates

In accordance with the Corporations Act, the consideration offered under a takeover bid must equal or exceed the maximum consideration that the bidder or an associate provided, or agreed to provide, for the bid class security during the four months before the date of the bid. The highest price paid for OreCorp Shares by Silvercorp or its Associates during the four months before the date of the Bidder's Statement and the date of the Offer was A\$0.51 per OreCorp Share under an on-market purchase on 22 December 2023.

6.9 Silvercorp's intentions in respect of OreCorp

Section 7 of the Bidder's Statement sets out Silvercorp's intentions in respect of the future business and operations of OreCorp (assuming that the Offer results in Silvercorp acquiring OreCorp Shares). OreCorp Shareholders should carefully consider these intentions when deciding whether to accept the Offer (noting that these are statements of current intention only and may change).

6.10 Further information on Silvercorp

Additional information on Silvercorp can be found on Silvercorp's website www.silvercorpmetals.com or on SEDAR+ website www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Silvercorp's securities and securities authorised for issuance under equity compensation plans, if applicable, is contained in Silvercorp's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional information is provided in Silvercorp's most recent financial statements and management's discussion and analysis for its most recently completed financial year.

Silvercorp is subject to the continuous disclosure requirements of TSX and the NYSE American, the various securities commissions and regulatory authorities in the provinces and territories of Canada and the United States Securities Exchange Commission. Silvercorp's continuous disclosure filings are reflected on the following websites:

Name of Website	Information Field
www.sedarplus.ca	Includes but is not limited to interim and annual financial statements and corresponding management discussions and analysis; annual information forms; notices of meeting and record dates; management proxy materials including management information circulars; change of auditor filings; material change reports and other material documents; news releases; certifications of filings; technical reports; business acquisition reports; and codes of conduct
www.sec.gov/edgar.shtml	Annual reports and current reports
www.sedi.ca	Insider reports

7. Financial information in relation to OreCorp

7.1 Overview and basis of preparation

This section provides a summary of the financial information in relation to OreCorp for the purpose of this Target's Statement. The information has been extracted from OreCorp's audited financial statements for the years ended 30 June 2023, 30 June 2022 and 30 June 2021.

The financial information contained in this section is presented in abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in the annual report prepared in accordance with the Corporations Act. The financial information has not been subject to further review by an independent accountant. This financial information should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the note to those financial statements.

Further details on OreCorp's financial performance and financial statements for the year ended 30 June 2023 are set out in the 2023 Annual Report announced to the ASX on 25 September 2023.

7.2 Historical consolidated statements of profit or loss

Below is a summary of OreCorp's consolidated statements of profit or loss for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

	OreCorp consolidated		
	2021 A\$	2022 A\$	2023 A\$
Interest income	30,932	151,700	474,984
Foreign exchange (loss) / gain	(1,073,560)	465,469	(104,797)
Corporate and administration costs	(2,575,994)	(5,857,403)	(7,012,265)
Exploration and evaluation costs	(4,648,001)	(16,483,246)	(13,358,671)
Business development costs	(309,575)	(120,868)	-
Other income	230,978	-	-
Loss before tax from continuing operations	(8,345,220)	(21,844,348)	(20,000,749)
Income tax expense	-	-	-
Loss after tax from continuing operations	(8,345,220)	(21,844,348)	(20,000,749)
Loss from discontinued operations	(890,088)	(5,008,469)	-
Loss for the year	(9,235,308)	(26,852,817)	(20,000,749)
Loss attributable to:			
- Members of the parent	(9,235,308)	(26,852,822)	(19,348,279)
- Non-controlling interest	-	5	(652,470)
	(9,235,308)	(26,852,817)	(20,000,749)

7.3 Historical consolidated statements of financial position

Below is a summary of OreCorp's consolidated statements of financial position for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

	OreCorp consolidated		
	2021 A\$	2022 A\$	2023 A\$
Current assets			
Cash and cash equivalents	66,302,250	31,853,665	13,462,027
Other current assets	413,624	266,078	633,659
Total current assets	66,715,874	32,119,743	14,095,686
Non-current assets			
Plant and equipment	267,468	602,906	631,885
Right of use assets	242,325	140,153	40,021
Exploration and evaluation assets	19,582,047	18,138,900	18,968,070
Total non-current assets	20,091,840	18,881,959	19,639,976
Total assets	86,807,714	51,001,702	33,735,662
Current liabilities			
Trade and other payables	12,165,810	1,757,573	2,850,777
Lease liabilities	105,752	115,629	43,159
Provisions	321,638	358,658	478,756
Total current liabilities	12,593,200	2,231,860	3,372,692
Non-current liabilities			
Lease liabilities	147,042	35,182	-
Provisions	17,106	32,429	59,410
Total non-current liabilities	164,148	67,611	59,410
Total liabilities	12,757,348	2,299,471	3,432,102
Net assets	74,050,366	48,702,231	30,303,560
Equity			
Issued capital	132,813,942	136,727,471	137,193,571
Reserves	(8,391)	1,692,013	2,485,485
Accumulated losses	(58,755,185)	(89,717,258)	(108,717,731)
Equity attributable to equity holders of the Company	74,050,366	48,702,226	30,961,325
Non-controlling interest	-	5	(657,765)
Total equity	74,050,366	48,702,231	30,303,560

7.4 Historical consolidated statements of cash flows

Below is a summary of OreCorp's consolidated statements of cashflows for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

	OreCorp consolidated		
	2021 A\$	2022 A\$	2023 A\$
Cashflows from operating activities			
Interest received	30,932	151,700	467,652
Receipt of government grants and other tax refunds	230,978	-	-
Interest and other costs of finance paid	-	(13,278)	(530,547)
Payments to suppliers and employees	(7,251,744)	(23,251,572)	(17,836,526)
Net cash outflow from operating activities	(6,989,834)	(23,113,150)	(17,899,421)
Cashflows from investing activities			
Purchase of property, plant and equipment	(216,008)	(746,298)	(311,080)
Purchase of WA exploration and evaluation assets	-	(118,311)	-
Final payment for the acquisition of Nyanzaga	-	(11,047,218)	-
Net cash outflow from the demerger of Solstice	-	(5,000,000)	-
Net cash outflow from investing activities	(216,008)	(16,911,827)	(311,080)
Cashflows from financing activities			
Proceeds from issue of shares	52,460,000	3,600,000	-
Proceeds from exercise of options	99,000	1,815,000	-
Payments for share issue transaction costs	(2,689,202)	(213,275)	-
Payment of principal portion of lease liabilities	(88,549)	(106,323)	(107,652)
Net cash inflow / (outflow) from financing activities	49,781,249	5,095,402	(107,652)
Net increase / (decrease) in cash and cash equivalents	42,575,407	(34,929,575)	(18,318,153)
Foreign exchange movement on cash and cash equivalents	(1,073,560)	480,990	(73,485)
Cash and cash equivalents at beginning of financial year	24,800,403	66,302,250	31,853,665
Cash and cash equivalents at end of financial year	66,302,250	31,853,665	13,462,027

8. Risk factors

8.1 Introduction

In considering the Offer, OreCorp Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer, or rejecting the Offer and continuing to hold OreCorp Shares.

The risk factors presented in this section 8 are not an exhaustive list of all risks and risk factors related to OreCorp, Silvercorp, the Merged Group and its creation, and the Offer. Additional risks and uncertainties not currently known to OreCorp may also have an adverse impact on OreCorp, Silvercorp or the Merged Group.

This Section does not take into account the investment objectives, financial situation, position or particular needs of OreCorp Shareholders. Each OreCorp Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

8.2 Risks associated with rejecting the Offer

In considering whether to accept the Offer, OreCorp Shareholders should be aware of the risks relating to OreCorp, its business and assets as well as the general risks associated with an investment in securities markets. These risks include those specific to the industry in which OreCorp operates and general economic conditions which may affect the future operating and financial performance of OreCorp. Set out below in section 8.556 of this Target's Statement is a summary of some, but not all, of the more material risks OreCorp believes may impact it and its prospects.

Other risks in not accepting the Offer are set out below:

(a) **No premium**

OreCorp Shareholders who do not accept the Offer may not receive the premium offered by Silvercorp. Further, in the absence of the Offer, the price of OreCorp Shares on ASX may potentially reduce to the levels at which it was trading before the date of announcement of the Scheme.

(b) **Minority Ownership**

See section 3.8 of this Target's Statement.

(c) **OreCorp Share price may fall**

If the Offer is unsuccessful and no other offers emerge, OreCorp's Share price may fall below the current trading price and OreCorp Shareholders will be exposed to the ongoing risks associated with an investment in OreCorp, as set out in section 8.5.

(d) **Potential for future less favourable offer**

If the Offer is unsuccessful and there is a subsequent decline in the price of OreCorp Shares, there may exist potential for opportunistic or hostile offers, which may be less advantageous to OreCorp Shareholders, to emerge in the future. This could expose OreCorp to heightened risk and reduced negotiating leverage in potential future transactions, potentially compromising OreCorp Shareholders' long-term return on investment.

(e) **Uncertain that OreCorp will receive similar or superior offers in the future**

If the Offer is unsuccessful, there is a risk that OreCorp Shareholders may not receive an offer of similar or superior value in the future. There is no guarantee that OreCorp will attract bids with comparable benefits or premiums. This could result in a missed opportunity for OreCorp Shareholders, potentially impacting their long-term financial prospects and overall returns on investment.

(f) **If you do not accept the Offer and Silvercorp acquires Effective Control of OreCorp**

Liquidity in OreCorp Shares may be significantly reduced, or Silvercorp may be entitled to remove OreCorp from the official list of the ASX and Silvercorp may be entitled to acquire your OreCorp Shares through compulsory acquisition. Refer to section 7 of the Bidder's Statement for more information regarding Silvercorp's intentions in relation to OreCorp, including at different levels of ownership.

8.3 Risks associated with accepting the Offer

(a) **Conditions of the Offer**

As described in section 3.2 of this Target's Statement, the Offer is subject to the Offer Conditions. If the Offer Conditions are not satisfied by the applicable date (or waived by Silvercorp), the Offer will not be free of the Offer Conditions and therefore will not proceed.

Silvercorp has agreed that, in accordance with the terms of the Bid Implementation Deed, within 3 Business Days after both the 50.1% Minimum Acceptance Condition and the Stock Exchange Approvals Condition²⁵ are satisfied, it will waive all Offer Conditions other than any Offer Condition in respect of which Silvercorp has publicly announced a breach or suspected breach before that time. However, you should be aware that Silvercorp has announced that the No Regulatory Action Condition will be breached if the FCC does not determine that the Existing Approval is valid for the change of control of OreCorp associated with the Offer, and does not grant a new approval in relation to the Offer (refer further details in section 10.12).

(b) **Uncertainty in relation to "no material adverse change" Offer Condition**

The Offer Condition in paragraph (d) of Appendix 2 of the Bidder's Statement contains quantitative monetary thresholds. However, it is also, in subparagraph (iv), referable to what "has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the OreCorp Group taken as a whole". This subparagraph is therefore subject to subjective thresholds as it does not provide for a specific quantitative threshold that it can be measured against. Accordingly, it is possible that there could be a dispute over the existence of an alleged material adverse change. This could result in the Offer Condition not being satisfied.

(c) **You will be unable to accept any other competing offer**

If you accept the Offer you will be unable to accept the Perseus Offer or any other competing offer that may emerge unless the Offer closes without becoming or being declared unconditional or you are able to withdraw your acceptance (refer to section 3.3 of this Target's Statement for further details about your limited ability to withdraw an acceptance of the Offer).

²⁵ On 30 January 2024, Silvercorp gave notice that the Stock Exchange Approvals Condition had been fulfilled. A full copy of this notice was released to ASX on 30 January 2024.

If a competing offer arises, the OreCorp Directors will carefully consider the merits of such offer and advise OreCorp Shareholders of whether the competing offer affects their recommendation in this Target's Statement.

(b) You will have a less concentrated interest in OreCorp's assets and operations

If you accept the Offer and the Offer is or becomes unconditional, you will no longer be an OreCorp Shareholder.

This will mean that you will have a less concentrated interest in any potential upside associated with the Nyanzaga Project than if you remained an OreCorp Shareholder, including any increase in the OreCorp Share price or any benefits that may ultimately be realised by OreCorp. It will also mean that you will become a Silvercorp Shareholder and as such will become exposed to the performance of Silvercorp's other projects and interests. The price of new Silvercorp Shares issued as part of the Offer Consideration may be impacted by the future performance of the other parts of Silvercorp's business.

OreCorp Shareholders should refer to sections 10.2 and 10.3 of the Bidder's Statement for information on the specific risks of an investment in Silvercorp and holding Silvercorp Shares in the Merged Group. You will also cease to have a right to influence the future direction of OreCorp through your voting rights as an OreCorp Shareholder.

(c) You will no longer be able to sell your OreCorp Shares on-market

If you accept the Offer, you will no longer be able to trade your OreCorp Shares on market. There is a possibility that the OreCorp Share price may exceed the Offer Consideration during part of the Offer Period. Refer to section 3.3 of this Target's Statement in relation to the effect of accepting the Offer.

(d) You will give up your right to otherwise deal with your OreCorp Shares

If you accept the Offer, you may be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you may be unable to withdraw your OreCorp Shares from the Offer or otherwise deal with your OreCorp Shares. Refer to section 3.3 of this Target's Statement in relation to the effect of accepting the Offer.

(e) You will be issued Silvercorp Shares as Scrip Consideration

OreCorp Shareholders are being offered a specified number of Silvercorp Shares (being 0.0967 Silvercorp Shares for every 1 OreCorp Share held), in addition to \$0.19 in cash for every OreCorp Share held, rather than a number of Silvercorp Shares with a specified market value. As a result, the value of the Offer Consideration will fluctuate depending upon the market value of Silvercorp Shares.

Furthermore, under the Offer, Silvercorp will issue a significant number of Silvercorp Shares. Some OreCorp Shareholders may not intend to continue to hold Silvercorp Shares and may wish to sell them on the TSX or NYSE. There is a risk that if a significant number of OreCorp Shareholders seek to sell their Silvercorp Shares this may adversely impact the price of Silvercorp Shares.

There are also risks associated with investing in Silvercorp. OreCorp Shareholders will be exposed to risk factors relating to Silvercorp and to certain other risks relating to the Merged Group and the integration of OreCorp and Silvercorp. For information in respect to the risks associated with the Merged Group and the integration of OreCorp and Silvercorp, please refer to section 8.6 of this Target's Statement and sections 10.2 and 10.3 of the Bidder's Statement.

(f) OreCorp has not independently verified Silvercorp's information

The information on Silvercorp in this Target's Statement has been prepared by OreCorp using publicly available information and has not been independently verified by OreCorp. Accordingly, subject to the Corporations Act, OreCorp does not make any representation (express or implied) as to the accuracy or completeness of such information. The information on Silvercorp in this Target's Statement should not be considered comprehensive. Further information about Silvercorp is set out in the Bidder's Statement.

(g) **Ineligible Shareholders**

Ineligible Shareholders will not be issued with Silvercorp Shares. Instead, those Silvercorp Shares to which they would be entitled to receive will be issued to, and sold on their behalf by a nominee and the net cash proceeds will be remitted to the Ineligible Shareholders (after deducting the applicable brokerage (applied at market standard rates), taxes and charges).

(h) **Taxation consequences of accepting the Offer**

The taxation consequences of disposing of your OreCorp Shares pursuant to the Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in section 9 of this Target's Statement and section 11 of the Bidder's Statement. However, you should not rely on the general outline of Australian taxation considerations but seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

8.4 Risks specific to certain Offer outcomes

(a) **Silvercorp meets 90% compulsory acquisition threshold**

Silvercorp has indicated that if, as a result of the Offer, it and its Associates obtain a Relevant Interest in at least 90% of the OreCorp Shares, Silvercorp intends to proceed with a compulsory acquisition of the outstanding OreCorp Shares. If such compulsory acquisition occurs, OreCorp Shareholders who have their OreCorp Shares compulsorily acquired will not receive the Offer Consideration until after the compulsory acquisition notices are despatched to them. The time at which the Silvercorp Scrip Consideration is issued may also impact upon any entitlement to receive dividends paid to the holders of Silvercorp Shares.

Refer to section 3.7 of this Target's Statement for further information.

(b) **Silvercorp obtains controlling interest in OreCorp**

If Silvercorp acquires a Relevant Interest in at least 50.1% but less than 90% of the OreCorp Shares on issue, it will be able to control the outcome of ordinary resolutions of OreCorp Shareholders (including resolutions relating to the composition of OreCorp's Board).

If Control of OreCorp passes to Silvercorp, but Silvercorp does not meet the conditions to proceed to a compulsory acquisition of the remaining OreCorp Shares, the remaining OreCorp Shareholders (who have not accepted the Offer) will become minority shareholders in OreCorp. If this occurs, there may be additional factors that need to be considered, alongside the OreCorp Directors' recommendation. These factors may include:

- (i) Silvercorp will be in a position to cast the majority of votes at a general meeting of OreCorp. This will enable it to control the composition of the OreCorp Board and senior management and control the strategic direction of OreCorp's business;

- (ii) the OreCorp Share price may fall immediately following the end of the Offer Period, and it is unlikely that OreCorp's Share price will contain any takeover premium;
- (iii) liquidity of OreCorp Shares may be lower than at present;
- (iv) if the number of OreCorp Shares or OreCorp Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then Silvercorp may seek to have OreCorp removed from the official list of the ASX. If this occurs, OreCorp Shares will not be able to be bought or sold on the ASX, and will only be able to be bought or sold privately;
- (v) Silvercorp may not be able to implement its stated intentions in relation to OreCorp's business as set out in section 7 of the Bidder's Statement; and
- (vi) if Silvercorp acquires 75% or more of OreCorp's Shares it will be able to pass a special resolution of OreCorp. This will enable Silvercorp, amongst other things, to change OreCorp's constitution and may enable Silvercorp to seek to have OreCorp removed from the official list of the ASX.

8.5 Risks specific to OreCorp

If the Offer is not successful or if you decide not to accept the Offer and retain your OreCorp Shares (subject to Silvercorp not being able to compulsorily acquire your OreCorp Shares, as referenced in section 3.7), you will continue to be exposed to the risks associated with being an OreCorp Shareholder. The following summary represents some of the major risk factors which affect OreCorp.

(a) Transaction costs will not be recoverable

If the Offer is not successful, the costs that OreCorp has incurred in respect of the Offer will not be recoverable and will be borne by OreCorp alone. Refer to section 10.14 for further details of estimated transaction costs.

(b) Future capital requirements

OreCorp has no operating revenue and is unlikely to generate any operating revenue unless and until production commences at the Nyanzaga Project. The future capital requirements of OreCorp will depend on many factors including its business development activities.

In order to successfully develop the Nyanzaga Project and for production to commence, OreCorp will require further financing in the future. Additional funding may be raised via issues of equity, debt or a combination of debt and equity or asset sales. Any additional equity financing may be dilutive to OreCorp Shareholders, may be undertaken at lower prices than the market price at that time, or may involve restrictive covenants which limit OreCorp's operations and business strategy. Debt financing, if available on acceptable terms, may involve restrictions on financing and operating activities, including the grant of security over the assets of the OreCorp Group or imposition of a range of restrictive covenants. Although the OreCorp Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to OreCorp or at all. If OreCorp is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities, and this could have a material adverse effect on OreCorp's activities including resulting in the permits being subject to forfeiture and could affect OreCorp's ability to continue as a going concern.

OreCorp may undertake additional offerings of securities in the future. The increase in the number of OreCorp Shares issued and outstanding and the possibility of sales of such OreCorp Shares may have

a depressive effect on the price of OreCorp Shares. In addition, as a result of such additional OreCorp Shares, the voting power of existing OreCorp Shareholders will be diluted.

(c) **New projects and acquisitions**

Although OreCorp's focus will remain on the Nyanzaga Project, as with most mining entities, it will pursue and assess new business opportunities in the resource sector over time that complement its business. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence.

There can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on OreCorp. If an acquisition is completed, the OreCorp Directors will need to reassess at that time the funding allocated to the Nyanzaga Project and new projects, which may result in OreCorp reallocating funds from the Nyanzaga Project and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project and business activities will remain.

Further, OreCorp may not be able to make attractive acquisitions or investments, successfully form joint ventures or integrate acquired businesses or assets and any inability to do so may disrupt OreCorp's business and cause its operations to incur additional costs.

(d) **Risks relating to the development of the Nyanzaga Project**

OreCorp's operations are currently in early development stages and its future prospects for success are dependent upon its ability to develop the Nyanzaga Project by beginning and maintaining production at the site and capitalising on any additional opportunities that may eventuate. There are various risks associated with the development of the Nyanzaga Project, and, accordingly, there is no guarantee that it will meet its anticipated outcomes or that sustainable revenue will be achieved.

There are multiple factors that may contribute to delays, increased costs, or potential non-completion of the development of the Nyanzaga Project. These are not limited to, but include: (i) regulatory changes; (ii) third party contractors failing to meet their obligations; (iii) not being able to attract, train and retain the requisite number of employees; (iv) changes in environmental compliance requirements; (v) inclement or severe weather conditions, including fires, storms or explosions, noting that Tanzania is a geographical area that can be subject to severe climatic conditions, including flooding from torrential rain and extreme summer temperatures; (vi) insufficient funds meaning planned development is delayed or prevented, occurring from an unforeseen increase in predicted development costs, construction delays, or currency fluctuations; (vii) extraction costs increasing, including energy, material and labour costs; (viii) availability shortages concerning mining equipment and any associated exploration services (particularly in light of the high levels of activity in the resources industry at present); (ix) interruption or impairment of equipment or processes; (x) lower than expected efficiency or output from the plant and its supporting operations; (xi) taxes and imposed royalties, (xii) labour unrest, strikes or sabotage; and (xiii) pandemics, disease and other health-related events. Some of these factors are exacerbated in developing countries such as Tanzania as compared with more developed jurisdictions. For example, operational risks are likely to be higher due to more limited access to services, skilled employees and infrastructure.

Any of these factors could result in OreCorp having to delay or cease the development of the Nyanzaga Project, which could have a material adverse effect on OreCorp's business and financial condition.

(e) **Title, grant and approvals risk**

The success of OreCorp will depend (among other things) on its ability to maintain title to the Nyanzaga Project and secure the various governmental approvals required to develop the Project. Interests in all permits in Tanzania are governed by state legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. As such, OreCorp could be exposed to additional costs, have its ability to explore or mine the permits reduced, or lose title to or its interest in the permits if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. In particular, if the SML is not renewed, OreCorp may suffer significant damage through the loss of opportunity to develop and discover mineral resources on the SML. There is also a risk that permits will not be renewed when required, or that future mineral licence applications may not be approved. A similar risk applies in relation to the other governmental approvals OreCorp requires to carry out its business.

(f) **Resource estimation risk**

The calculation and interpretation of mineral resource estimates are, by their nature, expressions of judgment based on knowledge, experience and industry practice. Such estimates are imprecise and may prove to be inaccurate. As such, estimates relating to the Nyanzaga Project or future projects OreCorp may be involved, in which were valid when originally calculated, may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect OreCorp's operations.

(g) **Reporting in accordance with the JORC Code**

The mineral resource estimates in this Target's Statement and the ASX announcements made by OreCorp have been prepared in compliance with the JORC Code. Such estimates may not comply with the relevant reporting guidelines in other countries. Information describing OreCorp's mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of other countries.

Accordingly, it should not be assumed that quantities reported as "resources" by OreCorp will be converted to reserves under the JORC Code or any other reporting regime or that OreCorp will be able to legally and economically extract them.

(h) **Mineral and currency price volatility**

Any future revenue derived through any future sales of gold exposes the potential income of OreCorp to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors, as outlined in section 1.1(p) below, which are beyond the control of OreCorp.

OreCorp reports its financial statements in Australian dollars. The functional currency of its Tanzanian subsidiaries and all intermediate holding companies is the US dollar. OreCorp is exposed to foreign exchange risk when OreCorp undertakes transactions and holds assets and liabilities in currencies other than its functional currencies. The fluctuation of the exchange rate between the reporting currency and its functional currencies may materially and adversely affect OreCorp's financial position.

(i) **Competition risk**

The resources industry is competitive in all phases. Many of OreCorp's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide

basis, and as a result may be in a better position to compete for future business opportunities. Although OreCorp will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Nyanzaga Project.

(j) **Tanzanian Government free carried interest**

The Government of the United Republic of Tanzania is entitled to a non-dilutable free carried interest of not less than 16% in the capital of a Tanzanian mining company that conducts mining operations under a mining licence or special mining licence. As explained in section 5.1 above, as at the Offer Announcement Date, the Tanzanian Government holds a 16% free carried interest in SMCL, a joint venture company which holds the SML for the Nyanzaga Project. OreCorp holds the remaining 84% interest in SMCL through its wholly-owned subsidiary, NMCL. Accordingly, OreCorp's interest in, and potential economic benefit from, the Nyanzaga Project is proportionately reduced. OreCorp is also required to fund the Tanzanian Government's share of the development and other costs for Nyanzaga in accordance with the terms of its free carried interest.

In addition, the Government of Tanzania has a right to acquire up to 50% of the share capital of SMCL, determined by the total value of the tax expenditures enjoyed by SMCL. However, any increase in ownership or economic participation rights by the Government of Tanzania in addition to the 16% free carried interest shares will be by written agreement between the parties.

(k) **Substantial shareholder**

Silvercorp holds a Relevant Interest in 15.74% of the OreCorp Shares. There is no guarantee that Silvercorp will remain an OreCorp Shareholder if the Offer is not successful and the sale of OreCorp Shares held by it may have an adverse effect on the price of OreCorp Shares. In the event that Silvercorp remains as an OreCorp Shareholder, its substantial interest may act as a deterrent to potential further transactions with third parties whether by way of merger, takeover or otherwise. Further, if the Bid Implementation Deed is terminated in accordance with its terms, then for so long as Silvercorp holds a Relevant Interest in at least 15% of the OreCorp Shares, Silvercorp may nominate one person to be appointed as a director of OreCorp.

(l) **Environmental matters**

The operations and proposed activities of OreCorp are subject to various environmental laws and regulations. If such laws are not complied with OreCorp may be required to suspend its activities or may be subject to significant liability, including fines and other penalties.

As with most mining projects, OreCorp's activities are expected to have an impact on the environment, particularly in respect of mine development. It is OreCorp's intention to conduct its activities to the highest standard and to comply with its legal obligations, including compliance with all environmental laws and relevant authorisations. Although OreCorp believes that it is in compliance in all material respects with all applicable environmental laws and regulations and authorisations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which may expose OreCorp to extensive liability.

OreCorp may require approval from government authorities and officials prior to commencing activities that are likely to have an adverse impact on the environment. Where such authorisations are not obtained, OreCorp will be delayed or prevented from undertaking such activities.

The impact of additional environmental laws and regulations, which may be adopted in the future cannot be predicted or anticipated by OreCorp, including whether any such laws or regulations would

materially increase OreCorp's cost of doing business or affect its operations in any area. It is possible that new environmental laws, regulations or stricter enforcement policies, once implemented, will require OreCorp to incur significant expenses and undertake significant investments which could have a material adverse effect on OreCorp's business, financial condition and results of operations.

OreCorp will also face ongoing obligations regarding reclamation and rehabilitation costs. The current prospecting and exploration operations conducted by OreCorp are subject to reclamation costs that will be incurred once mining development and its associated activities are commenced. Any estimates concerning reclamation and rehabilitation costs are subject to change depending on the operations actually incurred. If actual costs are significantly higher than estimated there may be a material adverse effect on OreCorp's financial condition.

(m) **Country risk (Tanzania)**

Given the location of the Nyanzaga Project, OreCorp is subject to the risks associated with operating in a foreign country (particularly, Tanzania). Any material changes in government policies or legislation that affect ownership, mineral exploration, development or mining activities or other matters such as taxation, labour conditions, exchange control and the ability to repatriate income – may adversely affect OreCorp's activities in the future. The Tanzanian Government has previously experienced, and may in future experience, instability and economic and fiscal issues, some or all of which could directly and indirectly affect the Tanzanian economy and, in turn, OreCorp. In addition, Tanzania has enacted substantive changes in its mining laws in recent years, and the full impact of these is yet to be demonstrated in practice.

OreCorp's ability to realise the value from its assets may also be affected by a number of broader political and social issues, for example divergent political agendas and decision making, environmental and social policy and the impact of bribery and corruption. Additionally, the media, non-government organisations and other activists may play an increasing role at local, national and international levels to influence political policy, the perceptions of society and community actions, which have the ability to negatively impact OreCorp's reputation.

There are other risks associated with operating in a developing country such as Tanzania which are not necessarily present in a developed country like Australia or Canada including (i) hyperinflation, currency non-convertibility or instability; (ii) government control over natural resources or government regulations that require the employment of local staff or contractors or the provision of other benefits to local residents and (iii) the possibility of assets being nationalised or expropriated.

Tanzania's legal system is also less developed than more established countries (including with respect to the degree of experience held by the judiciary) which could give rise to difficulties in obtaining effective legal redress against governmental entities or private parties. There may also be a higher degree of discretion held by various government officials or agencies, a lack of political or administrative guidance on implementing applicable law and regulations (particularly in relation to taxation and property rights) and inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions.

Relatedly, there is a risk that local businesses, government officials and the judiciary will not adhere to the legal terms of negotiated agreements and authorisations including those granted in respect of the Nyanzaga Project. Such agreements and authorisations may be open to revision or cancellation and legal redress may be uncertain or delayed, undermining their effectiveness.

There is also a risk that the government and regulatory environment will not remain conducive to foreign investment, which would negatively impact OreCorp's ability to carry out its activities as currently contemplated.

Additionally, when conducting activities in respect of assets located in foreign countries and within emerging markets such as Tanzania, ASX listed entities may face a number of additional risks that companies with assets and activities located wholly within Australia may not have to address. This includes in relation to the implementation and maintenance of an effective internal control and risk management systems and good corporate governance principles, having regard to the separation of executive management and the OreCorp Board from the location of the Nyanzaga Project and the resulting need to rely on consultants and professional advisers in those jurisdictions.

(n) **Reliance on key personnel**

OreCorp is reliant on the knowledge, experience and skills of a number of key personnel and consultants, including members of the OreCorp Board. The loss of one or more of these key contributors could have an adverse impact on the business of OreCorp. Further, failure to recruit and retain key personnel with appropriate experience and expertise may have an adverse effect on the performance of OreCorp and its activities. It may be particularly difficult for OreCorp to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of OreCorp, compared with other industry participants.

(o) **Conflicts of interest**

Some OreCorp Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. The OreCorp Directors are aware of their fiduciary duties in respect of situations that may arise in which they would have obligations to, or interests in, OreCorp which may conflict with their obligations to, or interests in, such other companies. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to OreCorp in the first instance.

In the event that an actual or potential conflict of interest were to arise, any conflicted OreCorp Director will ensure they comply with their duties as a director of OreCorp, including disclosure of any perceived or actual conflict to the OreCorp Board. The OreCorp Board will then follow procedures and protocols appropriate for a transaction involving a conflict of interest.

(p) **Market conditions, operational barriers and third party arrangements**

Market conditions, operational barriers or availability of adequate processing or transportation arrangements with third parties may adversely impact OreCorp's access to resource markets, delay its development and production at the Nyanzaga Project or increase operating costs.

(q) **External risks applicable to the mining industry generally**

OreCorp is subject to the risks and hazards outlined in section 8.5, together with the risks of war and terrorist attacks, which are applicable across the mining industry generally. Such events may result in a decline in global economic conditions or economic conditions in a particular region of the world, which could have an adverse effect on the business, financial condition or performance of OreCorp. OreCorp is also exposed to the risks associated with climate change in a similar manner to Silvercorp, as explained in section 10.4(f) of the Bidder's Statement.

(r) **Bribery and corruption**

The mining industry has historically faced higher risks of corrupt or unethical practices, and some jurisdictions are more prone to fraud, bribery and corruption than others. OreCorp has taken steps to mitigate and detect these issues, such as implementing codes of conduct and bribery policies and other safeguards. However, OreCorp has many different employees, agents, sub-contractors and joint

venture partners across different jurisdictions, and it may not be able to detect every instance of fraud, bribery and corruption across these locations. Should any incidents occur, OreCorp could face civil and criminal penalties and reputational harm, which could have a material adverse impact on its business, financial condition and results of operations.

(s) **Litigation risk**

OreCorp is exposed to possible litigation risks, including tenure disputes, land access disputes, environmental claims, occupational health and safety claims and employee claims. Further, OreCorp may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may adversely impact on OreCorp's operations, financial performance and financial position. Refer to section 5.8 for further detail of current litigation matters.

(t) **Cyber risk**

OreCorp relies on various computer systems, data repositories and interfaces with networks and other systems to conduct its activities. Failure of, or security breaches in relation to, these systems (including by way of virus and hacking attacks) have the potential to materially impact OreCorp's activities. Additionally, OreCorp has no control over the cyber security plans, systems and processes of third parties with which it may interface or upon whose services it relies.

(u) **Insurance risk**

OreCorp intends to insure its operations in accordance with industry practice. However, in certain circumstances, OreCorp's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of OreCorp. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(v) **Application of and changes in taxation law**

The application of and changes in relevant taxation laws, or the way taxation laws are interpreted, may have an adverse impact on the financial performance of OreCorp or any member of its group, and the returns for OreCorp Shareholders (including the level of dividend franking / conduit foreign income). This may relate to changes in the level or basis of company income tax, or other taxes (for example, income tax, good and services tax and stamp duties (or equivalent)), either in Australia or overseas.

(w) **Inability to pay dividends or make other distributions or potential for dividend not to be franked or attached conduit foreign income.**

There is no guarantee that dividends will be paid on OreCorp Shares in the future, as this is a matter to be determined by the OreCorp Board in its discretion and the OreCorp Board's decision will have regard to, amongst other things, OreCorp's future development and production operations, financial results and condition, contractual restrictions, capital expenditure and working capital requirements.

Moreover, to the extent that OreCorp pays any dividends, OreCorp may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income. Alternatively, the franking system and/or the conduit foreign income system may be subject to review or reform. The extent to which a dividend can be franked will depend on OreCorp's franking account balance (which is expected to be nil immediately following completion of the Offer) and its level of distributable profits.

OreCorp's franking account balance is contingent on OreCorp making Australian taxable profits and will depend on the amount of Australian income tax paid by OreCorp on those Australian taxable profits. OreCorp's Australian taxable profits may fluctuate, making the payment of franked dividends unpredictable. The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on OreCorp's conduit foreign income balance (which will be nil immediately following completion of the Offer) and its level of distributable profits. OreCorp's conduit foreign income balance will depend on its operations overseas and the level of non-Australian income tax paid by OreCorp on those operations.

It is noted that, based on present activities, future unfranked dividends paid by OreCorp are to be paid out of conduit foreign income. The value or availability of franking credits and conduit foreign income to an OreCorp Shareholder will differ depending on the shareholder's particular tax circumstances. OreCorp Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each OreCorp Shareholder. No assurances can be given by any person, including the OreCorp Directors, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.

8.6 Risks relating to the Merged Group

By accepting the Offer, OreCorp Shareholders (other than Ineligible Shareholders) will receive Silvercorp Shares as consideration. OreCorp Shareholders will be exposed to risk factors relating to Silvercorp and to certain other risks relating to the Merged Group and the integration of OreCorp and Silvercorp. For information in respect to the risks associated with the Merged Group please refer to sections 10.2 and 10.3 of the Bidder's Statement, some of which are reiterated below.

(a) Merger integration risk

Silvercorp intends, to the extent possible, to seek to integrate OreCorp's operations within Silvercorp so as to maximise operational synergies as well as eliminating a range of duplicated effort and costs. The extent to which these synergy benefits and cost savings are realisable depends upon a range of factors including the level of acceptances received under the Offer. While Silvercorp expects that value can be added through the transaction, there is a risk that implementation of the transaction may involve:

- unexpected delays, liabilities and costs in relation, but not limited, to integrating operating and management systems;
- the loss of key employees or suppliers of OreCorp; and
- the termination of contractual arrangements as a result of the change in control of OreCorp.

If the integration is not achieved in an orderly fashion and within a reasonable time period, the full benefits, cost savings and other expected synergies may be achieved only in part, or not at all, and this could adversely impact the Merged Group's financial performance.

There are risks associated with conducting the business activities and operations previously operated by a different entity. For example, Silvercorp has not previously conducted operations in Tanzania (with its primary operations located in China). The risk also exists that the implementation of the integration of OreCorp and Silvercorp may take longer than expected so that integration is achieved over a longer time period than expected. Each of these factors may impact on the Merged Group's financial performance.

The Merged Group will continue Silvercorp's corporate strategies and operational objectives. There is the risk that the Merged Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of the strategies, operational objectives and benefits are delayed. Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Merged Group's operations, financial performance and financial position, including the potential for any share price re-rating.

(b) The permits and licences required for the Merged Group's mining and exploration operations may not be granted or renewed

All of Silvercorp's CIM Mineral Resources and CIM Mineral Reserves in China are owned by their respective joint venture entities. Mineral exploration and mining activities in China may only be conducted by entities that have obtained or renewed exploration or mining permits and licences and other certificates in accordance with the relevant mining laws and regulations. Under Chinese laws and regulations, if there are residual reserves in a property when the mining permit in respect of such property expires, the holder of the expiring mining permit will be entitled to apply for an extension for an additional term. Silvercorp has stated that it believes that there will be no material substantive obstacle in renewing such permits. Nevertheless, there can be no assurance as to whether the current relevant Chinese laws and regulations, as well as the current mining industry policy, will remain unchanged at the time of the extension application of such permits nor can there be any assurance that the competent authorities will not use their discretion to deny or delay the renewal or the extension of relevant mining permits due to factors outside Silvercorp's control. Therefore, there can be no assurance that Silvercorp will successfully renew its mining permits on favourable terms, or at all, once such permits expire.

Any failure to obtain or any delay in obtaining or retaining any required governmental approvals, permits or licences could subject Silvercorp to a variety of administrative penalties or other government actions and adversely impact the Merged Group's business operations. The relevant state and provincial authorities in China do not allow exploration permit renewal applications to be submitted earlier than 30 days before the permit expiration date and a delay of 2 to 3 months for permit application processing times is not uncommon. The relevant state and provincial authorities in China do not issue formal documentation to guarantee permit renewal while processing renewal applications. If any administrative penalties and other government actions are imposed on or taken against Silvercorp due to Silvercorp's failure to obtain, or delay in obtaining or retaining, any required governmental approvals, permits or licences, the Merged Group's business, financial condition and results of operations could be materially and adversely affected.

The success of the Merged Group will also depend (among other things) on its ability to maintain title to the Nyanzaga Project and secure the various governmental approvals required to develop the Nyanzaga Project. Interests in all permits in Tanzania are governed by state legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. As such, the Merged Group could be exposed to additional costs, have its ability to explore or mine the permits reduced, or lose title to or its interest in the permits if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. There is also a risk that permits will not be renewed when required, or that future mineral licence applications may not be approved. No guarantee can be given that the necessary exploration and mining permits and licences will be issued to the Merged Group or, if they are issued, that they will be renewed, or if renewed under reasonable operational and/or financial terms, or in a timely manner, or that the Merged Group will be in a position to comply with all conditions that are imposed.

(c) **The title to some of the Merged Group's minerals projects may be uncertain or defective, which put the Merged Group's investment in such properties at risk**

The validity of mining or exploration titles or claims or rights, which constitute most of the Merged Group's property holdings, can be uncertain and may be contested. The Merged Group's properties may be subject to prior unregistered liens, agreements or transfers, indigenous land claims, or undetected title defects.

In some cases, the Merged Group may not own or hold rights to the mineral concessions it mines. Silvercorp has not conducted surveys of all the claims in which the Merged Group will hold direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining titles or claims, or that such exploration and mining titles or claims will not be challenged or impugned by third parties.

Silvercorp may be unable to operate the Merged Group's properties as expected, or to enforce Silvercorp's rights to the Merged Group's properties. Any defects in title to the Merged Group's properties, or the revocation of Silvercorp's rights to mine, could have a material adverse effect on the Merged Group's operations and financial condition.

The Merged Group operates in countries with developing mining laws and changes in such laws could materially impact Silvercorp's rights or interests to the Merged Group's properties. For example, relevant to OreCorp's Nyanzaga Project, amendments to the Tanzanian Mining Act in 2017 saw an increased power and role for the government in investment contracts, including the Tanzanian Government having the authority to dissolve or renegotiate existing contracts. Provisions also allowed the Tanzanian Government to own at least a 16% free carried interest stake in mining companies, with the option to acquire up to 50%. In addition, the Tanzanian Government is able to reject international arbitration for natural resource disputes.

The Merged Group is also subject to expropriation risk, including the risk of expropriation or extinguishment of property rights based on a perceived lack of development or advancement. Expropriation, extinguishment of rights and any other such similar governmental actions would likely have a material adverse effect on the Merged Group's operations and profitability.

In some of the jurisdictions in which the Merged Group will operate, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands. Accordingly, title holders of mining concessions in many jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. The Merged Group does not hold title to all of the surface lands at many of the Merged Group's operations and rely on contracts or other similar rights to conduct surface activities.

(d) **Silvercorp may fail to successfully integrate future acquisitions into existing operations**

Silvercorp may make select future acquisitions. If Silvercorp does make acquisitions, any positive effect on Silvercorp's results will depend on a variety of factors, including: integrating the operations of an acquired business or property in a timely and efficient manner; maintaining Silvercorp's financial and strategic focus while integrating the acquired business or property; implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and to the extent that Silvercorp makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place pressure on the Merged Group's cash reserves if such acquisitions involve cash consideration or if such acquisitions involve share

consideration Silvercorp Shareholders (including OreCorp Shareholders who have received Silvercorp Shares under the Offer) may experience dilution.

The integration of Silvercorp's existing operations with any acquired business may require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation may require Silvercorp to incur significant costs in connection with, among other things, implementing financial and planning systems. Silvercorp may not be able to integrate the operations of a recently acquired business or restructure Silvercorp's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from Silvercorp's management team, which may detract attention from Silvercorp's day-to-day operations.

Over the short-term, difficulties associated with integration could have a material adverse effect on the Merged Group's business, operating results, financial condition and the price of Silvercorp Shares. In addition, the acquisition of mineral properties may subject Silvercorp to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on the Merged Group. There can be no assurance that any future acquisitions will be successfully integrated into the Merged Group's existing operations.

(e) **Silvercorp's activities in China are subject to additional political, economic and other uncertainties not necessarily present for activities taking place in other jurisdictions**

All Silvercorp's material mining operations are located in China. These operations are subject to the risks normally associated with conducting business in China, which has different regulatory and legal standards than North America or Australia. Some of these risks are more prevalent in countries which are less developed or have emerging economies, including uncertain political and economic environments, as well as risks of civil disturbances or other risks which may limit or disrupt a project, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalisation or expropriation without fair compensation, risk of adverse changes in laws or policies, increases in foreign taxation or royalty obligations, licence fees, permit fees, delays in obtaining or the inability to obtain necessary governmental permits, limitations on ownership and repatriation of earnings and foreign exchange controls and currency devaluations.

In addition, Silvercorp may face import and export regulations, including export restrictions, disadvantages of competing against companies from countries that are not subject to similar laws, restrictions on the ability to pay dividends offshore and risk of loss due to disease and other potential endemic health issues. Although Silvercorp is not currently experiencing any significant or extraordinary problems in China arising from such risks, there can be no assurance that such problems will not arise in the future. Silvercorp currently does not carry political risk insurance coverage. Silvercorp's interests in its mineral properties are held through joint venture companies established as Sino-Foreign Cooperative Joint Venture Enterprises under Chinese law. Silvercorp's wholly-owned subsidiaries hold direct ownership interests in those joint venture companies in accordance with the terms of the constitution and the relevant cooperation agreements between Silvercorp's relevant subsidiary and its local joint venture partner(s). These are not derivative or economic interests dependent on contractual arrangements with others. Silvercorp's subsidiaries own direct interests in these Chinese companies and these Chinese companies are the registered holders of Silvercorp's assets (including relevant mining licences). Silvercorp's joint venture partners in China include state sector entities and, like other state-sector entities, their actions and priorities may be dictated by government policies instead of purely commercial considerations. Additionally, companies with a foreign ownership component operating in China may be required to work within a framework which is different from that imposed on domestic Chinese companies. The Chinese government currently allows foreign investment in certain mining projects under central government guidelines. There can be no assurance that these guidelines will not change in the future.

(f) **The regulatory environment in China may materially affect the Merged Group's results of operations and financial results**

Silvercorp's principal operations are located in China and are subject to a range of Chinese laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labour standards, occupational health and safety, waste treatment and environmental protection and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may increase the Merged Group's operating costs and thus adversely affect the Merged Group's results of operations.

The laws of China differ significantly from those of Canada or Australia and all such laws are subject to change. Mining is subject to potential risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production.

Failure to comply with applicable laws and regulations may result in enforcement actions and may also include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws and regulations. China's legislation is undergoing a relatively fast transformation with some old laws superseded by newly enacted laws. New laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations could create risks or uncertainty for investors in mineral projects or have a material adverse impact on future cash flow, results of operations and the financial condition of the Merged Group. Although Silvercorp seeks to comply with all new Chinese laws, regulations, policies, standards and requirements applicable to the mining industry or all changes in existing laws, regulations, policies, standards and requirements, Silvercorp may not be able to comply with them economically or at all. Furthermore, any such new Chinese laws, regulations, policies, standards and requirements or any such change in existing laws, regulations, policies, standards and requirements may also constrain the Merged Group's future expansion plans and adversely affect its profitability.

In addition, China has further strengthened its national security review of foreign investment. The Measures for National Security Review of Foreign Investment will continue to create an additional layer of uncertainty with respect to foreign investment. Investment plans, timetables, terms and conditions for closing for investment must take into account the timing and contingency of obtaining approval from the national security review process.

(g) **The Merged Group is subject to environmental and health and safety laws, regulations and permits that may subject the Merged Group to material costs, liabilities and obligations**

Silvercorp's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety, including environmental laws and regulations in China. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Silvercorp's Chinese subsidiaries are required to have been issued environmental permits and safety production permits with various expiration dates. These permits are also subject to annual inspection by government authorities. Failure to pass the annual inspections may result in penalties.

Environmental and health and safety laws in Tanzania are also strict. Every activity from exploration through to development and mining requires compliance with regulations for environmental

protection. The Merged Group will require various government approvals and permits in Tanzania from time to time in connection with various aspects of its activities.

No guarantee can be given that the necessary permits will be issued to the Merged Group or, if they are issued, that they will be renewed, or if renewed under reasonable operational and/or financial terms, or in a timely manner, or that the Merged Group will be in a position to comply with all conditions that are imposed. Failure to comply with relevant environmental laws and regulations could materially and adversely affect the Merged Group's business and results of operations.

Nearly all mining projects require government approval and permits relating to environmental, social, land and water usage, community matters and other matters.

There are also laws and regulations prescribing reclamation activities on some mining properties. Environmental legislation in many countries, including China and Tanzania, is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Silvercorp and may cause material changes or delays in the Merged Group's intended activities. There can be no assurance that Silvercorp has been or will be at all times in complete compliance with current and future environmental and health and safety laws and the status of permits will not materially adversely affect the Merged Group's business, results of operations or financial condition.

Amendments to current Chinese laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a material adverse impact on the Merged Group and cause increases in capital expenditure, production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of new mining properties. It is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Merged Group's business, causing Silvercorp to reevaluate those activities at that time. Silvercorp's compliance with environmental laws and regulations entail uncertain costs.

(h) **Currency fluctuations may affect the Merged Group's results of operation and financial condition**

Silvercorp reports its financial statements in U.S. dollars. The functional currency of the head office, Canadian subsidiaries and all intermediate holding companies is the Canadian dollar while the functional currency of all Chinese subsidiaries is Chinese Renminbi. The functional currency of the OreCorp's Tanzanian subsidiaries is the US dollar. The Merged Group will be exposed to foreign exchange risk when Silvercorp undertakes transactions and holds assets and liabilities in currencies other than its functional currencies. The fluctuation of the exchange rate between the reporting currency and its functional currencies may materially and adversely affect the Merged Group's financial position.

(i) **Recent market events and conditions of worldwide securities markets may adversely impact the Merged Group's ability to obtain financing**

Over the past several years market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems, along with the uncertainty of the Canadian, United States and global economic conditions which have been heightened due to risks relating to the spread of COVID19 and the prior decline in precious metal prices, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on Silvercorp's ability to fund its working capital and other capital requirements.

Over the past several years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility. Of note, the share prices of natural resource companies have in the past experienced an extraordinary decline in value and in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds have forced many of such funds (including those holding Silvercorp Shares) to sell such securities with little consideration to the price received.

Therefore, there can be no assurance that significant fluctuations in the trading price of Silvercorp Shares will not occur, or that such fluctuations will not materially adversely impact Silvercorp's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

(j) Pro forma financial information may not be indicative of the actual financial condition of the Merged Group

The Pro Forma Historical Financial Information for the Merged Group contained in the Bidder's Statement is presented for illustrative purposes only and may not be indicative of Silvercorp's financial condition or results of operations following the Offer for a number of reasons. For example, the Pro Forma Historical Financial Information for the Merged Group has been derived from the historical financial statements of Silvercorp and OreCorp and certain adjustments and assumptions have been made regarding Silvercorp following the Offer. The information that forms the basis of these adjustments and assumptions is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy.

Further, the Pro Forma Historical Financial Information for the Merged Group does not include all of the costs that are expected to be incurred by Silvercorp in connection with the Offer. For example, the impact of any incremental costs that are incurred in relation to the integration of Silvercorp and OreCorp is not reflected in the Pro Forma Historical Financial Information for the Merged Group.

Accordingly, the actual financial condition and results of operations of the Merged Group may not be consistent with, or evident from, the Pro Forma Historical Financial Information for the Merged Group. Additionally, the purchase price used in preparing the Pro Forma Historical Financial Information for the Merged Group is based on the closing market price of Silvercorp Shares, as well as the AUD:CAD exchange rate, as of 22 December 2023, which may be materially different from the closing price of Silvercorp Shares and the AUD:CAD exchange rate when Silvercorp Shares are issued to OreCorp Shareholders under the Offer.

The assumptions used in preparing the Pro Forma Historical Financial Information for the Merged Group may not prove to be accurate, and other factors may affect the financial condition or results of operations of Silvercorp following Offer. The price of Silvercorp Shares may be adversely affected if Silvercorp's actual financial results fall short of the historical financial results reflected in the Pro Forma Historical Financial Information for the Merged Group that are contained in the Bidder's Statement.

Following on from the risk noted above in relation to the assumptions used in preparing the Pro Forma Historical Financial Information, the Bidder's Statement notes that on completion of the transaction, the transaction may incur a capital gains tax payable under Tanzanian legislation. Although the application of this tax is uncertain, an estimate of US\$22.7 million has been made by Silvercorp for the purposes of the Pro Forma Historical Financial Information.

Capital gains tax is payable in Tanzania, in accordance with section 56 of the Income Tax Act 2004, where the ultimate share ownership of a Tanzanian entity changes by more than 50%. Silvercorp is offering to acquire all of the outstanding OreCorp Shares under the Offer, which is successful will extend to 100% ownership of OreCorp's Tanzanian subsidiaries, OreCorp Tanzania and NMCL and

an 84% effective ownership of SMCL. The remaining 16% of SMCL is owned by the Government of Tanzania. This meets the change of control test, where ultimate share ownership of these entities will change by more than 50%.

The tax is levied on the notional capital gain arising from the difference between the risk adjusted expected cost base and the market value of the consideration at the 30% Tanzanian corporate income tax rate. The application of capital gains tax will only be known upon completion of the transaction. Silvercorp has estimated the tax payable based on the assumed equity purchase price of A\$0.582 per OreCorp Share as noted in section 8.7(f)(i) of the Bidder's Statement, and the risk-adjusted, expected cost base for the calculation of the capital gain, based on expenditures incurred on the Nyanzaga Project, to date, in Tanzania. However, this is only an estimate and the capital gains tax levied may be lesser or greater than this estimate.

9. Australian taxation implications

Section 11 of the Bidder's Statement sets out a general summary of the key Australian income tax, goods and services tax (**GST**) and stamp duty consequences for OreCorp Shareholders if the Offer is accepted. The purpose of the summary is to assist you to understand the potential Australian tax consequences if the Offer is accepted.

The summary is intended as a general guide and is based on the Australian tax laws, regulations and administrative practices in effect as at the Offer Announcement Date. You should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws, regulations or administrative practices may affect your taxation treatment as described in the summary.

The information contained in the tax summary is of a general nature only. It is not intended to be either legal or tax advice and will not address all of the tax issues that may be relevant to you if you dispose of your OreCorp Shares. You should obtain independent tax advice relevant to your own particular facts and circumstances including the Australian taxation consequences of accepting the Offer.

10. Additional information

10.1 Bid Implementation Deed

On 27 December 2023, OreCorp and Silvercorp entered into the Bid Implementation Deed pursuant to which Silvercorp agreed to make the Offer. A full copy of the Bid Implementation Deed was released by OreCorp to the ASX on 27 December 2023 and is available on OreCorp's website at www.orecorp.com.au and on the ASX website at www.asx.com.au.

A summary of the key terms of the Bid Implementation Deed is set out below:

(a) Recommendation of OreCorp Directors

Clause 2.3 of the Bid Implementation Deed states that each OreCorp Director has confirmed that they will recommend that OreCorp Shareholders accept the Offer and will undertake to accept, or procure the acceptance of the Offer in respect of all OreCorp Shares held or controlled by them within 14 days after the Offer has opened for acceptance, in each case, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offer is reasonable to OreCorp Shareholders.

Clause 2.3 of the Bid Implementation Deed further requires OreCorp to use its best endeavours to procure that no OreCorp Director withdraws or changes their recommendation of the Offer unless the Independent Expert concludes that the Bid is not reasonable to OreCorp Shareholders or a Superior Proposal emerges.

(b) Obligations to implement and conduct business in the ordinary course

Both OreCorp and Silvercorp have agreed to each take certain steps to implement the Offer, which are set out in clause 3 of the Bid Implementation Deed.

In addition, both OreCorp and Silvercorp have agreed that from the date of the Bid Implementation Deed until the earlier of the end of the Offer Period and the date the Bid Implementation Deed is terminated, they will each carry on business in the ordinary course and in substantially the same manner as conducted as at the date of the Bid Implementation Deed.

(c) Exclusivity

(i) No shop obligation

During the Exclusivity Period, OreCorp and its Representatives must not, directly or indirectly:

- solicit, invite, encourage or initiate any Competing Proposal or any offer, proposal, expression of interest, enquiry, negotiation or discussion with any Third Party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal; or
- announce or communicate to any person an intention to do any of the above.

(ii) No talk obligation

Subject to a fiduciary out exception, during the Exclusivity Period, OreCorp and its Representatives must not directly or indirectly enter into or continue negotiations or discussions with any Third Party in relation to a Competing Proposal, or that may reasonably be expected to encourage or lead to a Competing Proposal, even if:

- the actual, proposed or Potential Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by OreCorp or any of its representatives; or
- the Competing Proposal has been publicly announced.

(iii) No due diligence obligation

Subject to a fiduciary out exception, during the Exclusivity Period, OreCorp and its Representatives must not directly or indirectly make available to any Third Party, or cause or permit any Third Party to receive, any non-public information relating to any member of the OreCorp Group or their respective businesses or operations that may reasonably be expected to assist such Third Party in formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

(iv) Matching right

During the Exclusivity Period, before:

- A. any member of the OreCorp Group enters into any agreement pursuant to which a Third Party or OreCorp proposes to undertake or give effect to a Competing Proposal; or
- B. any member of the OreCorp Board changes, withdraws, modifies, revises or qualifies their recommendation in favour of the Offer in response to or in connection with an actual Competing Proposal,

the following conditions must be satisfied:

- C. the OreCorp Board, acting in good faith, must determine that the Competing Proposal is a Superior Proposal and that a failure to enter into an agreement to give effect to it would likely breach the fiduciary or statutory duties of the members of the OreCorp Board; and
- D. OreCorp has provided Silvercorp with the material terms and conditions of the Competing Proposal (including the price, conditions precedent, timetable, break fee or reimbursement fee and the identity of the third party), as well as notification of the OreCorp Board's determination referred to above and reasons for that determination;
- E. for at least 5 Business Days after the provision of the above information, Silvercorp and OreCorp have negotiated in good faith, to the extent Silvercorp wishes to negotiate and make itself reasonably available to negotiate, to enable Silvercorp to provide an equivalent or superior proposal to the terms of the Competing Proposal;

F. by the expiry of the negotiation period, OreCorp has received a written proposal from Silvercorp to improve the Offer Consideration or otherwise alter the terms of the Offer (**Silvercorp Counterproposal**), and OreCorp (acting reasonably and in good faith, after receiving written advice from its external legal advisers and advice from its financial advisers) has determined as soon as reasonably practicable (and in any event within 4 Business Days of receiving the Silvercorp Counterproposal), that the Silvercorp Counterproposal would not produce an equivalent or superior outcome for OreCorp Shareholders as compared to the Competing Proposal, taking into account all terms and conditions and other aspects of both proposals, and that the failure to take an action specified in (A) or (B) above would continue to breach the fiduciary or statutory duties of the members of the OreCorp Board; and

G. OreCorp has complied with its obligations to:

- procure that the OreCorp Board considers the Silvercorp Counterproposal and makes a determination in the manner contemplated above as to whether the Silvercorp Counterproposal would provide an equivalent or superior outcome to OreCorp Shareholders as compared with the Competing Proposal;
- notify Silvercorp of the determination in writing, stating reasons for that determination; and
- if the determination is that the Silvercorp Counterproposal would provide an equivalent or superior outcome to OreCorp Shareholders as compared with the Competing Proposal, then for a period of not less than 2 Business Days OreCorp and Silvercorp must use their best endeavours to agree the transaction documentation required to implement the Silvercorp Counterproposal as soon as reasonably practicable, and OreCorp must use its best endeavours to procure that the OreCorp Board unanimously recommend that OreCorp Shareholders vote in favour of the Silvercorp Counterproposal (subject to the Independent Expert concluding it is reasonable to OreCorp Shareholders and there being no further Superior Proposal).

(d) **Break Fee**

OreCorp has agreed to pay Silvercorp the Break Fee (A\$2,840,976) where:

- (i) during the Exclusivity Period, a Competing Proposal is announced or made and, within 12 months after the date of the announcement, a Third Party completes a Competing Proposal;
- (ii) any OreCorp Director fails to recommend the Offer, changes, withdraws, modifies, revises or qualifies their support for the Offer or their recommendation that OreCorp Shareholders accept the Offer, or makes a public statement indicating that they no longer recommend the Offer or recommend that OreCorp Shareholders accept the Offer, or otherwise publicly supports or endorses, a Competing Proposal. However, none of these circumstances will trigger the Break Fee where this is after the Independent Expert's Report concludes that the Offer is not reasonable to OreCorp Shareholders (other than where the reason for this conclusion or amended conclusion

is wholly or in part the existence of a Competing Proposal), or in certain circumstances where OreCorp is entitled to terminate the Bid Implementation Deed; or

- (iii) Silvercorp validly terminates the Bid Implementation Deed on the basis of a material breach of the Bid Implementation Deed by OreCorp or a material breach of a material warranty given by OreCorp, or the Offer lapses or does not proceed for any reason other than as a consequence of Silvercorp's breach of the Bid Implementation Deed and where the circumstances giving rise to the right of termination arose as a result of any act or omission that could have been prevented by OreCorp.

The Break Fee is the sole and exclusive remedy available to Silvercorp in connection with any event or occurrence listed above and OreCorp is not liable for any loss or damage arising in connection with any such event or occurrence other than for any liability that it may have to pay Silvercorp the Break Fee.

(e) **Representations and Warranties**

OreCorp and Silvercorp provide a range of representations and warranties in relation to their respective organisations and operations to the other. The representations and warranties are qualified by public disclosures and certain other information provided by each party to the other before the date of the Bid Implementation Deed.

(f) **Termination**

The Bid Implementation Deed may be terminated by either party if:

- (i) the other party has materially breached the Bid Implementation Deed, provided that the breach is material in the context of the Offer (taken as a whole), the party seeking to terminate is not in material breach of the Bid Implementation Deed and has given written notice to the other setting out the relevant circumstances and stating an intention to terminate and the other party has failed to remedy the breach within 10 Business Days; or
- (ii) there has been a material breach of a material warranty given by the other party, provided that the party seeking to terminate has given notice to the other setting out the relevant circumstances and stating an intention to terminate, the relevant breach continues to exist for 10 Business Days and the relevant breach is material in the context of the Offer (taken as a whole).

Subject to first complying with its obligations with respect to matching rights, OreCorp may terminate the Bid Implementation Deed by written notice to Silvercorp if OreCorp has received a Competing Proposal and the OreCorp Board has determined that the Competing Proposal constitutes a Superior Proposal.

Silvercorp may terminate the Bid Implementation Deed if a member of the OreCorp Board:

- (iii) fails to recommend that OreCorp Shareholders to accept the Offer in the manner contemplated by the Bid Implementation Deed;
- (iv) changes, withdraws, modifies, revises or qualifies their recommendation of the Offer in the manner contemplated by the Bid Implementation Deed; or

- (v) makes a public statement indicating that they no longer recommend the Offer or that they recommend a Competing Proposal, or otherwise publicly supports or endorses a Competing Proposal.

Finally, either Silvercorp or OreCorp may terminate the Bid Implementation Deed if:

- (vi) Silvercorp withdraws the Offer as permitted by the Corporations Act;
- (vii) the Offers lapse or do not proceed for any reason, including non-fulfilment of an Offer Condition which non-fulfilment is not waived by Silvercorp (provided in the case of termination by Silvercorp, that the Offer lapses or does not proceed for one or more reasons other than as a consequence of Silvercorp's breach of the Bid Implementation Deed);
- (viii) the Offers have not become or been declared unconditional within 6 months of the date of the Bid Implementation Deed; or
- (ix) a court or Government Agency has issued a final ruling to permanently restrain or prohibit the Offer.

10.2 OreCorp securities

As at the date of this Target's Statement, OreCorp has on issue:

- (a) 469,408,892 OreCorp Shares (of which Silvercorp holds 73,889,007);
- (b) 3,725,257 OreCorp Options, comprising 2,575,257 OreCorp \$0.9906 Options and 1,150,000 OreCorp \$0.9066 Options. All of the OreCorp Options are vested and have an expiry date of 25 November 2024; and
- (c) 4,012,106 OreCorp Performance Rights, comprising 1,562,106 OreCorp Performance Rights with an expiry date of 22 November 2026 and 2,450,000 OreCorp Performance Rights with an expiry date of 26 August 2027.

10.3 Arrangements with respect to OreCorp Options and Performance Rights

Silvercorp is not offering to acquire any OreCorp Options under the Offer. Instead, in accordance with the terms of the Bid Implementation Deed, Silvercorp has entered into an option acquisition deed with each holder of OreCorp Options to acquire their OreCorp Options in exchange for the Ascribed Value applicable to the relevant OreCorp Option, subject to Silvercorp having Effective Control and any necessary ASX waiver, consent or approval required to give effect to the acquisition of the relevant OreCorp Options by Silvercorp.

OreCorp has applied to ASX for a waiver of ASX Listing Rule 6.23.4 to the extent necessary to allow the terms of some of the OreCorp Options to be amended to allow them to be acquired by Silvercorp without separate OreCorp Shareholder approval.

The OreCorp Performance Rights that exist on the Register Date will vest upon the change of control event arising as a result of the Offer and be able to be exercised. The Offer extends to all OreCorp Shares that are issued between the Register Date and the end of the Offer Period as a result of exercise of the OreCorp Performance Rights that exist on the Register Date. In accordance with the Bid Implementation Deed, OreCorp is required to take such action as is necessary to ensure that all OreCorp Performance Rights are exercised into OreCorp Shares prior to the end of the Offer Period

so that there is reasonable time for the holders of the OreCorp Shares issued on exercise of the OreCorp Performance Rights to accept the Offer.

10.4 Interests of Directors in OreCorp securities

The OreCorp Directors and the number of OreCorp Shares, OreCorp Options and OreCorp Performance Rights held by or on behalf of each of them at the date of this Target's Statement are set out below:

Name	OreCorp Shares	OreCorp Options	Consideration payable for acquisition of Options (based on Ascribed Value)	OreCorp Performance Rights	Implied value of OreCorp Performance Rights ²⁶
Matthew Yates	10,590,998	1,059,603 ²⁷	\$21,192.06	1,060,208	\$576,750.59
Henk Diederichs	250,000	-	-	804,274	\$437,523.11
Alastair Morrison	5,137,597	250,000 ²⁸	\$7,500	-	-
Michael Klessens	2,509,365	250,000 ²⁹	\$7,500	-	-
Michael Davis	-	-	-	-	-

10.5 Interests of OreCorp Directors in Silvercorp securities

As at the date of this Target's Statement, no OreCorp Director holds any interest in any securities of Silvercorp.

10.6 Payments and other benefits to directors, secretary and executive officers of OreCorp

Except as set out in this section 10.6 and section 10.7, no payment or other benefit is proposed to be made or given to any director, secretary or executive officer of OreCorp (or any of its Related Bodies Corporate), as compensation for loss of, or as consideration for or in connection with his or her retirement from office or position with OreCorp (or any of its Related Bodies Corporate) as a result of accepting the Offer, other than as a result of them receiving the Offer as an OreCorp Shareholder.

If an OreCorp executive's employment is terminated at any stage (including following the acceptance of the Offer), the relevant executive will have such entitlements (including in respect of compensation for loss of office) as are contemplated by their existing employment agreements.

(a) Retention payments

²⁶ Based on the 20-day VWAP of Silvercorp share price of US\$2.43 and the average AUD:USD exchange rate of 1.507 on the NYSE American for the twenty days up to and including 30 January 2024.

²⁷ OreCorp \$0.9906 Options

²⁸ OreCorp \$0.9066 Options

²⁹ OreCorp \$0.9066 Options

OreCorp makes an annual grant of OreCorp performance rights to its employees which forms part of their remuneration. This year, in light of a potential control transaction (as a result of which all granted OreCorp performance rights would vest) the Board did not make a grant of OreCorp performance rights to employees but instead resolved to make a cash payment to certain employees, in lieu of OreCorp performance rights and as a retention payment. OreCorp expects to pay retention payments, in an aggregate amount not exceeding A\$1,850,000 (on the basis of the current timetable),³⁰ to retain the services of certain employees in the OreCorp Group during the Offer process and in recognition of the work that they have undertaken and will be required to undertake in connection with the Offer process (in addition to the normal responsibilities of their roles).

The aggregate payments include the following payments to OreCorp’s two executive Directors:

Name	Role	Additional Payment
Matthew Yates	Executive Chairman	A\$404,110
Henk Diederichs	Chief Executive Officer & Managing Director	A\$374,948

(b) Participation in the Offer

No OreCorp Director has agreed to receive, or is entitled to receive, any benefit in connection with, or conditional on, the outcome of the Offer, other than as set out in this Target’s Statement.

(c) Arrangements in respect of OreCorp Performance Rights

OreCorp operates an incentive plan under which unlisted OreCorp performance rights are offered to employees as an incentive and to reward such persons for performance.

OreCorp executive Directors have previously received, and as at the date of this Target’s Statement continue to hold, the OreCorp Performance Rights detailed in section 10.4. See section 10.3 for details of the impact of the Offer on the OreCorp Performance Rights.

No OreCorp Performance Rights are held by Alastair Morrison, Michael Klessens or Michael Davis.

(d) Arrangements in respect of OreCorp Options

OreCorp Directors have previously received, and as at the date of this Target’s Statement continue to hold, the OreCorp Options detailed in section 10.4. See section 10.3 for details of the impact of the Offer on the OreCorp Options.

No OreCorp Options are held by Henk Diederichs or Michael Davis.

10.7 Interests of OreCorp Directors in contracts entered into by Silvercorp

Except as set out in this Target’s Statement, no OreCorp Director has any interest in any contract entered into by Silvercorp.

³⁰ This aggregate amount is calculated by reference to eligible employees’ current base salary, the anticipated award of performance rights under OreCorp’s existing Long Term Incentive Plan, and the anticipated time period over which the Offer will continue to run.

10.8 Other agreement or arrangements with OreCorp Directors

Except as set out in this Target's Statement there are no agreements or arrangements between any OreCorp Director and any other person, including Silvercorp in connection with or conditional upon the acceptance of the Offer.

(a) Agreements or arrangements between OreCorp Directors and OreCorp

With effect from the Effective Control Date, Silvercorp has undertaken in favour of each OreCorp Director that to the extent permitted by law it will:

- (i) for a period of 7 years from the date of retirement or resignation (as the case may be), ensure that the constitution of OreCorp and each other member of the OreCorp Group continue to contain provisions to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the relevant member of the OreCorp Group to any person other than Silvercorp; and
- (ii) ensure that OreCorp maintains directors' and officers' run-off insurance cover for that 7 year period from the Effective Control Date.

At or prior to the Effective Control Date, in consultation with Silvercorp, OreCorp will purchase a 7-year "run-off" directors' and officers' liability insurance policy on terms and conditions providing coverage retentions, limits and other material terms substantially equivalent to the directors' and officers' liability insurance maintained by members of the OreCorp Group with respect to matters arising at or prior to the Effective Control Date, including in connection with the Transaction.

(b) Agreements or arrangements between OreCorp Directors and Silvercorp

Mr Matthew Yates has agreed to remain in his role as Executive Chairman of OreCorp if Silvercorp has acquired a Relevant Interest in at least 50.1% of OreCorp Shares but has not met the conditions to proceed to compulsory acquisition of the remaining OreCorp Shares, until the earlier of (unless Mr Yates and Silvercorp agree otherwise):

- (i) when OreCorp is removed from the official list of ASX; and
- (ii) 12 months following the Offer becoming or being declared unconditional.

10.9 Substantial holders

As at the date of this Target's Statement, the following persons had notified OreCorp that they had a Relevant Interest in 5% or more of OreCorp Shares on issue:

Name	Number of OreCorp Shares	Percentage
Perseus Mining Limited	93,412,369	19.9%
Silvercorp Metals Inc	73,889,007	15.74%
Rollason Pty Ltd (Giorgetta Super Plan)	49,136,589	10.47%
Mutual Investments Pty Ltd	26,248,575	5.59%
Timothy R B Goyder	24,125,756	5.14%

10.10 Material change in financial position

As at the date of this Target's Statement, to the knowledge of the OreCorp Directors and other than as disclosed in this Target's Statement or announced on the ASX, there have been no material changes to the financial position of OreCorp since 30 June 2023, being the date of OreCorp's consolidated financial report, other than the issuance of 70,411,334 OreCorp Shares to Silvercorp at an issue price of A\$0.40 per share for aggregate proceeds of A\$28,164,533.60.

10.11 Confidentiality Deeds

OreCorp and Silvercorp entered into confidentiality deeds on 2 March 2023 and 18 May 2023 to allow the parties to conduct due diligence (**Confidentiality Deeds**). The due diligence conducted by the parties involved a review of confidential information and documents, as well as site visits to their respective exploration and mining operations in Tanzania and China and discussions with senior management.

OreCorp and Silvercorp subsequently entered into the Bid Implementation Deed on 27 December 2023, under which each party agreed that it continues to be bound by the Confidentiality Deeds.

10.12 FCC

Silvercorp lodged an application with the FCC on 4 September 2023 for a merger approval for the proposed acquisition of control of OreCorp. As announced by OreCorp on 7 November 2023, Silvercorp obtained unconditional merger approval from the FCC (**Existing Approval**).

Subsequent to execution of the Bid Implementation Deed and announcement of the Offer on 27 December 2023, the FCC indicated that it will need the opportunity to consider the change of circumstances between the Scheme and the Offer and that a new merger approval may be required in respect of the Offer. OreCorp and Silvercorp lodged the relevant documentation seeking the required approval from the FCC in relation to the Offer earlier this month.

If the FCC takes the view that the Existing Approval is not valid for the change of control of OreCorp associated with the Offer, and does not grant a new approval in relation to the Offer, Silvercorp has announced that the Offer Condition in paragraph (c) of Appendix 2 of the Bidder's Statement (the **No Regulatory Action Condition**) will be breached, as the action by the FCC could reasonably be expected to restrain, impede or prohibit or otherwise have a material adverse effect on the making or completion of the Offer. However, Silvercorp has undertaken not to exercise any rights it has in relation to the FCC intervention under the Offer or the Bid Implementation Deed unless and until the FCC has made a decision that would restrain, impede or prohibit or otherwise have a material adverse effect on the making or completion of the Offer.

OreCorp together with Silvercorp are engaging with the FCC in order to progress and obtain the required confirmation and/or approval as expeditiously as possible. Silvercorp and OreCorp believe that, given the Existing Approval, this confirmation and/or approval will be completed within a shorter timeframe than typically required for this process (as an example, the public notice period has been reduced from 14 to 7 days). Accordingly, Silvercorp and OreCorp's current expectation is to receive the FCC decision by mid-February 2024.

10.13 Consents and disclaimers

(a) Consents

Each of the following persons has given and has not before the date of this Target's Statement withdrawn its written consent to be named in this Target's Statement in the form and context in which it is named:

- Allen & Overy as legal adviser to OreCorp in relation to the Offer;
- Automic as share registry to OreCorp; and
- CIBC Capital Markets as financial adviser to OreCorp in relation to the Offer.

BDO has given and has not before the date of this Target's Statement withdrawn its written consent to be named as the Independent Expert in this Target's Statement and to the inclusion in this Target's Statement of the Independent Expert's Report set out in Annex 1 and the references to the Independent Expert's Report elsewhere in this Target's Statement, in each case in the form and context in which they are included.

SRK Consulting (Australasia) has given and has not before the date of this Target's Statement withdrawn its written consent to be named as the Independent Technical Specialist in this Target's Statement and to the inclusion in this Target's Statement of the Independent Technical Specialist's Report which is included in the Independent Expert's Report set out in Annex 1 and the references to the Independent Technical Specialist's Report elsewhere in this Target's Statement, in each case in the form and context in which they are included.

(b) **Disclaimers of responsibility**

Each person named in section 10.13(a):

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in section 10.13(a); and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of, this Target's Statement other than a reference to its name and any statement or report which has been included in this Target's Statement with the consent of that person referred to in section 10.13(a).

(c) **OreCorp Directors**

Each of the OreCorp Directors has given and not withdrawn their consent to:

- be named in this Target's Statement in the form and context in which they are named; and
- statements attributable to them being included in this Target's Statement in the form and context in which they appear.

(d) **Other**

ASIC has published various forms of relief that modify or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. OreCorp has relied on this relief.

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683*, this Target's Statement contains statements that are made by Silvercorp, or based on statements made by Silvercorp, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including ASX). Pursuant to this Instrument, the consent of Silvercorp to which such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

In accordance with *ASIC Corporations (Takeover Bids) Instrument 2023/683*, any OreCorp Shareholder who would like to receive a copy of those documents (or relevant extracts from those documents) during the Offer Period may obtain a copy free of charge and within two business days by contacting OreCorp on +61 (8) 9381 9997 from Monday to Friday between 9.00am and 5.00pm (Perth time).

Additionally, as permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement may include or be accompanied by certain statements that:

- fairly represent what purports to be a statement by an official person; or
- are a correct and fair copy, or extract from, what purports to be a public official document; or
- are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this Instrument, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement also contains trading data obtained from FactSet and the ASX without consent.

10.14 Transaction costs and expenses associated with the Offer

The Offer will result in OreCorp incurring fees and expenses that would not otherwise have arisen. The costs and expenses to OreCorp associated with the Offer (including, without limitation, fees of external professional advisers to OreCorp and costs of printing and despatch of this Target's Statement) are estimated to be up to \$700,000 in aggregate. There is also a fee payable to OreCorp's financial adviser, CIBC, being approximately \$3.2 million upon Silvercorp initiating the compulsory acquisition process.

10.15 Competent Person Statement

The information in this Target's Statement relating to OreCorp's Exploration Results, estimates of Mineral Resources, Ore Reserves Statements and the production target in relation to Nyanzaga is extracted from the ASX announcements dated 22 August 2022 (*Nyanzaga DFS Delivers Robust Results*), 5 May 2022 (*DFS Completion and Kilimani Mineral Resources Estimate Update*) and 12 September 2017 (*MRE Update for the Nyanzaga Project Increasing Category and Grade*) which are available to view on OreCorp's website www.orecorp.com.au.

OreCorp confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and, in the case of Exploration Results, estimates of Mineral Resources, Ore Reserves Statements and the production target in relation to Nyanzaga, that all material assumptions and technical parameters underpinning the Exploration Results, estimates of Mineral Resources, Ore Reserves Statements and the production target in relation to Nyanzaga (and any forecast financial information derived from the production target) in the original announcements

continue to apply and have not materially changed. OreCorp confirms that the form and context in which the relevant competent persons' findings are presented have not been materially modified from the original announcements.

10.16 Information included in this Target's Statement

As required by section 638(2) of the Corporations Act, in deciding what information should be included in this Target's Statement, the OreCorp Directors have had regard to:

- (a) the nature of the OreCorp Shares;
- (b) the matters that shareholders may reasonably be expected to know, including because it is included in the Bidder's Statement;
- (c) the fact that certain matters may reasonably be expected to be known to OreCorp Shareholders' professional advisers; and
- (d) the time available to OreCorp to prepare this Target's Statement.

Unless expressly indicated in this Target's Statement, for the purposes of preparing this Target's Statement the OreCorp Directors have assumed that the information in the Bidder's Statement and other information disclosed by Silvercorp to TSX and NYSE in relation to the Offer is accurate. However, the Target Directors do not take any responsibility for the contents of the Bidder's Statement or such other information and do not endorse any statements contained in it.

10.17 No other material information

There is no information known to OreCorp or any of the OreCorp Directors that OreCorp Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer except for:

- (a) the information contained in the Bidder's Statement;
- (b) the information contained in OreCorp's releases to ASX, and in the documents lodged by OreCorp with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

11. Definitions and interpretation

11.1 Definitions

In this Target's Statement, unless the context requires otherwise:

Additional OreCorp Due Diligence Information means all written information (including in electronic form) relating to the business, operations, assets, liabilities, financial position, performance and prospects of OreCorp provided by OreCorp or its Representatives to Silvercorp or its Representatives in the period between 5 August 2023 and the date of the Bid Implementation Deed;

Ascribed Value means:

- (a) in relation to the OreCorp \$0.9066 Option, A\$0.03 per OreCorp \$0.9066 Option; and
- (b) in relation to the OreCorp \$0.9906 Options, A\$0.02 per OreCorp \$0.9906 Option;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given in section 12(2) of the Corporations Act;

ASX means ASX Limited or the Australian Securities Exchange, as the context requires;

ASX Listing Rules means the official listing rules of ASX, modified to the extent of any express written waiver by ASX;

Bidder's Statement means the bidder's statement of Silvercorp under Part 6.5 Division 2 of the Corporations Act relating to the Offer which was served by Silvercorp on OreCorp on 27 December 2023 (as amended by Silvercorp's first supplementary bidder's statement dated 16 January 2024);

Bid Implementation Deed means the bid implementation agreement between OreCorp and Silvercorp dated 27 December 2023 (as may be amended from time to time);

Break Fee means A\$2,840,976;

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Perth, Western Australia and Vancouver, Canada for normal business;

Cash Consideration means A\$0.19 for each Offer Share;

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia;

CHESS Holding means a holding of OreCorp Shares on the CHESS subregister of OreCorp;

Competing Proposal means any proposal, offer, expression of interest, agreement, arrangement or transaction (whether by way of takeover bid, scheme of arrangement, reverse takeover, capital reduction, buy-back, sale, lease, purchase or assignment of assets, sale or issue of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination or other transaction or arrangement) which, if entered into or completed, would result in a Third Party whether alone or together as an Associate;

- (a) directly or indirectly acquiring or being entitled to acquire a Relevant Interest or any other direct or indirect interest (including but not limited to, a long position under the Takeover Panel Guidance Note 20) in more than 20% of the shares of OreCorp or any other member of the OreCorp Group whose assets represent 20% or more of the total consolidated assets of the OreCorp Group;
- (b) directly or indirectly acquiring or being entitled to acquire an interest in more than 20% of the Nyanzaga Project; or
- (c) acquiring Control of OreCorp or merging or amalgamating with OreCorp or any other member of the OreCorp Group whose assets represent 20% or more of the total consolidated assets of the OreCorp Group,

or which would otherwise prejudice or jeopardise, or might reasonably be expected to prejudice or jeopardise the Transaction;

Confidentiality Deeds means the confidentiality deeds dated 2 March 2023 and 18 May 2023 between the parties, both as amended from time to time;

Control has the meaning given in section 50AA of the Corporations Act;

Corporations Act means the Corporations Act 2001 (Cth);

DFS or Study has the meaning given in section 5.1;

ECI has the meaning given in section 5.2;

Effective Control means Silvercorp having a Relevant Interest in at least 50.1% of OreCorp Shares (on a fully diluted basis) and the Offer having become or been declared unconditional;

Effective Control Date means the first date on which Effective Control has occurred;

Excluded Event means any event or change in circumstances:

- (a) agreed to in writing by Silvercorp;
- (b) resulting from the execution or announcement of the Bid Implementation Deed or the Offer or from the exercise by any party of its rights, or the discharge by any party of its obligations, under the Bid Implementation Deed;
- (c) the future occurrence of which and the effect on the OreCorp Group of which have both been Fairly Disclosed in the OreCorp Data Room Information, the Additional OreCorp Due Diligence Information or in any ASX announcement made by OreCorp after 1 January 2022 and before the date of the Bid Implementation Deed or any matter actually known by Silvercorp on or before the date of the Bid Implementation Deed;
- (d) resulting from any applicable law, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency, including in relation to Tax;
- (e) that is, or arises from, a change or fluctuation in general economic, banking, regulatory, political or business or industry conditions;
- (f) that is, or arises from, a general deterioration in global gold or silver prices or a change in taxation rates, interests rates or exchange rates;

- (g) that is, or arises from, geopolitical conditions, hostilities, civil or political unrest, any acts of war, sabotage, cyberattack or terrorism (including any outbreak, escalation or worsening of the foregoing) except to the extent such events occur solely in Tanzania;
- (h) that is, or arises from, any actual or announced change in generally accepted accounting principles or standards or the interpretation of such principles or standards; or
- (i) that is, or arises from, any epidemic, pandemic, lightning, storm, flood, fire, seismic event or explosion, cyclone, tidal wave, landslide, natural disaster or adverse weather conditions or the like,

except, in the case of each of the matters contemplated in items (e), (f), (g), (h) and (i), if the effects of such event, occurrence, change, condition, matter, circumstance or thing are, or would be considered reasonably likely to be, disproportionately adverse to OreCorp compared to the effects on other comparable companies in the same industries as OreCorp, then those effects are excluded from the matters contemplated in items (e), (f), (g), (h) or (i) (as applicable) only to the extent of such disproportionate effect and not in their entirety;

Exclusivity Period means the period starting on the date of the Bid Implementation Deed and ending on the first to occur of:

- (a) termination of the Bid Implementation Deed in accordance with its terms;
- (b) the end of the Offer Period; and
- (c) the date that is six months after the date of the Bid Implementation Deed, or such later date as the parties agree in writing;

Existing Approval means the unconditional merger approval granted by the FCC on 3 November 2023 for the proposed acquisition of control of OreCorp by Silvercorp;

Fairly Disclosed means disclosed in sufficient detail to enable a reasonable, diligent and sophisticated recipient of the relevant information who is experienced in transactions similar to the Transaction or experienced in a business similar to the business of the OreCorp Group or Silvercorp Group (as applicable), to identify the nature and scope of the relevant fact, matter, circumstance or event;

FCC means the Tanzanian Fair Competition Commission;

FIRB means the Australian Foreign Investment Review Board;

Government Agency means any foreign or Australian government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity, and includes any Relevant Exchange, ASIC, the Takeovers Panel, FIRB, FCC, the Australian Taxation Office, the Business Registrations and Licencing Agency of Tanzania, the Tanzanian Mining Commission and any state or territory revenue offices;

GST has the meaning given in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);

Independent Expert or **BDO** means BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045;

Independent Expert's Report means the report prepared by the Independent Expert, a copy of which is set out in Annex 1;

Ineligible Foreign Shareholder means an OreCorp Shareholder that is a US Purchaser or whose address shown in the Register is a place outside:

- (a) Australia and its external territories;
- (b) New Zealand;
- (c) the United Kingdom;
- (d) Canada; and
- (e) such other jurisdiction as agreed by the parties,

unless Silvercorp (in consultation with OreCorp) determines that it is lawful and not unduly onerous or impracticable to issue that OreCorp Shareholder with Silvercorp Shares under the Offer;

Ineligible Shareholder means an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder;

Issuer Sponsored Holding means a holding of OreCorp Shares on OreCorp's issuer sponsored subregister;

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012, as updated from time to time;

Last Practicable Date means 30 January 2024, being the last practicable date to prepare information before the date of this Target's Statement;

LOM means life-of-mine;

Material Adverse Change means the events described in paragraph (d) of Appendix 2 of the Bidder's Statement;

Merged Group means the Silvercorp Group, including the OreCorp Group, as it exists following the Offer, should the Offer be successful and OreCorp becomes a wholly-owned subsidiary of Silvercorp;

Minimum Acceptance Condition means the Offer Condition set out in paragraph (a) of Appendix 2 of the Bidder's Statement;

NMCL means Nyanzaga Mining Company Limited, a private limited company incorporated and organised under the laws of the United Republic of Tanzania with registered number 60002;

No Regulatory Action Condition means the Offer Condition set out in paragraph (c) of Appendix 2 of the Bidder's Statement;

Nyanzaga Project means the Nyanzaga gold project in the Sengerema District, Mwanza region, northwest Tanzania;

Offer means the offer by Silvercorp on the Offer Terms to acquire OreCorp Shares (and for the avoidance of doubt includes each such offer made to an individual OreCorp Shareholder pursuant to that offer);

Offer Announcement Date means the date of the first announcement of the Offer, being 27 December 2023;

Offer Conditions means the conditions to the Offer set out in Appendix 2 of the Bidder's Statement;

Offer Consideration means A\$0.19 cash and 0.0967 Silvercorp Shares for each OreCorp Share;

Offer Period means the period commencing on 16 January 2024 and ending on 23 February 2024, or such later date to which the Offer has been extended;

Offer Terms means the terms and conditions of the Offer as set out in Appendices 1 and 2 of the Bidder's Statement;

OreCorp means OreCorp Limited ACN 147 917 299;

OreCorp \$0.9066 Options has the meaning given in section (b));

OreCorp \$0.9906 Options has the meaning given in section (b);

OreCorp Board means the board of directors of OreCorp;

OreCorp Data Room Information means:

(a) the written information and documents made available to Silvercorp or its Representatives on or before 4 August 2023 in the electronic data room assembled by OreCorp, an index to which has been initialled for the purposes of identification on behalf of each of Silvercorp and OreCorp; and

(b) the written answers or written confirmations provided to Silvercorp or its Representatives on or before 4 August 2023 in response to requests for information, copies of which have been compiled and initialled for the purposes of identification on behalf of each of Silvercorp and OreCorp;

OreCorp Directors means the directors of OreCorp as at the date of this Target's Statement, whose names are set out in section 4.2;

OreCorp Group means OreCorp and its Related Entities;

OreCorp Options means the 3,725, 257 options to subscribe for new OreCorp Shares outstanding as at the Offer Announcement Date;

OreCorp Performance Rights means an entitlement granted by OreCorp for the holder to be allocated an OreCorp Share subject to the satisfaction of applicable vesting conditions, as further described in section 10.3;

OreCorp Registry means Automic Pty Ltd or such other person nominated by OreCorp to maintain the OreCorp Share Register;

OreCorp Share means a fully paid ordinary share in the issued capital of OreCorp;

OreCorp Shareholder means a person who is registered in the OreCorp Share Register as the holder of one or more OreCorp Shares from time to time;

OreCorp Share Register means the register of OreCorp Shares maintained by the OreCorp Registry on behalf of OreCorp;

OreCorp Tanzania means OreCorp Tanzania Limited, a private limited company incorporated and organised under the laws of the United Republic of Tanzania with registered number 105422;

Oz means an ounce;

Perseus means Perseus Mining Limited (ACN 106 808 986);

Perseus Bidder's Statement means the bidder's statement of Perseus under Part 6.5 Division 2 of the Corporations Act relating to the Perseus Offer which was released on ASX on 29 January 2024;

Perseus Offer means the off-market takeover offer by Perseus of OreCorp for cash consideration of A\$0.55 per OreCorp Share, as announced by Perseus on 22 January 2024;

Placement has the meaning given in section (b);

Potential Competing Proposal means any offer, proposal or expression of interest which is not, but which could reasonably be expected to become, a Competing Proposal;

Prescribed Occurrence means the events described in paragraph (e) of Appendix 2 of the Bidder's Statement;

Register Date means the date set by Silvercorp under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) on 27 December 2023;

Related Entity means:

(a) in respect of Silvercorp, an entity that:

(i) Controls Silvercorp;

(ii) is under the Control of Silvercorp; or

(iii) is under the Control of another entity that also Controls Silvercorp,

but it does not, for the avoidance of doubt, include New Pacific Metals Corp. or Tincorp Metals Inc.; and

(b) in respect of OreCorp, an entity that is under the Control of OreCorp;

Related Body Corporate has the meaning given in the Corporations Act;

Relevant Exchange means, in the case of OreCorp, ASX and in the case of Silvercorp, the TSX and the NYSE American;

Relevant Interest has the meaning given in the Corporations Act, as modified by any class order or other instrument executed by ASIC that applies to OreCorp;

Representative means in relation to a person, any director, officer or employee or agent of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person;

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from OreCorp Shares directly or indirectly after the date of the Bidder's Statement, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by OreCorp or any of its subsidiaries;

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act under which all of the OreCorp Shares (except for the OreCorp Shares held by Silvercorp) were proposed to be transferred to Silvercorp for the Scheme Consideration;

Scheme Consideration means the consideration payable by Silvercorp for the transfer of each OreCorp Share under the Scheme, being the A\$0.19 cash plus 0.0967 Silvercorp Shares (or Silvercorp CDIs);

Scheme Implementation Deed means the scheme implementation deed entered into between OreCorp and Silvercorp on 5 August 2023 as amended and restated on 23 November 2023 and terminated on 27 December 2023;

Scrip Consideration means 0.0967 Silvercorp Shares for each OreCorp Share held;

Silvercorp means Silvercorp Metals Inc. BN 131033920 / ARBN 671 900 020;

Silvercorp Articles means the articles of Silvercorp;

Silvercorp Board means the board of directors of Silvercorp;

Silvercorp CDI means a CHESS Depository Interest, being a unit of beneficial ownership in a Silvercorp Share (in the form of a CHESS Depository Interest) registered in the name of CHESS Depository Nominees Pty Limited (ACN 071 346 506);

Silvercorp Group means Silvercorp and its Related Entities (but excluding members of the OreCorp Group) and **Silvercorp Group Member** means any of them;

Silvercorp Share means a fully paid common share in Silvercorp;

SML has the meaning given in section 5.1;

SMCL means Sotta Mining Corporation Limited, a joint venture company incorporated by the Government of the United Republic of Tanzania and NMCL under the laws of the United Republic of Tanzania with registered number 154374027;

Stock Exchange Approvals Condition means the Offer Condition set out in paragraph (b) of Appendix 2 of the Bidder's Statement;

Superior Proposal means a written bona fide Competing Proposal received after the date of the Bid Implementation Deed that:

- (a) does not result from a breach by OreCorp of any of its obligations under clause 6 of the Bid Implementation Deed or from any act by a member of the OreCorp Group which, if done by OreCorp, would constitute a breach of clause 6 of the Bid Implementation Deed by OreCorp; and
- (b) the OreCorp Board determines, acting in good faith and after having taken advice from its external financial and legal advisers:
 - (i) is reasonably capable of being valued and implemented within a reasonable timeframe in accordance with its terms; and
 - (ii) would, if completed substantially in accordance with its terms, be more favourable to OreCorp Shareholders than the Transaction or the Silvercorp Counterproposal (as the case may be),

taking into account (as a whole), all aspects of the Competing Proposal and the Transaction or the Silvercorp Counterproposal (as the case may be), including their respective conditions precedent, the identity and reputation of the person making the Competing Proposal and all relevant legal, regulatory

and financial matters (including the value and type of consideration, funding, any timing considerations, any conditions precedent or other matters affecting the probability of the proposal being completed);

Target's Statement means this target's statement issued by OreCorp in response to the Bidder's Statement in accordance with the Corporations Act;

Tax means any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, stamp, landholder, transaction or registration duty or similar charge that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of, any of the above;

Third Party means a person other than a Silvercorp Group Member;

tpd means tonnes per day;

Transaction means termination of the Scheme Implementation Deed and the Scheme and the proposed acquisition by Silvercorp of all of the OreCorp Shares it does not already own (including all Rights attaching to those OreCorp Shares) by way of an off-market takeover bid under Chapter 6 of the Corporations Act;

TSX means the Toronto Stock Exchange;

TSX Company Manual means the original listing and ongoing listing maintenance requirements of the TSX, as amended from time to time;

Unmarketable Parcel Shareholder means an OreCorp Shareholder (other than an Ineligible Foreign Shareholder) who, based on their holding of OreCorp Shares would, on acceptance of the Offer, be entitled to receive less than a marketable parcel of Silvercorp Shares under the Offer;

US or United States means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

US person has the meaning given thereto in Rule 902 under the US Securities Act. Without limiting the foregoing, it generally includes, without limitation, (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate or trust of which any executor, administrator or trustee is a US person; (iv) any agency or branch of a foreign entity located in the United States; (v) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person; (vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (vii) any partnership or corporation organized or incorporated under the laws of any non-US jurisdiction if formed by a US person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts;

US Purchaser means any OreCorp Shareholder who (i) received the Offer in the United States, (ii) was in the United States at the time of accepting the Offer, (iii) is a US person, (iv) is accepting the Offer or acquiring any consideration payable pursuant to the Offer for the account or benefit of a US person or a person in the United States, or (v) is otherwise unable to accept the Offer in compliance with Rule 903 of Regulation S under the US Securities Act;

US Securities Act means the United States Securities Act of 1933, as amended, and the rules and regulations thereunder; and

VWAP means volume-weighted average price.

11.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after the date of this Target's Statement;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after the date of this Target's Statement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in section 11.2(a)(i), or under any legislation which it re-enacts as described in 11.2(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives, successors or assigns;
- (d) a reference to a section or annex is a reference to a section of or annex to this Target's Statement (and the annexes form part of this Target's Statement);
- (e) a reference to any instrument or document includes any variation or replacement of it;
- (f) a reference to an Offer Condition being waived, or to the waiver of an Offer Condition, is to Bidder freeing the Offer and any contract resulting from acceptance of the Offer from that Offer Condition in accordance with section 650F of the Corporations Act;
- (g) unless otherwise indicated, a reference to any time is a reference to that time in Sydney, Australia;
- (h) singular words include the plural and vice versa;
- (i) a word of any gender includes the corresponding words of any other gender;
- (j) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (k) a term that is defined in the Corporations Act and is not otherwise defined in this Target's Statement has the meaning given to it in the Corporations Act (and where any such term has a special meaning for the purposes of chapter 6 or 6A of the Corporations Act has that special meaning);
- (l) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words; and
- (m) the headings do not affect interpretation.

12. Approval of Target's Statement

This Target's Statement has been approved by a resolution of the OreCorp Directors.

Signed by Matthew Yates, a director of OreCorp duly authorised by resolution of the directors of OreCorp



Signature.....

Dated..... 2 February 2024

ANNEX 1

INDEPENDENT EXPERT'S REPORT



ORECORP LIMITED
Independent Expert's Report

1 February 2024



Financial Services Guide

1 February 2024

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by OreCorp Limited ('OreCorp' or 'the Company') to provide an independent expert's report on Silvercorp Metals Inc.'s ('Silvercorp') conditional off-market takeover bid to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own ('the Offer'). You are being provided with a copy of our report because you are a shareholder of OreCorp and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Target's Statement required to be provided to you by OreCorp to assist you in deciding on whether or not to accept the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$65,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in OreCorp or Silvercorp.

Other Assignments

BDO Corporate Finance (WA) Pty Ltd prepared an Independent Expert's Report in connection with the proposed scheme of arrangement with Silvercorp Metals Inc. in October 2023. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter. Fees received by BDO Corporate Finance (WA) Pty Ltd for our report totalled \$175,000. Following the change to the scheme consideration as announced on the ASX on 23 November 2023, BDO Corporate Finance (WA) Pty Ltd prepared a supplementary Independent Expert's Report in connection with the revised scheme of arrangement. However, this report was not released to the market. Fees received by BDO Corporate Finance (WA) Pty Ltd for our supplementary report totalled \$15,000.

BDO Corporate Finance (WA) Pty Ltd prepared an Independent Limited Assurance Report as part of OreCorp's demerger of Solstice Minerals Limited in March 2022. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter. Fees received by BDO Corporate Finance (WA) Pty Ltd for our report totalled \$25,000.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from OreCorp for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Interpreter Service:	131 450
	info@afca.org.au



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	2
3.	Scope of the Report	5
4.	Outline of the Offer	7
5.	Profile of OreCorp	11
6.	Profile of Silvercorp	16
7.	Profile of the Merged Group	26
8.	Economic analysis	27
9.	Industry analysis	33
10.	Valuation approach adopted	47
11.	Valuation of OreCorp prior to the Takeover	54
12.	Valuation of the Offer Consideration	81
13.	Is the Offer fair?	119
14.	Is the Offer reasonable?	120
15.	Conclusion	126
16.	Sources of information	126
17.	Independence	127
18.	Qualifications	127
19.	Disclaimers and consents	128

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount Rate for the Nyanzaga Project

Appendix 4 - Discount Rate for the Ying and GC Mines

Appendix 5 - Independent Specialist Report prepared by SRK

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1 February 2024

The Directors
OreCorp Limited
Suite 22, Level 1
513 Hay Street
Subiaco WA 6008

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 27 December 2023, OreCorp Limited ('OreCorp' or 'the Company') announced that it had received a proposal from Silvercorp Metals Inc. ('Silvercorp' or 'the Bidder') of its intention to make a conditional off-market takeover bid to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own ('Offer' or 'Takeover'). OreCorp also announced that it had entered into a binding implementation deed ('BID') with Silvercorp. The Bidder's Statement prepared by Silvercorp was released on the same day.

Following the release of the Bidder's Statement, on 5 January 2024, Silvercorp released a supplementary Bidder's Statement which contained supplementary information relating to intervention from the Tanzanian Fair Competition Commission ('FCC') for the proposed acquisition of control of OreCorp and Silvercorp's concern in relation to Perseus Mining Limited's ('Perseus') intentions.

Subsequently, on 16 January 2024, Silvercorp released a replacement Bidder's Statement ('Bidder's Statement') which replaced and incorporated all the substantive information in the original Bidder's Statement released on 27 December 2023 and the supplementary Bidder's Statement released on 5 January 2024.

On 22 January 2024, Perseus announced its intention to make an off-market takeover offer for the OreCorp shares which it does not already own for cash consideration of A\$0.55 per OreCorp share ('the Perseus Offer'). Subsequently on 29 January 2024, Perseus released its Bidder's Statement in relation to the Perseus Offer.

Silvercorp currently holds a 15.74% relevant interest in the Company. The events leading up to the announcement of the Offer and events thereafter (including the Perseus Offer) are discussed in further detail in Section 4.

The Offer is to be open from 16 January 2024 to 23 February 2024 (unless extended or withdrawn) ('Offer Period') and is conditional on Silvercorp holding a relevant interest in at least 50.1% of OreCorp's shares during, or at the end of the Offer Period.

Per the BID, for each OreCorp share accepted into the Offer, the non-associated shareholders of OreCorp ('Shareholders') will receive:

- A\$0.19 cash ('Cash Offer Consideration'); and

- 0.0967 shares in Silvercorp (**'Scrip Offer Consideration'**), collectively (**'Offer Consideration'**).

OreCorp and Silvercorp are both public companies, with OreCorp shares listed on the Australian Securities Exchange (**'ASX'**), and Silvercorp shares currently listed on the Toronto Stock Exchange (**'TSX'**) and the New York Stock Exchange American (**'NYSE American'**). Upon accepting the Offer, Shareholders will receive shares in the enlarged Silvercorp (**'Merged Group'**).

Per the Bidder's Statement, Silvercorp continues to explore the possibility of being admitted to the official list of the ASX. If that occurs, Silvercorp shareholders will be able to convert their Silvercorp shares into Silvercorp CHESS depository interests (**'CDIs'**) which will be tradeable on the ASX.

Currencies in this report are quoted in Australian Dollars (**'A\$'** or **'AUD'**), United States Dollars (**'US\$'** or **'USD'**), Canadian Dollars (**'C\$'** or **'CAD'**) or Chinese Yuan (**'RMB'**) unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

The directors of OreCorp have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether the Offer is fair and reasonable to Shareholders.

Our Report is prepared pursuant to section 640 of the Corporations Act 2001 (Cth) (**'Corporations Act'** or **'the Act'**) and relevant Corporations Regulations, and is to be included in the Target's Statement for OreCorp (**'Target's Statement'**), in order to assist Shareholders in their decision whether to accept the Offer.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guide 111 'Content of expert's reports' (**'RG 111'**) and Regulatory Guide 112 'Independence of experts' (**'RG 112'**).

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of an OreCorp share prior to the Offer (on a controlling interest basis) compares to the value of the Offer Consideration, being A\$0.19 cash and 0.0967 shares in the Merged Group (on a minority interest and diluted basis);
- Alternative offer(s) being made to OreCorp;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Offer; and
- The position of Shareholders should the Offer not proceed.

2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Offer is fair and reasonable to Shareholders.

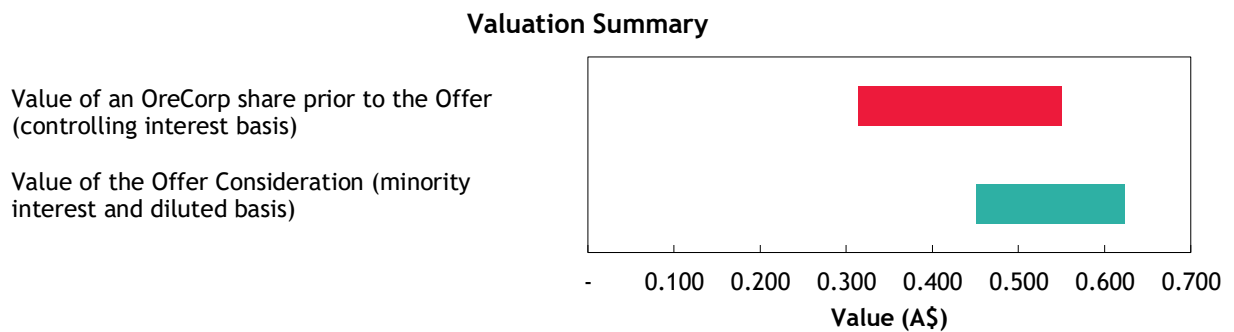
2.4 Fairness

The value of an OreCorp share prior to the Offer on a controlling interest basis and the value of the Offer Consideration, comprising A\$0.19 cash and 0.0967 shares in the Merged Group on a minority interest and diluted basis, are compared below:

Fairness assessment	Ref	Low A\$/share	Preferred A\$/share	High A\$/share
Value of an OreCorp share prior to the Offer (controlling interest basis)	11.4	0.313	0.390	0.550
Value of the Offer Consideration				
Value of Scrip Offer Consideration (minority interest and diluted basis)	12.3	0.261	0.344	0.433
Value of Cash Offer Consideration	4	0.190	0.190	0.190
Total value of the Offer Consideration		0.451	0.534	0.623

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information and a superior offer, the Offer is fair for Shareholders. We consider the Offer to be fair for Shareholders because the value of the Offer Consideration on a minority interest and diluted basis is greater than the value of an OreCorp share prior to the Offer on a controlling interest basis. Therefore, we consider that the Offer is fair for Shareholders.

We have also assessed the value of the Offer Consideration under the scenario where Silvercorp holds a relevant interest in 50.1% of OreCorp's shares at the end of the Offer Period, being the minimum acceptance condition pursuant to the BID. We note that this does not have a material impact on our valuation and, we consider that the Offer is also fair for Shareholders in the event that Silvercorp holds the minimum relevant interest of 50.1% of OreCorp's shares at the end of the Offer Period.

2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both:

- the advantages and disadvantages of accepting the Offer; and
- other considerations, including the position of Shareholders if the Offer is not accepted and the consequences of not accepting the Offer.

In our opinion, the position of Shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Offer is fair	14.2.1	Dilution of Shareholders' exposure to the potential value upside of the Nyanzaga Project
14.1.2	Silvercorp's strong balance sheet can provide funding to start the Nyanzaga Project development immediately	14.2.2	The exact value of the Scrip Offer Consideration is not certain
14.1.3	Silvercorp's strong technical team has expertise to develop the Nyanzaga Project and pursue opportunities for optimisation		
14.1.4	Silvercorp's ability to access cash reserves, debt funding and cash generating operations will reduce potential dilution from equity fund raisings		
14.1.5	Creation of an enlarged, diversified group and potential re-rating for the Merged Group will enhance capital market relevance		
14.1.6	The Cash Offer Consideration provides certainty of value for Shareholders		
14.1.7	Shareholders will gain exposure to a company that has historically paid dividends		

Other key matters we have considered include:

Section	Description
14.3	Alternative Proposal
14.4	Consequences of not accepting the Offer, being a potential decline in OreCorp's share price, the incurring of transaction costs and the possibility of being liable to pay a break fee to Silvercorp, the additional time required for OreCorp to source funding for the development of the Nyanzaga Project

Section	Description
	and the potential to become minority Shareholders in a company in which Silvercorp would have a controlling interest
14.5	Other considerations - Holding shares in Silvercorp may not align with Shareholders' risk preferences, and legal and tax implications

3. Scope of the Report

3.1 Purpose of the Report

Silvercorp has prepared a Bidder's Statement in accordance with Section 636 of the Corporations Act which was announced on 27 December 2023. Under section 633 Item 10 of the Act, OreCorp is required to prepare a Target's Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target's Statement to include an expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

Further, the Corporations Act requires the expert to be someone other than an associate of the Bidder or Target.

There are no common directors of OreCorp and Silvercorp, nor is Silvercorp's voting power in OreCorp greater than 30%. Accordingly, there is no requirement for our Report pursuant to Section 640.

Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Offer, the directors of OreCorp have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 640 and to provide an opinion as to whether the Offer is fair and reasonable to Shareholders.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an OreCorp share prior to the Offer (on a controlling interest basis) and the value of the Offer Consideration, comprising A\$0.19 cash and 0.0967 shares in the Merged Group (on a minority interest and diluted basis) (fairness - see Section 13 'Is the Offer Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness - see Section 14 'Is the Offer Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Offer

The Offer and BID were preceded by a proposed scheme of arrangement between OreCorp and Silvercorp under the Corporations Act (**'the Scheme'**), as announced by the Company on 7 August 2023. The Scheme and events leading up to the Offer are summarised below.

On 7 August 2023, OreCorp announced it had entered into a binding Scheme Implementation Deed (**'SID'**) with Silvercorp, under which Silvercorp would acquire all the fully paid ordinary shares of OreCorp not already held by Silvercorp or its associates, by way of a scheme of arrangement under the Corporations Act. Under the terms of the Scheme, each OreCorp shareholder would receive A\$0.15 cash and 0.0967 shares in Silvercorp or 0.0967 Silvercorp CDIs, for each OreCorp share held at the Scheme record date.

In conjunction with the announcement of the Scheme on 7 August 2023, OreCorp also announced it had entered into a placement agreement with Silvercorp (**'Placement Agreement'** or **'Silvercorp Placement'**). Under the Placement Agreement, OreCorp issued 70,411,334 new fully paid ordinary OreCorp shares to Silvercorp at a price of A\$0.40 per share for aggregate proceeds of approximately A\$28.17 million.

The Silvercorp Placement was completed across two tranches in August 2023. Following the completion of the Silvercorp Placement, OreCorp received approximately A\$28.17 million and Silvercorp held a 15% interest in the issued capital of OreCorp. Since then, Silvercorp has acquired a further 3,477,673 OreCorp shares on market, taking its relevant interest to 15.74% in the issued capital of OreCorp.

As part of the SID, Silvercorp also agreed to use reasonable endeavours to apply for admission of Silvercorp to the official list of the ASX (**'ASX Quotation'**). If the ASX Quotation was approved, shareholders of OreCorp would be able to elect to receive CDIs, which would confer a beneficial interest in Silvercorp shares on a one-for-one basis. The CDIs were proposed to be traded on the ASX such that OreCorp shareholders would be able to hold their interest in Silvercorp through CDIs.

On 3 November 2023, OreCorp released the scheme booklet on the ASX, which contained information about the Scheme (**'Scheme Booklet'**), and included an independent expert's report prepared by BDO, expressing an opinion as to whether the Scheme was fair and reasonable and in the best interests of the shareholders of OreCorp (**'Scheme IER'**). The Scheme IER concluded that the Scheme was fair and reasonable and in the best interests of Shareholders. The meeting of OreCorp shareholders to consider and vote on the Scheme was scheduled to be held on 8 December 2023 (**'Scheme Meeting'**).

Subsequent to the release of the Scheme Booklet, on 23 November 2023, OreCorp announced that Silvercorp and OreCorp had amended the SID to increase the cash consideration from A\$0.15 to A\$0.19, whilst maintaining the scrip consideration of 0.0967 shares in Silvercorp, for each OreCorp share held at the Scheme record date.

On 27 November 2023, Perseus announced that it had acquired a relevant interest of 15.03% in OreCorp. On the same day, Perseus announced that it had further increased its relevant interest in OreCorp from 15.03% to 19.9%. In its announcement, Perseus stated its intention to vote against the Scheme at the Scheme Meeting, however it did not intend to submit a change of control transaction in competition with the Scheme.

On 1 December 2023, OreCorp announced that in light of Perseus' acquisition of a 19.9% holding in the Company, and its statement of intentions to vote against the Scheme at the Scheme Meeting, the Scheme Meeting had been postponed to 18 January 2024.

Subsequently, OreCorp and Silvercorp agreed to terminate the SID and the Scheme. Silvercorp is now proposing to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own, by way of an off-market takeover bid.

Per the BID, for each OreCorp share accepted into the Offer, Shareholders will receive:

- the Cash Offer Consideration, being A\$0.19 cash; and
- the Scrip Offer Consideration, being 0.0967 shares in Silvercorp.

We note that the Offer Consideration is identical to the cash and scrip consideration offered under the amended SID, which was announced on 23 November 2023.

On 22 January 2024, Perseus announced its intention to launch an off-market takeover offer for the OreCorp shares it does not already own for cash consideration of A\$0.55 per OreCorp share via the Perseus Offer. The conditions of the Perseus Offer, which are outlined in the announcement, are materially the same as those under the Takeover from Silvercorp, including being conditional on Perseus acquiring 50.1% of the OreCorp shares. Subsequently on 29 January 2024, Perseus released its Bidder's Statement in relation to the Perseus Offer.

OreCorp and Silvercorp are both public companies, with OreCorp shares listed on the ASX and Silvercorp shares currently listed on the TSX and the NYSE American. Upon accepting the Offer, Shareholders will receive shares in the Merged Group.

As set out in the table below, accepting Shareholders will hold a minimum of 8.19% of the Merged Group under the minimum acceptance condition of 50.1%, and up to 17.91% of the Merged Group, based on the maximum acceptance level of 100%.

Share structure following the Takeover	Minimum	Maximum
Number of OreCorp shares on issue as at the date of our Report	469,408,892	469,408,892
Number of OreCorp shares to be issued on vesting and exercise of OreCorp Performance Rights	4,012,106	4,012,106
Less: OreCorp shares already held by Silvercorp prior to the Offer	73,889,007	73,889,007
Number of OreCorp shares that Silvercorp does not already own	399,531,991	399,531,991
Silvercorp's assumed interest in OreCorp following the Takeover	50.1%	100%
Number of OreCorp shares accepted into the Offer	163,294,913	399,531,991
Number of shares in the Merged Group that Shareholders will receive for each OreCorp share held	0.0967	0.0967
Number of shares in the Merged Group to be issued to accepting Shareholders (A)	15,790,618	38,634,744
Silvercorp shares on issue prior to the Offer (B)	177,048,198	177,048,198
Total number of shares in the Merged Group on issue following the Offer (A) + (B)	192,838,816	215,682,942
<i>Percentage of the Merged Group to be held by OreCorp Shareholders (A / (A+B))</i>	<i>8.19%</i>	<i>17.91%</i>
<i>Percentage of the Merged Group to be held by Silvercorp Shareholders (A / (A+B))</i>	<i>91.81%</i>	<i>82.09%</i>

Source: Target's Statement and BDO analysis

We note that as at the date of the Target's Statement, Silvercorp holds a 15.74% relevant interest in the Company (73,889,007 OreCorp shares), as a result of the Silvercorp Placement outlined above and Silvercorp's acquisition of further OreCorp shares on market.

Further information on the Offer is available in the Bidder's Statement and the Target's Statement.

4.1 OreCorp Performance Rights and OreCorp Options

The current capital structure of OreCorp, including all outstanding OreCorp Rights and Options as at the date of the BID, is outlined below:

- 469,408,892 ordinary shares;
- 3,725,257 OreCorp Options, comprising 2,575,257 OreCorp Options each with an exercise price of A\$0.9906 and 1,150,000 OreCorp Options each with an exercise price of A\$0.9066, all of which have an expiry date of 25 November 2024 ('OreCorp Options'); and
- 4,012,106 OreCorp Performance Rights, comprising 1,562,106 OreCorp Performance Rights with an expiry date of 22 November 2026 and 2,450,000 OreCorp Performance Rights with an expiry date of 26 August 2027 ('OreCorp Performance Rights').

Under the BID, OreCorp has agreed to ensure that all OreCorp Performance Rights vest and are exercised into OreCorp shares prior to the end of the Offer Period, such that the OreCorp shares issued on conversion of the OreCorp Performance Rights may participate in the Offer. As a result, the number of OreCorp shares on issue will increase by 4,012,106.

In addition, Silvercorp will seek to acquire the OreCorp Options by making a private offer to acquire them for the consideration outlined below ('OreCorp Option Consideration'):

OreCorp Options	Consideration per OreCorp Option	Number of OreCorp Options	OreCorp Option Consideration
	A\$	No.	A\$
OreCorp Options expiring 25 November 2024 exercisable at A\$0.9906 each	0.02	2,575,257	51,505
OreCorp Options expiring 25 November 2024 exercisable at A\$0.9066 each	0.03	1,150,000	34,500
Total		3,725,257	86,005

Source: BID and BDO analysis

4.2 Break fees

OreCorp must pay Silvercorp an amount of A\$2.84 million if, during the exclusivity period:

- a competing proposal is announced or made and, within 12 months after the date of the announcement, a third party completes a competing proposal;
- if any of the Directors of OreCorp fails to recommend the Offer, except in the circumstances permitted under the BID; or
- if Silvercorp validly terminates the BID under certain provisions relating to a material breach by OreCorp or as a result of an OreCorp prescribed occurrence.

Refer to the BID for the full set of circumstances under which the break fee is payable by OreCorp.

4.3 Ineligible OreCorp Shareholders

Subject to the Corporations Act, Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders (together, Ineligible Shareholders) will receive as consideration for their OreCorp Shares:

- the Cash Consideration of A\$0.19 for each OreCorp share held; and
- the net cash proceeds of sale of the number of New Silvercorp Shares that they would otherwise have been entitled to receive.

An Ineligible Foreign Shareholder is any OreCorp Shareholder whose address on the OreCorp share register is a place outside of Australia and its external territories, New Zealand, the United Kingdom, Canada and the United States of America. The Target's Statement sets out further details on implications of the Takeover for OreCorp Shareholders with registered addresses in Australia and its external territories, New Zealand, the United Kingdom, Canada and the United States of America.

An Unmarketable Parcel Shareholder is any OreCorp Shareholder (other than an Ineligible Foreign Shareholder) who, based on their holding of OreCorp Shares, would, on acceptance of the Offer, be entitled to receive less than a marketable parcel of Silvercorp shares (as that term is defined in the ASX Listing Rules) under the Offer.

5. Profile of OreCorp

5.1 History

OreCorp is an ASX-listed gold exploration and development company headquartered in Western Australia ('WA'). OreCorp's sole asset is its 84% interest in the Nyanzaga Gold Project ('Nyanzaga Project') located in northwest Tanzania. The Company was incorporated in 2010 and listed on the ASX in 2013.

The current directors of OreCorp are:

- Matthew Yates - Executive Chairman;
- Hendrik Diederichs - CEO and Managing Director;
- Alastair Morrison - Non-Executive Director;
- Michael Klessens - Non-Executive Director; and
- Michael Davis - Non-Executive Director.

5.2 Nyanzaga Project

Overview

The Nyanzaga Project is located in the Lake Victoria Goldfields, northwest Tanzania and comprises special mining licence 653/2021 ('SML'), which covers an area of approximately 23.4 square kilometres ('km²'). And other surrounding prospecting licences and applications covering an additional 164km². Access to the Nyanzaga Project is via a sealed highway from Tanzania's second largest city, Mwanza.

The SML for the Nyanzaga Project is held by Sotta Mining Corporation Limited ('SMCL'), a joint venture company in which OreCorp holds an 84% interest through its wholly owned subsidiary, Nyanzaga Mining Company Limited. The Treasury Registrar of the Government of Tanzania holds a 16% free carried interest in SMCL in accordance with the Tanzanian Mining Act 2017.

On 22 August 2022, the Company released the results of its definitive feasibility study ('DFS') for the Nyanzaga Project, which outlined the following:

- the Ore Reserve estimate comprises three distinct operations, including the Nyanzaga open pit, Nyanzaga underground and the Kilimani open pit;
- optimal development scenario of 4 million tonnes per annum ('Mtpa') with concurrent development of both the open pit and underground operations;
- average expected gold production of 234 thousand ounces ('koz') per annum ('pa') over a 10.7-year life of mine ('LOM'), with approximately 242 koz pa for the first 10 years, peaking at 295 koz pa in Year 6;
- expected production of approximately 2.5 million ounces ('Moz') of gold over the LOM;
- expected all-in sustaining cost of US\$954/oz; and
- post-tax net present value ('NPV') of US\$618 million, based on a gold spot price of US\$1,750/oz and a discount rate of 5%.

Project Financing

Throughout the first half of 2023 and prior to the announcement of the Scheme from Silvercorp, the Company and its financing advisor, Auramet International LLC ('Auramet'), had been working with a group of major European, African and Tanzanian banks (which provided non-binding expressions of interest in late 2022) to finalise firm commitments for financing the development of the Nyanzaga Project. The Company was also advancing discussions with international non-bank mining financiers, several of which provided non-binding indicative proposals for commodity-based financing in the form of metal streams and royalties.

SLR Consulting Limited ('SLR') had been appointed as Independent Technical Consultant and Independent Environmental, Social and Governance Consultant on behalf of the banks and was due to finalise its review in Q3 2023, however all financing discussions were put on hold following the initial Scheme announcement.

Project Development

The Company has progressed several key activities for the development of the Nyanzaga Project, including:

- the early contractor involvement ('ECI') contract, awarded in parallel to Ausenco Services Pty Ltd and DRA Global Limited, has completed with savings of between 4% to 6% identified compared to the August 2022 Definitive Feasibility Study pre-production capital cost estimate;
- the ECI process also includes a comprehensive optimisation review of the process design, equipment specification and site layout. Completion of the ECI process included an executable engineering, procurement and construction management ('EPCM') contract from both Ausenco Services Pty Ltd and DRA Global Limited;
- continued preparation for the resettlement of communities currently within the SML boundary, including the purchase of replacement land parcels for resettlement houses. The resettlement housing process has commenced with the aim of housing construction to start in the first half of the 2024 calendar year and compensation payments are well advanced;
- continued preparation of open pit and underground mining contract tenders;
- commencement of the tender for the design and build of the permanent camp;
- reviewed the site access road design, including Ngoma town bypass;
- engagement with Tanzanian and international contractors for major work packages, including civil works, SMP works and electrical works; and
- recruitment of both a construction manager and several construction supervisors to commence on early works and the resettlement housing packages.

During 2024, the Company plans to:

- release the open pit contract to the market; and
- issue the tenders for resettlement house construction and camp design and construction.

Further information on the Nyanzaga Project can be found in the Independent Specialist Report in Appendix 5 of our Report.

5.3 Recent Corporate Events

Silvercorp Placement

As outlined in Section 4 of our Report, in conjunction with the announcement of the Scheme on 7 August 2023, OreCorp also announced it had entered into a Placement Agreement with Silvercorp. Under the Placement Agreement, OreCorp issued 70,411,334 new fully paid ordinary OreCorp shares to Silvercorp at a price of A\$0.40 per share for aggregate proceeds of approximately A\$28.17 million.

The Silvercorp Placement was completed on 16 August 2023 with the notice of change of interests of substantial holder announced on the ASX on 18 August 2023. Following the completion of the Placement, OreCorp received approximately A\$28.17 million and Silvercorp held a 15% interest in the issued capital of OreCorp.

Proceeds from the Silvercorp Placement will be used to immediately progress resettlement activities and early project works, facilitating the development of the Nyanzaga Project.

5.4 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 30-Jun-23 A\$'000	Audited as at 30-Jun-22 A\$'000	Audited as at 30-Jun-21 A\$'000
CURRENT ASSETS			
Cash and cash equivalents	13,462	31,854	66,302
Trade and other receivables	362	231	414
Other current assets	272	35	-
TOTAL CURRENT ASSETS	14,096	32,120	66,716
NON-CURRENT ASSETS			
Plant and equipment	632	603	267
Right-of-use-assets	40	140	242
Exploration and evaluation assets	18,968	18,139	19,582
TOTAL NON-CURRENT ASSETS	19,640	18,882	20,091
TOTAL ASSETS	33,736	51,002	86,807
CURRENT LIABILITIES			
Trade and other payables	2,851	1,758	12,166
Lease liabilities	43	116	106
Provisions	479	359	322
TOTAL CURRENT LIABILITIES	3,373	2,232	12,594
NON-CURRENT LIABILITIES			
Lease liabilities	-	35	147
Provisions	59	32	17
TOTAL NON-CURRENT LIABILITIES	59	68	164
TOTAL LIABILITIES	3,432	2,299	12,758
NET ASSETS	30,304	48,702	74,050
EQUITY			
Issued capital	137,194	136,727	132,814
Reserves	2,485	1,692	(8)
Accumulated Losses	(108,718)	(89,717)	(58,755)

Statement of Financial Position	Audited as at 30-Jun-23 A\$'000	Audited as at 30-Jun-22 A\$'000	Audited as at 30-Jun-21 A\$'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	30,961	48,702	74,050
Non-controlling interest	(658)	0	-
TOTAL EQUITY	30,304	48,702	74,050

Source: OreCorp's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on the Historical Statements of Financial Position

- Cash and cash equivalents decreased from A\$66.30 million as at 30 June 2021 to A\$31.85 million as at 30 June 2022. The decrease was primarily the result of payments to suppliers and employees of A\$23.22 million relating to development of the Nyanzaga Project and the final payment for the acquisition of the Nyanzaga Project of A\$11.05 million.
- Cash and cash equivalents decreased from A\$31.85 million as at 30 June 2022 to A\$13.46 million as at 30 June 2023. The decrease was primarily the result of payments to suppliers and employees of A\$17.84 million.
- Exploration and evaluation assets of A\$18.97 million as at 30 June 2023 solely relates to the Company's interest in the Nyanzaga Project, which is further detailed in Section 5.2 of our Report.
- Trade and other payables of A\$12.17 million as at 30 June 2021 primarily consisted of the US\$8.05 million balance of consideration for the acquisition of the Nyanzaga Project, which was paid in December 2021.
- Provisions relate to annual leave and long service leave and does not comprise any rehabilitation provisions in connection with the Nyanzaga Project.

5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-23 A\$'000	Audited for the year ended 30-Jun-22 A\$'000	Audited for the year ended 30-Jun-21 A\$'000
Interest income	475	152	31
Other income	-	-	231
Foreign exchange (loss)/gain	(105)	465	(1,074)
Corporate and administration costs	(7,012)	(5,857)	(2,576)
Exploration and evaluation costs	(13,359)	(16,483)	(4,648)
Business development costs	-	(121)	(310)
(Loss) before tax from continuing operations	(20,001)	(21,844)	(8,345)
Income tax expense	-	-	-
(Loss) after tax from continuing operations	(20,001)	(21,844)	(8,345)
(Loss) from discontinued operation	-	(5,008)	(890)
(Loss) for the year	(20,001)	(26,853)	(9,235)
Other comprehensive income			
Exchange differences arising on translation of foreign operations	681	985	(515)
Total comprehensive (loss) for the year, net of tax	(19,320)	(25,868)	(9,751)

Source: OreCorp's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on the Historical Statements of Profit or Loss and Other Comprehensive Income

- Other income of A\$0.23 million for the year ended 30 June 2021 consisted of A\$0.18 million of previously unrecovered GST in relation to capital raisings that was subsequently recovered under the Financial Acquisitions Threshold and A\$0.06 million in government grants in relation to cashflow boosts and payroll tax.
- Loss from discontinued operations of A\$5.01 million for the year ended 30 June 2022 related to the demerger of the Company's wholly owned subsidiary, Solstice Minerals Limited, which held interests in several Western Australian exploration assets.
- Exploration and evaluation costs relate to development of the Nyanzaga Project.

5.6 Capital Structure

The share structure of OreCorp as at 16 January 2024 is outlined below:

	Number
Total ordinary shares on issue*	469,408,892
Top 20 shareholders	353,725,643
Top 20 shareholders - % of shares on issue	75.36%

Source: OreCorp share registry information

The ordinary shares held by the most significant shareholders as at 16 January 2024 are detailed below:

Name	No. of ordinary shares	Percentage of issued shares (%)
Perseus Mining Ltd	93,412,369	19.90%
Silvercorp Metals Inc.	73,889,007	15.74%
Rollason Pty Ltd	49,136,589	10.47%
Mutual Investments Pty Ltd	26,248,575	5.59%
Timothy R B Goyder	24,125,756	5.14%
Subtotal	266,812,296	56.84%
Others	202,596,596	43.16%
Total ordinary shares on Issue	469,408,892	100.00%

Source: OreCorp share registry information

The options and performance rights on issue as at 16 January 2024 are outlined below:

Description	No. of options/rights	Exercise price (A\$)	Expiry date
Unlisted options	1,150,000	A\$0.9066	25 November 2024
Unlisted options	2,575,257	A\$0.9906	25 November 2024
Unlisted performance rights	1,562,106	Nil	22 November 2026
Unlisted performance rights	2,450,000	Nil	26 August 2027
Total	7,737,363		

Source: OreCorp share registry information

6. Profile of Silvercorp

6.1 History

Silvercorp is a Canadian mining company focused primarily on the mining, development and exploration of its silver, lead and zinc projects located in China. Silvercorp operates several silver-lead-zinc mines at the Ying Mining District in Henan Province, China (**‘the Ying Mines’**) and the GC silver-lead-zinc mine in Guangdong Province, China (**‘the GC Mine’**). Silvercorp was incorporated as Spokane Resources Limited, under the Company Act (British Columbia) in 1991, through the amalgamation of Julia Resources Corporation and MacNeill International Industries Inc. Silvercorp was renamed as SKN Resources Limited in 2000 and again in 2005 as Silvercorp Metals Inc.. We note that Silvercorp’s financial year ends in March, whereas OreCorp has a June financial year end.

Silvercorp is listed on the TSX and on the NYSE American. Silvercorp’s registered office is located in Vancouver, British Columbia.

The current board of directors of Silvercorp are:

- Rui Feng - Chairman and Chief Executive Officer;
- Yikang Liu - Director;
- Paul Simpson - Director;
- Marina A Katusa - Director; and
- Ken Robertson - Director.

6.2 Silvercorp’s Holdings

Silvercorp is the sole shareholder of Fortune Mining Limited (**‘Fortune’**) which was incorporated under the laws of the British Virgin Islands (**‘BVI’**) in 2002. Fortune is a holding company for subsidiaries which are parties to agreements relating to mineral properties in China.

Fortune owns 100% of the following subsidiary companies:

- Victor Mining Limited (**‘Victor Mining’**) - Victor Mining was incorporated in the BVI in 2003 and holds 77.5% interest in Henan Found Mining Co. Ltd (**‘Henan Found’**). Henan Found is a Chinese company holding the following assets based in the Henan Province:
 - Ying Property’s flagship silver-lead zinc project (**‘SGX Mine’**) and satellite silver-lead mine (**‘HZG Mine’**);
 - Silver-lead mine in Tieluping (**‘TLP Mine’**);
 - Silver-gold-lead mine in Haopinggou (**‘HPG Mine’**);
 - Silver-lead-zinc mine in Longmen East (**‘LME Mine’**)
 - Silver-lead-zinc mine in Longmen West (**‘LMW Mine’**);
 - Development project in Dong Cao Gou (**‘DCG Mine’**); and
 - 100% interest in Henan Xinbaoyuan Mining Co. Ltd. Which holds 100% interest in the Kuanping silver-lead-zinc-gold project (**‘Kuanping Project’**).

- Victor Resources Limited (**'Victor Resources'**) - Victor Resources was incorporated in the BVI in 2003 and holds a 80% interest in Henan Huawei Mining Co. Ltd. (**'Henan Huawei'**). Henan Huawei is a Chinese company, which through agreements with Henan Found, holds an 100% interest in the HPG Mine and LME Mine.
- Yangtze Mining Limited (**'Yangtze Mining'**) - Yangtze Mining holds a 100% interest in Yangtze Mining H.K. Limited (**'Yangtze Mining HK'**). Yangtze Mining HK holds a 95% interest in Guangdong Found Mining Co. Ltd. (**'Guangdong Found'**), a Chinese company that holds 100% interest in the silver-lead-zinc exploration mine in Gaocheng in the Guangdong Province (**'GC Mine'**). Silvercorp Metals (China) Inc, a wholly owned subsidiary of Silvercorp, acquired an additional 4% in Guangdong Found, as a result Silvercorp now has a beneficial interest of 99%.
- Fortune Copper Limited - Fortune Copper Limited was incorporated in the BVI in 2002 and holds 100% interest in Wonder Success Limited, a Hong Kong company which has 70% equity interest in Xinshao Yun Xiang Mining Co. Ltd. (**'Yunxiang'**). Yunxiang owns the BYP gold, lead and zinc mine (**'BYP Project'**) in the Hunan Province.

Silvercorp holds a 46.15% interest in New Infini Silver Inc. (**'New Infini'**). New Infini was incorporated under the Company Act (British Columbia) in 2020 and holds a 100% interest in the La Yesca silver project (**'La Yesca Project'**).

6.3 Ying Mines

The Ying Mines are located approximately 240 kilometres (**'km'**) west-southwest of Zhengzhou, the capital city of Henan Province, and 145 km southwest of Luoyang, the nearest major city. The Ying Mines is Silvercorp's primary source of production and consists of seven underground mines, including the SGX, HZG, TLP, HPG, LMW, LME and DCG Mines and two processing plants. The project areas have good road access and operate year-round.

Silvercorp's Ying Mines consists of four contiguous mining licences, totalling an area of 68.6 km²:

- **Yuelianggou Mining License:** SGX & HZG Mines (19.8 km²)
- **Haopinggou Mining License:** HPG Mine (6.2 km²)
- **Tieluping-Longmen Mining License:** TLP, LME and LMW Mines (22.8 km²)
- **Dongcaogou Mining License:** DCG Mine (19.8 km²)

Silvercorp currently operates two sulphide flotation plants at the Ying Mines with a total design capacity of 2,600 tonnes per day (**'tpd'**). Silvercorp announced plans to construct a new 3,000 tpd mill and 19.1 million cubic metres (**'m³'**) tailings storage facility in November 2021. As at the date of our Report, construction of the tailings storage facility has commenced.

Silvercorp released an updated National Instrument 43-101 Technical Report on the Mineral Resources and Mineral Reserves for the Ying Mines (**'Ying Technical Report'**), with an effective date in September 2022. The Ying Technical Report reflected a 3% increase in total Proven and Probable Mineral Reserves compared to the previous Technical Report of the Ying Mines within July 2020.

At the Ying Mines over Silvercorp's 2023 financial year (**'FY'**), a total of 769,024 tonnes (**'t'**) of ore was mined and 773,057t of ore was milled at average head grades of 261 grams per tonne (**'g/t'**) for silver, 3.8% for lead, and 0.7% for zinc. Metals produced at the Ying Mines were approximately 6.0 Moz of silver, 4,400 ounces (**'oz'**) of gold, 60.3 million pounds (**'Mlb'**) of lead, and 7.2 Mlb of zinc.

The Ying Mines comprises seven underground mines which Silvercorp has a 77.5% interest in each except for the HGP and LME Mines in which it has 80% interests. These mines are detailed further below.

6.3.1. 77.5% Interest in the SGX Mine and HZG Mine

The SGX Mine and HZG Mine are 100% owned by Henan Found, a Sino-foreign cooperative JV company owned 77.5% by Silvercorp and 22.5% by Henan Non-Ferrous Geological & Mineral Resources Co. Ltd. Henan Found operates under a 30-year business license issued by the Chinese government and has been granted all necessary permits. The SGX Mine and HZG Mine operate under the Yuelianggou Mining License.

The SGX Mine is Silvercorp's largest of the seven mining operations at Ying. Silvercorp acquired the property in March 2004 and brought the mine into production following two years of exploration and development in April 2006.

The HZG Mine is a satellite silver-lead mine with portals located approximately 4 km south of the SGX Mine. The HZG Mine declared production in 2011.

6.3.2. 80% Interest in the HPG Mine

The HPG mine is 100% owned by Henan Huawei, a Sino-foreign cooperative JV company owned 80% by Silvercorp and 20% by Luoning Huatai Mining Development Co. Ltd. The HPG Mine is a silver-gold-lead-zinc mine northeast of the SGX mine, also operating under the Yuelianggou Mining License. The underground mine was first opened in April 1995 and was acquired by Silvercorp in January 2007.

6.3.3. 77.5% Interest in the TLP Mine

The TLP mine is 100% owned by Henan Found and is located approximately 11 km east-southeast of the SGX Mine. The TLP Mine is silver-lead mine that operates under the Tieluping-Longmen Mining License. The TLP Mine is Silvercorp's second-largest underground operation at the Ying Mines. The property was acquired in December 2007 and production resumed in March 2008.

6.3.4. 80% Interest in the LME Mine

The LME Mine is a silver-lead-zinc mine 100% owned by Henan Huawei, of which Silvercorp holds an 80% interest. The LME Mine operates under the Tieluping-Longmen Mining License and is located approximately 12 km southeast of the SGX Mine and approximately 2.4 km east of LMW. The property was acquired in November 2007 and production was resumed in March 2008.

6.3.5. 77.5% Interest in the LMW Mine

The LMW Mine is a silver-lead-zinc mine 100% owned by Henan Found, of which Silvercorp holds a 77.5% interest. The LMW Mine operates under the Tieluping-Longmen Mining License and is located approximately 12 km southeast of the SGX Mine and approximately 2.4 km west of the LME Mine. The property was acquired in November 2007 and production resumed in March 2008.

6.3.6. 77.5% Interest in the DCG Mine

The DCG Mine is a silver-lead-zinc-gold mine 100% owned by Henan Found, of which Silvercorp holds a 77.5% interest. The DCG Mine operates under the Dongcaogou Mining License and is located approximately 2.7 km northwest of the TLP Mine. The DCG Mine is a development project, with activities underway including a 1.8 km long haulage ramp connecting the DCG Mine and TLP Mine. The property has its mineral reserves first declared in September 2022.

6.4 99% interest in the GC Mine

The GC Mine is located approximately 200km west of Guangzhou, the capital of Guangdong Province, which is located approximately 120km north-west of Hong Kong. Silvercorp holds a 99% interest in the GC Mine, through its ownership in Yangtze Mining HK and Silvercorp Metals (China) Inc, that hold 95% and 4%, respectively, of the Chinese company Guangdong Found that owns the GC Mine.

Silvercorp acquired its interest in the GC Mine in April 2008, and commenced construction on the mine shortly after receiving the mining permit in late 2010. The mining permit in the name of Guangdong Found is valid for 30 years to 24 November 2040, and covers the entire 5.5 km² area of the GC Mine. The permit allows for the operation of an underground mine to produce silver, lead and zinc.

The GC Mine consists of a 310 kilo-tonnes per annum ('ktpa') underground mine and a sulphide flotation plant. Currently, the GC Mine is subject to Mineral Resources Taxes, levied at 3% of revenue from lead and zinc and 2% of revenue from silver.

At the GC Mine in FY23, a total of 299,959t of ore was mined and 299,597t was milled at average head grades of ore milled of 75 g/t for silver, 1.3% for lead, and 2.8% for zinc. Metals produced at the GC Mine were approximately 593 thousand ounces of silver, 7.8 million pounds of lead, and 16.3 million pounds of zinc.

6.5 70% interest in the BYP Project

The BYP Project is Located approximately 220 km southwest of Changsha, the capital city of Hunan Province. Silvercorp acquired its interest in the project, though the acquisition of a 70% interest in Chinese company Yunxiang, that owns the project.

The BYP Project was in production from 2006 to 2014, producing 1,403t of lead at a recovered grade of 0.46%, 8,936t of zinc at a recovered grade of 2.9% and 25,335oz of gold at a recovered grade of 3.56 g/t. The operations of the mine included a 500 tpd mill, underground mine and a sulphide flotation plant.

The BYP Project was placed on care and maintenance in August 2014, due to the required capital upgrades to sustain ongoing production and the unfavourable market environment. The BYP Project currently remains in care and maintenance.

Silvercorp holds the surface land use rights over the 3.67 km² mining licence area until 2063. The lead and zinc mining licence previously used has expired and, as such, Silvercorp is in the process of applying for a new mining permit for a gold-only operation. Simultaneously, Silvercorp continues to explore various development options for this asset.

6.6 Kuanping Project

The Kuanping Project is located in the Shanzhou District of Sanmenxia City, Henan Province and is approximately 33 km north of the Ying Mines. The Kuanping Project was acquired by Silvercorp in October 2021, through its subsidiary Henan Found, which acquired Henan Xinbaoyuan Mining Co. Ltd that owned a 100% interest in the Kuanping Project.

In December 2022, the Kuanping Project received the Kuanping Mining License from the Department of Natural Resources, Henan Province, China. The Kuanping Mining License covers 6.97 km² and is valid until March 13, 2029. The silver-lead-zinc-gold Kuanping Project expanded Silvercorp's footprint within the prospective Qinling orogenic belt.

In FY23, a total of 8,485 metres ('m') of drilling was completed and capitalized at the Kuanping Project.

6.7 La Yesca Project

The La Yesca Project is a silver-polymetallic, epithermal-type project located approximately 100 km northwest of Guadalajara, the second-largest city in Mexico. The concessions comprising the La Yesca Project cover an area of approximately 47.7 km². Silvercorp acquired a 46.15% interest in the project through its subsidiary, New Infini, acquiring a Mexican company, Resources, S.A. de C.V., that owned the La Yesca Project.

In FY23, Silvercorp reviewed the results of a drilling program completed in FY22 and decided that no further work will be completed on the La Yesca Project in the near future. The decision was made to fully impair the value of the La Yesca Project and recognize an impairment charge of US\$20.2 million during the quarter ended 30 September 2022.

6.8 Recent Corporate Events

Proposed acquisition of Celsius Resources Limited

On 15 May 2023, Silvercorp announced that it had signed a non-binding term sheet with Celsius Resources Limited (**'Celsius'**) regarding a proposed transaction, pursuant to which Silvercorp would acquire all of the issued and outstanding shares of Celsius.

On 9 August 2023, Silvercorp announced that the exclusivity period entered into between Silvercorp and Celsius had expired effective 31 July 2023, the two companies had not agreed on the terms of a definitive agreement in line with those contained in the term sheet, and that no negotiations were taking place.

On 11 August 2023, Celsius issued a news release stating that Celsius had sought to advance discussions with Silvercorp regarding a higher price for the proposed transaction and that Silvercorp had not engaged with Celsius in such discussions. Neither party has issued any further updates with respect to the proposed transaction.

Dividends Paid

On 26 May 2023, Silvercorp declared a semi-annual dividend of US\$0.0125 per share to be paid to all shareholders of record at the close of business on 12 June 2023, with a payment date of the dividend completed prior to 30 June 2023.

During the year ended March 31, 2023, dividends of US\$4.4 million, or US\$0.025 per share, were declared and paid.

Share Buyback

On 15 September 2023, Silvercorp announced regulatory approval of a normal course issuer bid, Canada's term for a public company's repurchases of its own shares, to acquire up to 8,487,191 common shares of the company, representing approximately 4.8% of the 176,816,488 common shares issued. The repurchase program will run from 19 September 2023 to 18 September 2024, with purchases made, if any, at the discretion of management.

New Pacific Metals Corp. Offering

On 29 September 2023, New Pacific Metals Corp. (**'New Pacific'**) announced that Silvercorp had subscribed for an additional 2,541,890 shares in New Pacific at an offer price of C\$2.65 per share in connection with a capital raising to raise approximately C\$35 million (**'New Pacific Offering'**). Following the New Pacific Offering, Silvercorp holds approximately 27.4% of the issued capital of New Pacific.

6.9 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
CURRENT ASSETS			
Cash and cash equivalents	145,692	113,302	118,735
Short-term investments	57,631	99,623	80,357
Trade and other receivables	1,806	3,615	1,485
Current portion of lease receivable	-	182	213
Inventories	8,343	9,124	9,768
Due from related parties	88	66	847
Income tax receivable	582	928	4,978
Prepays and deposits	4,906	5,468	4,806
TOTAL CURRENT ASSETS	219,048	232,308	221,189
NON-CURRENT ASSETS			
Long-term prepaids and deposits	872	974	409
Long-term portion of lease receivable	-	-	183
Reclamation deposits	6,981	8,876	8,513
Other investments	15,540	17,768	15,733
Investments in associates	50,695	56,841	53,457
Plant and equipment	80,059	79,418	75,729
Mineral rights and properties	303,426	326,448	277,429
Deferred income tax assets	179	905	-
TOTAL NON-CURRENT ASSETS	457,752	491,230	431,453
TOTAL ASSETS	676,800	723,538	652,642
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	36,737	39,667	30,298
Current portion of lease obligation	269	649	657
Deposits received	4,090	5,445	4,857
Income tax payable	144	277	1,363
TOTAL CURRENT LIABILITIES	41,240	46,038	37,175
NON-CURRENT LIABILITIES			
Long-term portion of lease obligation	314	614	1,084
Deferred income tax liabilities	48,096	48,033	40,792
Environmental rehabilitation	7,318	8,739	7,863
TOTAL NON-CURRENT LIABILITIES	55,728	57,386	49,739
TOTAL LIABILITIES	96,968	103,424	86,914
NET ASSETS	579,832	620,114	565,728
EQUITY			
Share capital	255,684	255,444	250,199
Equity reserves	3,484	43,250	29,469
Retained earnings	229,885	213,702	187,906
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	489,053	512,396	467,574
Non-controlling interests	90,778	107,718	98,154
TOTAL EQUITY	579,831	620,114	565,728

Source: Silvercorp's audited financial statements for the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

Commentary on the Consolidated Statements of Financial Position

- Cash and cash equivalents increased from US\$113.30 million as at 31 March 2022 to US\$145.69 million as at 31 March 2023. The increase was primarily attributable to the redemption of short-term investments during the year.
- Short-term investments decreased from US\$99.62 million as at 31 March 2022 to US\$57.63 million as at 31 March 2023. Silvercorp's short-term investments typically consist of bonds and money market instruments. The bonds attract an interest rate of between 5.50% and 13.00% and have maturities ranging up to January 2025. The breakdown of short-term investments is shown in the table below:

Short-term investments	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
Bonds	3,802	9,168	15,812
Money market instruments	53,829	90,455	64,545
Total	57,631	99,623	80,357

- Inventory of US\$8.34 million as at 31 March 2023 consisted of US\$4.55 million of material and supplies, US\$2.56 million of concentrate inventory and US\$1.23 million of stockpiles.
- Other investments comprise of a mix of public and private companies. These are recorded at Fair Value Through Other Comprehensive Income ('FVTOCI') and Fair Value Through Profit or Loss ('FVTPL'), which is broken down in the table below:

Other investments	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
Equity investments designated as FVTOCI			
Public companies	918	2,383	2,966
Private companies	65	71	2,289
	983	2,454	5,255
Equity investments designated as FVTPL			
Public companies	11,396	11,533	10,478
Private companies	3,161	3,781	-
	14,557	15,314	10,478
Total	15,540	17,768	15,733

- Investments in associates refers to Silvercorp's investment in Canadian mining companies New Pacific Metals (28.1% shareholding) and Tincorp Metals Inc. (29.3% shareholding) ('Tincorp') as at 31 March 2023. The companies are listed on the TSX and TSXV exchanges, respectively, and are still in the exploration and development phase. These investments are held at cost and therefore the fair market value of the shareholdings may differ from the carrying values detailed in the table below:

Investments in associates	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
New Pacific Metals Corp (28.1% interest)	43,253	49,437	50,399
Tincorp Metals Inc. (29.3% interest)	7,442	7,404	3,058
Total	50,695	56,841	53,457

- Property, plant and equipment ('PPE') increased marginally from US\$79.42 million as at 31 March 2022 to US\$80.06 million as at 31 March 2023. Silvercorp's PPE is broken down by each of its operations in the table below:

Plant and equipment	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
Ying Mines	59,854	58,189	53,651
BYP	3,159	3,708	3,833
GC	15,289	15,282	15,765
Other	1,757	2,239	2,480
Total	80,059	79,418	75,729

- Mineral rights and properties decreased from US\$326.45 million as at 31 March 2022 to US\$303.43 million as at 31 March 2023. The movement was mainly due to the full impairment of the La Yesca operation during the financial year. Silvercorp's mineral rights and properties is broken down by each of its operations in the table below:

Mineral rights and properties	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
Producing and development properties			
Ying Mines	251,150	254,071	225,023
BYP	6,953	7,571	7,345
GC	32,070	32,091	28,314
	290,173	293,733	260,682
Exploration and evaluation properties			
Kuanping	13,253	13,380	-
La Yesca	-	19,335	16,747
	13,253	32,715	16,747
Total	303,426	326,448	277,429

- Deferred income tax liabilities of US\$48.10 million as at 31 March 2023, largely relates to mineral rights and properties.

6.10 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 31-Mar-23 US\$'000	Audited for the year ended 31-Mar-22 US\$'000	Audited for the year ended 31-Mar-21 US\$'000
Revenue	208,129	217,923	192,105
Production costs	(91,769)	(88,537)	(69,544)
Depreciation and amortisation	(27,607)	(25,082)	(21,434)
Mineral resource taxes	(5,095)	(5,952)	(5,004)
Government fees and other taxes	(2,388)	(2,643)	(2,374)
General and administrative	(10,487)	(11,408)	(9,587)
Cost of mine operations	(137,346)	(133,622)	(107,943)
Income from mine operations	70,783	84,301	84,162
Corporate general and administration expenses	(13,249)	(14,181)	(12,365)
Property evaluation and business development	-	-	3,237
Foreign exchange gain (loss)	4,842	267	(7,746)
Gain (loss) on disposal of plant and equipment	-	-	(293)
Share of loss in associates	(2,901)	(2,188)	(1,846)
Dilution gain on investment in associate	(107)	-	-
Gain (loss) on equity investments	(2,318)	(3,485)	7,732
Impairment charges against mineral rights and properties	(20,211)	-	-
Other items	(3,092)	(2,149)	(1,157)
Income from operations	33,747	62,565	71,724
Finance income (loss)	1,396	(5,493)	1,779
Income tax benefit (expense)	(14,043)	(13,788)	(12,994)
Net Income	21,100	43,284	60,509
Attributable to:			
Equity holders of Silvercorp	20,608	30,634	46,376
Non-controlling interests	492	12,650	14,133
	21,100	43,284	60,509

Source: Silvercorp's audited financial statements for the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Revenue for the year ended 31 March 2023 was US\$208.13 million, comprising of US\$174.87 million from Henan Luoning and US\$33.26 million from Guangdong. The revenue for the year represented a 4.5% decrease from the US\$217.92 million for the year ended 31 March 2022 as a result of a decrease in the net realised selling prices for silver, lead, and zinc, and a decrease in quantity of zinc sold. This was partially offset by an increase in the quantity of silver, gold and lead sold.
- The breakdown of revenue by commodity is shown in the table below:

	Audited as at 31-Mar-23 US\$'000	Audited as at 31-Mar-22 US\$'000	Audited as at 31-Mar-21 US\$'000
Silver	113,592	121,273	111,191
Gold	6,647	5,083	6,722
Lead	56,843	57,090	50,464
Zinc	24,823	28,842	21,793
Other	6,224	5,635	1,935
Total	208,129	217,923	192,105

- Government fees and other taxes for the year ended 31 March 2023 were US\$2.39 million. Government fees of US\$0.7 million included environmental protection fees paid to the state and local Chinese government and other taxes of US\$2.32 million were comprised of surtax on value-added tax, land usage levy, stamp duty and other miscellaneous levies, duties and taxes imposed by the state and local Chinese government.
- Finance items for the year ended 31 March 2023 of US\$1.40 comprised of US\$4.65 million of finance income and US\$3.26 million of finance costs. Finance income for the year ended 31 March 2023 comprised of US\$4.58 million of interest income and US\$0.08 million of dividend income. Finance costs for the year ended 31 March 2023 consisted of US\$2.88 million impairment charges for expected credit loss against bond investments, US\$0.24 million of unwinding of discount of environmental rehabilitation provision, US\$0.09 million of loss on disposal of bonds and US\$0.04 million of interest on lease obligation.
- Impairment charges against mineral rights and properties of US\$20.21 million for the year ended 31 March 2023 relates to the impairment of Silvercorp's La Yesca operation during the financial year.

6.11 Capital Structure

The share structure of Silvercorp as at 16 January 2024 is outlined below:

	Number
Total ordinary shares on issue	177,048,198
Top 20 shareholders	54,288,620
Top 20 shareholders - % of shares on issue	30.66%

Source: Silvercorp share registry information

Based on data provided by Silvercorp as at 16 January 2024, there are no shareholders with an interest greater than 5% of its issued capital.

The list of outstanding options and restricted share units ('RSUs') of Silvercorp as at 16 January 2024 are outlined below:

Description	No. of Options/RSUs	Exercise price (CAD)	Expiry Date
Unlisted options expiring 26 April 2027	473,000	3.93	26-Apr-27
Unlisted options expiring 23 February 2028	60,000	4.08	23-Feb-28
Unlisted options expiring 26 May 2025	480,334	5.46	26-May-25
Unlisted options expiring 11 November 2025	375,000	9.45	11-Nov-25
Restricted share units*	2,519,581	-	Various
Total number of options and RSUs	3,907,915		

*Silvercorp has advised that of the 2,519,581 RSUs outstanding, a total of 946,417 RSUs are currently vested but unexercised.

Source: Silvercorp share registry information

7. Profile of the Merged Group

If the Takeover is successful, the Merged Group will represent the combined operations of Silvercorp and OreCorp.

7.1 Operating Structure

Following the Takeover, Silvercorp will undertake a review of the operating structure of OreCorp which may result in Silvercorp implementing changes to the operating structure of either or both of OreCorp and Silvercorp. It is currently expected that the operating structure of the Merged Group will largely follow Silvercorp's operating structure, as described in Section 6, until Silvercorp undertakes its review of OreCorp's operating structure.

7.2 Board of Directors

Following the Takeover, it is expected that each of the existing five Silvercorp Directors will continue as directors of the Merged Group. The board of directors is intended to be:

- Rui Feng - Chairman and Chief Executive Officer;
- Yikang Liu - Director;
- Paul Simpson - Director;
- Marina A Katusa - Director; and
- Ken Robertson - Director.

7.3 Stock exchange listing

Per the Bidder's Statement, Silvercorp continues to explore the possibility of being admitted to the official list of the ASX. If that occurs, Silvercorp shareholders will be able to convert their Silvercorp shares into Silvercorp CDIs which will be tradeable on the ASX.

8. Economic analysis

OreCorp is primarily exposed to the risks and opportunities of the Australian and Tanzanian markets through its listing on the ASX and the geographical location of the Nyanzaga Project, which is based in Tanzania. Silvercorp is primarily exposed to the risks and opportunities of the Canadian and Chinese markets through its listing on the TSX and its mining operations in China.

As such, we have presented an analysis on the Australian, Canadian, Chinese, and Tanzanian economies, to the extent that it relates to considerations for our assessment.

8.1 Australia

In its December 2023 Monetary Policy Decision meeting, the Reserve Bank of Australia ('RBA') made the decision to leave the cash rate target unchanged at 4.35%. Prior to the December meeting, the Board of the RBA ('the Board') had increased interest rates by 25 basis points in November, following a period of four months since June where it had held interest rates steady. The decision to hold the cash rate steady at the December meeting was to allow the RBA more time to assess the impact of the four percentage point increase in the interest rate since May 2022 on demand, inflation and the labour market. Elevated interest rates were intended to ease inflationary pressures and return inflation to its target rate within a reasonable timeframe. However, the Board has since received recent data on inflation, the labour market and economic activity, in addition to the revised set of forecasts, highlighting the increased risk of inflation is likely to remain higher for longer.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July 2023 statement that the decline in the monthly consumer price index ('CPI') indicator for May 2023 suggested that inflation has since passed its peak in Australia. However, the RBA considers that inflation is still too high and whilst goods price inflation has further eased, the prices of many services are continuing to rise briskly. The forecast for CPI inflation reveals it is expected to continue to decline, however, progress is being achieved slower than previously anticipated and in turn, inflation is now predicted to be around 3.25% by late 2025.

According to the RBA, growth in the Australian economy was slightly stronger than expected over the first half of 2023, although the economy continues to experience a below-trend growth that is further expected to persist. Recently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors, have dampened alongside the decline in discretionary income. Additionally, dwelling investments have demonstrated weakness on the back of continual hikes in housing prices across the country.

Among other major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022 which contributed to a significant slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed in on demand in Australia. For 2023-24, it is anticipated that Gross Domestic Product ('GDP') growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in major global economies have lessened in recent months, accelerated by China's pro-longed reversal of its COVID-19 restrictions in December 2022, stabilising the supply chain recovery trajectory.

The banking system crisis in the US and Switzerland in March 2023 has contributed to increased volatility in financial markets and a reassessment of the outlook for global interest rates. Such macroeconomic conditions are envisioned to influence tighter financial conditions, creating an additional headwind for the

global economy. Despite this, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid, and therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates observed during the COVID-19 pandemic.

Regarding the labour market, conditions have eased although remain tight. As growth in the economy is forecast below trend, employment is predicted to expand at a slower rate than the labour force and the unemployment rate is anticipated to gradually rise to around 4.25%. Additionally, wage growth has also increased over the past year and inflation has tapered slightly.

Outlook

Returning inflation to its target level within a reasonable timeframe remains the priority of the Board, which is expected to be achieved over the medium term. Economic growth in Australia is forecast to be hampered by continued interest rates hikes, higher living costs and declining real wealth. Household consumption remains uncertain with many households experiencing a squeeze on their finances, while others are benefiting from rising housing prices, substantial savings buffers and sources of higher interest income. Services price inflation has surprisingly persisted overseas and the same could occur in Australia. Further uncertainties regarding the lags in the effect of the monetary policy and how firms' pricing decisions and wages respond to the slower growth in the economy will remain apparent. On a global scale, there are additional concerns surrounding the outlook of the Chinese economy and the implications of ongoing conflicts abroad.

Further monetary policy tightening may be required in the coming periods to allow inflation to return to the target level within a reasonable timeframe, although the medium term inflation expectations have been consistent with the inflation target. The Board will continue to pay close attention to developments in the global economy, trends in domestic demand and the outlook for inflation and the labour market.

Lithium exploration and development companies are not immune to the effects of inflation, with rising drilling and corporate costs impacting the level of capital required to fund exploration programs. Additionally, a tight labour market may make it more difficult for explorers to source labour and advance exploration.

Source: www.rba.gov.au Statement by Michele Bullock, Governor: Monetary Policy Decision dated 5 December 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy September 2023 and prior periods, and BDO analysis.

8.2 Canada

Overview

Economic activity in Canada has slowed after a robust first half of 2023, with the expectation of muted growth through the first quarter of 2024. Household spending, which had been strong, has weakened in response to higher prices and interest rates, while business investment has contracted. The Bank of Canada is expecting economic growth to gradually strengthen around mid-2024, forecasting real economic growth to be 0.8% for 2024, before rising to 2.4% in 2025. The slowdown is expected as cumulative interest rate increases work their way through the economy and weigh on household spending and business investment. Weak foreign demand is also expected to slow export growth.

Inflation

Inflation continues to fall globally, but inflation in major economies continues to remain elevated. In Canada, inflation has continued to come down. Headline CPI was 3.9% over 2023, representing significant movement toward price stability over the past year as inflation has steadily dropped from a high of 8.1% in

July 2022. Inflation has been easing with lower energy prices, improvements in global supply chains and the effects of higher interest rates moving through the economy.

However, the downward momentum in inflation is slowing, attributable to demand in Canada continuing to outpace supply. While the slowdown in demand is reducing price pressures in a broader number of CPI components and corporate pricing behaviour continues to normalise, core measures of inflation are not showing sustained declines. Shelter costs remain the biggest contributor to above-target inflation.

Inflation is now projected to remain around the 3% level until the middle of 2024, falling to the targeted 2% in 2025. However, the Bank of Canada remains particularly concerned about upside risks to the inflation outlook.

Employment

The Canadian labour market was tight with labour demand strong, and job gains have been robust particularly throughout the first half of 2023. Net new jobs created in the first six months of 2023 is estimated at 290,000 with many new entrants to the labour market being hired quickly. This labour market tightness was supported by the rapid population growth.

The unemployment rate in Canada was 5.8% in December 2023. The unemployment has edged up recently but remains low by historical standards. Labour market conditions have eased, with job vacancies returning to near pre-pandemic levels and new jobs being created at a slower rate than population growth. Although labour market conditions have eased, wages are still rising around 4% to 5%. On balance, the Bank of Canada considers the labour supply and demand are better balanced currently compared to last year.

Outlook

Economic growth is projected to gradually pick up, as the effect of higher interest rates on economic growth dissipate and foreign demand also strengthens. The Bank of Canada is expecting these effects to be felt in the second half of 2024. A considerable amount of uncertainty surrounds the forecast, particularly into 2024 and 2025. As such, it is likely that revisions will be made to the Bank of Canada's real growth projections of 0.8% over 2024 and 2.4% over 2025, as the global economy continues to recover from the lingering effects of the COVID-19 pandemic and the Russia-Ukraine crisis.

Source: www.bankofcanada.ca Monetary Policy Report January 2024 and prior periods, and BDO analysis.

8.3 China

Overview

After a period of unstable growth following the COVID-19 pandemic, the Chinese economy is projected to enter a period of sustainable, steady growth. The economy grew 5.2% year-on-year over the first three quarters of 2023, up from 3.0% over 2022. While there has been improvement in housing sector activity and policy support, growth in consumer demand with the removal of mobility restrictions and a surge in spending on services has become a key driver of GDP growth in the first quarter of 2023. The growth momentum has slowed since April 2023 however, indicating that China's recovery remains fragile and dependent on policy support.

China's GDP growth rate is projected to rise to 5.2% over 2023 led by the rebound in consumer spending. Capital spending in infrastructure and manufacturing is expected to remain resilient. Net exports are expected to weigh on growth, due to softer external demand coupled with a modest acceleration in import growth reflective of improved domestic demand.

Inflation and Employment

China's CPI fell 0.5% year-on-year in November 2023, representing the steepest decline in three years. This decline was driven by a pork glut which saw retail pork prices fall over 30% compared to the prior year. Consumer inflation began slowing in February and turned negative in July and again in October, reflecting the weakening consumer sentiment. Inflation in the services sector has also slowed, up just 1% from the prior year in November, compared to a 1.2% increase in October. The World Bank is expecting inflation to pick up with continuing recovery in service demand, forecasting CPI to be 1.6% over 2024 and 2.1% over 2025.

China's labour market has been improving, with unemployment rates falling to 5.0% in October 2023, from a peak of 5.6% in February 2023. However, China's rebound has failed to alleviate high levels of youth unemployment, with youth unemployment rates reaching greater than 20% in June 2023. Moreover, the employment gains have largely been within the low-skill services sector and consequently, have not translated proportionately to income growth. Wage growth during the first three quarters of 2023 was 6.8%, below pre-pandemic levels of above 8%.

Currency movements

The Chinese exchange rate regime has undergone gradual reform since the move away from a fixed exchange rate in 2005. Capital outflows combined with broader strengthening of the US dollar caused a weakening of the RMB in 2023. The RMB depreciated against the US dollar on a trade-weighted basis despite a large current account surplus. Around the date of our Report, the RMB has fallen by approximately 5% against the US dollar from the highs in January 2023, when global markets embraced China's border reopening. The weaker RMB will aid Chinese exporters amid soft global demand.

Outlook

Following this year's recovery, growth is expected to return to a path of structural deceleration. Real economic growth is projected to slow to 4.5% and 4.3% over 2024 and 2025 respectively. Growth is projected to decline as the economy matures and higher levels of physical capital face diminishing returns. Additionally, China's mounting debt levels, will constrain investment driven growth in the future, with total non-financing sector debt increasing to an all-time high of 287 times of GDP in 2022. Expected slower per capita growth in the coming decade is also expected to weigh on future demand for China's exports. Additionally, rising geopolitical tensions are contributing to a decoupling of critical supply chains and curtailing China's access to critical technology.

Mining in China

Companies carrying out mining activities in China are regulated by the Mineral Resource Law ('MRL'), which is a national law governing the protection for and extraction from mines in China and the registration of mining rights, that is imposed by the Ministry of Land and Resources. In accordance with the MRL, all mineral resources fall under the ownership of the state.

Foreign mining companies can receive the right to extract natural resources. Companies require an exploration license or a mining license, according to the specific activities carried out by the company and must receive approval from the Ministry of Commerce and obtain an environmental approval from the local authorities, under the Law of Appraising of Environmental Factors.

Silvercorp, through its subsidiaries, are party to agreements with Chinese companies relating to mineral properties in China. Silvercorp's Chinese operations have all required mining licences and approvals with the relevant Chinese authority.

Source: International Monetary Fund, Reuters, The World Bank and BDO analysis.

8.4 Tanzania

Overview

Tanzania has sustained a high level of economic growth over 2009 to 2017, averaging 6.0% to 7.0% per year. Growth has been driven by the country's natural resources, agriculture, and tourism, combined with fiscal stimulus and monetary policies from the Tanzanian Government. In July 2020, Tanzania officially became a low-middle-income country from its previous low-income country status, as defined by the World Bank Group.

According to the African Development Bank Group ('ADBG'), Tanzania's GDP growth decreased to 4.7% in 2022, compared to 4.9% in 2021. The decline was primarily due to the Russia/Ukraine conflict affecting food and energy prices. Real GDP growth is expected to increase to 5.3% over 2023 and 6.3% in 2024, supported by a recovery in tourism and the gradual stabilisation of supply and value chains. Potentially headwinds, including the lingering possibility of new COVID-19 variants and the effects of Russia's invasion of Ukraine, slightly hamper future growth expectations.

Inflation and Employment

According to the ADBG, inflation rose to 4.3% in 2022, up from 3.7% in 2021, driven by higher food and fuel prices. Accommodative monetary policy was tapered in June 2022 to contain inflationary pressures while supporting the growth recovery. Inflation is projected to increase to 4.7% in 2023, however, it is then projected to moderate to 4.0% in 2024.

According to the World Bank, unemployment in Tanzania is currently at 2.8%. Unemployment spiked with the onset of the COVID-19 pandemic but remains low when compared to historical standards. The World Bank estimates the poverty rate to have declined marginally from 27.1% in 2020 to 27.0% in 2021, driven by the recovery of employment and non-farm business revenue. The national poverty rate is expected to decline further over the next few years, driven by the growth of employment of women.

Currency

The Tanzanian exchange rate has remained stable, supported by high gold exports and tourism receipts. The current account deficit widened to 5.7% of GDP in 2022, up from 3.4% in 2021, as a result of a higher oil prices increasing the value of imports and was financed mainly by external commercial debt as other financial flows including foreign direct investment declined.

Mining Regulation in Tanzania

Mining is a leading industrial sector in Tanzania, with the sector comprising both small and large-scale operations for precious metals, fuel minerals and rare earth minerals. The Tanzanian mining sector has experienced strong growth, with the value of mineral exports consistently increasing over the past several years.

Mining and quarrying activities in Tanzania contribute 10.2% to the country's GDP. Mining in Tanzania is primarily governed in accordance with the Tanzanian Mining Act 2017, which sets out the regulatory requirements for international miners operating in Tanzania. Licence holders and contractors are obligated to pay a corporate tax of 30%, capital gain tax of 30%, withholding tax of 10% and other taxes.

Amendments to the Tanzanian Mining Act in 2017 saw an increased power and role for the government in investment contracts, including the Tanzanian Government having the authority to dissolve or re-negotiate existing contracts. Provisions also allowed the Tanzanian Government to own at least a 16% free



carried interest stake in mining companies, with the option to acquire up to 50%. In addition, the Tanzanian Government is able reject international arbitration for natural resource disputes.

Source: World Bank, African Economic Outlook 2023, and BDO Analysis

9. Industry analysis

OreCorp is a gold exploration and development company and Silvercorp is a silver, lead and zinc exploration, development and mining company. OreCorp is listed on the ASX and Silvercorp is listed on the TSX and the NYSE American.

As such, we have presented an overview of the relevant industry segments on the basis that these form part of the considerations for our overall assessment. We have presented an analysis of the exploration sector on the ASX as well as the gold, silver, lead and zinc industries.

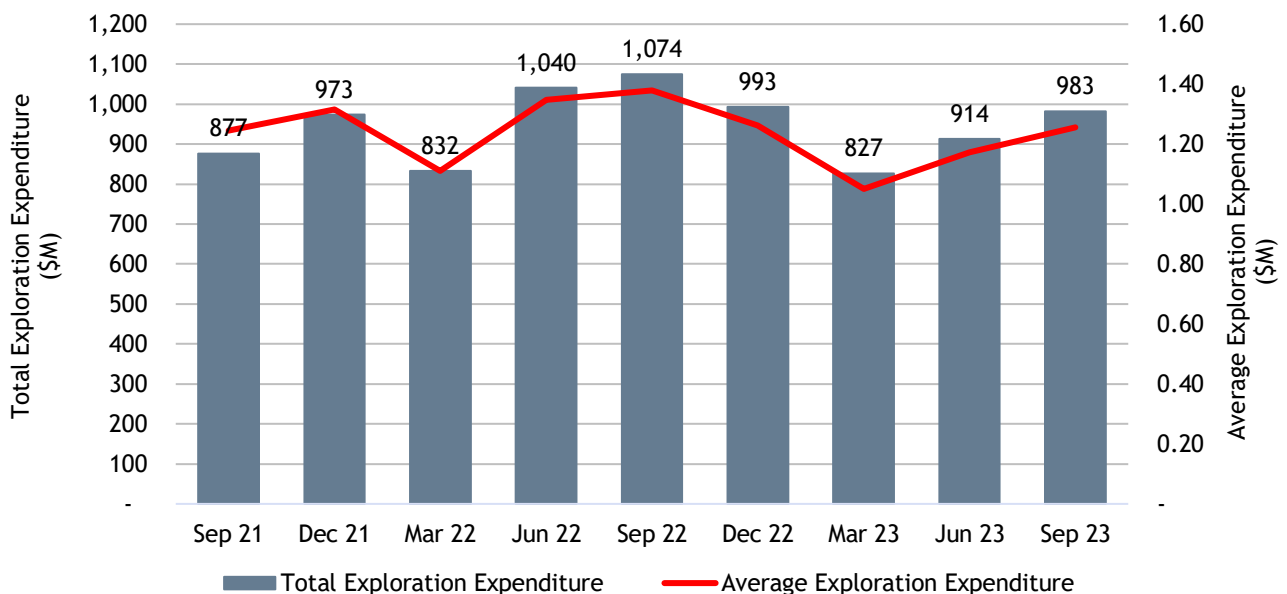
9.1 Exploration sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company’s cash flows, their financing facilities available and management’s expectation of future funding requirements. BDO’s report for the September quarter of 2023 reveals resilience within the sector amidst a broader macroeconomic slowdown. This has been marked by a healthy quarter of fundraising and an increase in exploration expenditure compared to the June 2023 quarter, which serves as an indicator that sector activity is still thriving.

In the September 2023 quarter, in a time which has been tough for initial public offerings (‘IPOs’), the explorer IPOs that have occurred and those that remain in our pipeline of IPOs are primarily in commodities that contribute to the ‘clean energy’ transition. Additionally, critical minerals explorers did not shy from the drill bit, comprising six of the top ten exploration spends.

Exploration activity demonstrated an 8 % increase on the back of the June 2023 quarter, likely influenced by persistent inflation, with the cost of exploration programs continuing to increase. However, we note that a large portion of spend originated from the larger end of the market, reflecting that advancement to production remains a top priority for explorers, especially those with high-quality mineral assets.

Total Exploration Expenditure - Last Two Years (\$M)



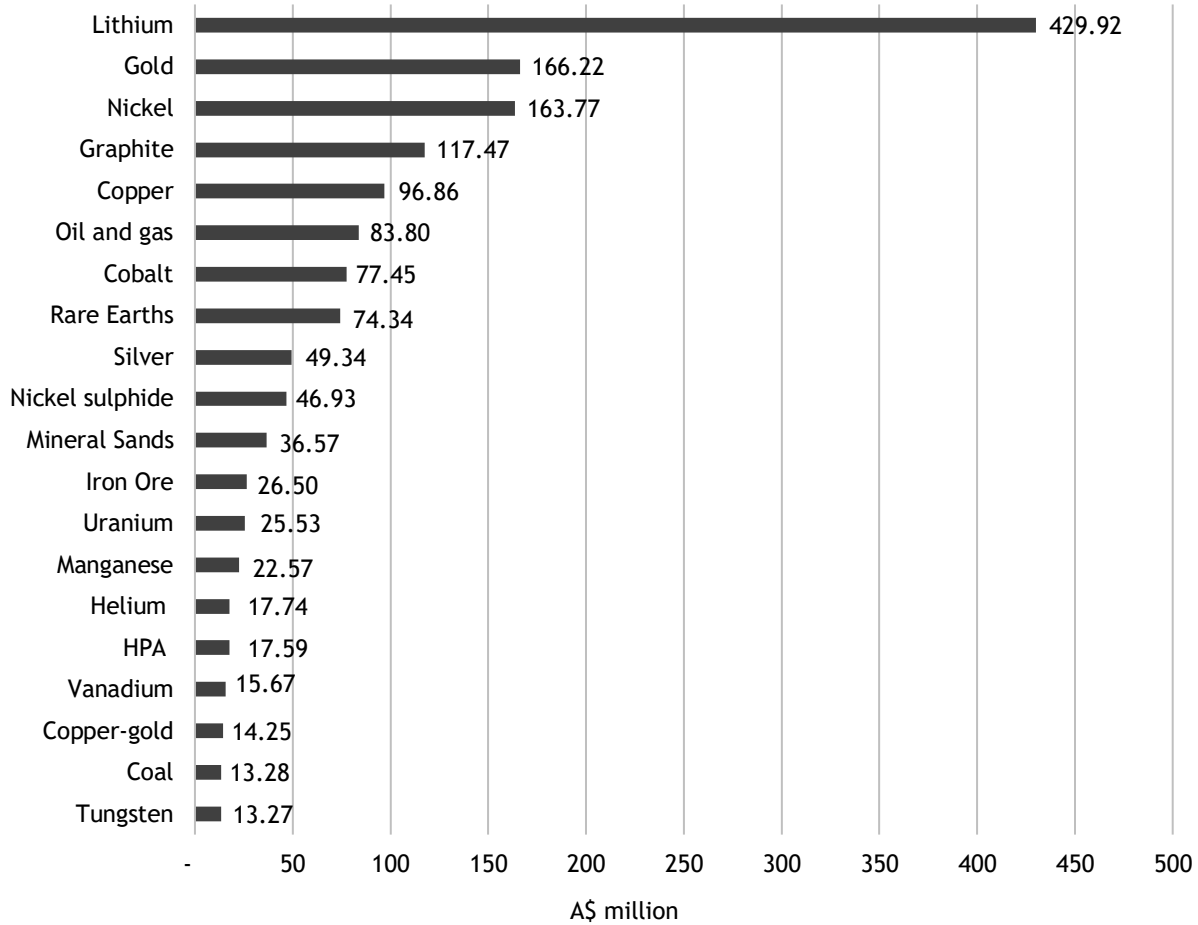
Despite persisting inflationary pressures, explorers have, by and large, navigated the challenges successfully to date. For instance, cash balances generally remain healthy, indicating that avenues for fundraising generally remain accessible, particularly for those possessing high-quality assets or sought-after commodities like critical minerals, gold, or energy fuels. The average cash balance per explorer remained relatively stable from the June 2023 quarter, experiencing a slight decrease from \$10.11 million to \$10.06 million in the current quarter.

Notwithstanding the above, there is a discernible fragmentation between the upper and lower tiers of the sector, whereby capital raising at the smaller end of the market is challenging and is expected to become even more so in the future, especially if prevailing macroeconomic conditions endure. This may provide the perfect backdrop for larger industry players to either acquire exploration rights from those companies struggling to raise capital, or it may become a catalyst for further M&A activity in the sector.

In the September 2023 quarter, lithium surpassed gold to become the leading commodity in our companies which raised capital exceeding \$10 million (which we have termed '**Fund Finders**'), marking the first time since the June 2022 quarter. However, as highlighted in our analyses from previous quarters, the consistent presence of gold and lithium (alongside other battery metals) near the top of our Fund Finders reflects the dichotomy of global events and macroeconomic trends. Investors grappling with challenges posed by the current economic climate, such as increased interest rates and persistent inflation seek the stability offered by safe-haven assets like gold. Simultaneously, an appetite exists for capital allocation to critical minerals explorers, with investors drawing optimism from the need for a clean energy transition, which will continue for many years.

In the September 2023 quarter, Fund Finders operating within the lithium sector successfully secured \$430 million, marking a 29% decrease compared to the total funds raised by lithium Fund Finders in the preceding June 2023 quarter. While acknowledging the overall reduction in funds raised for lithium, it is noteworthy that companies with advanced-stage lithium assets managed to secure funding, ensuring progress toward production. This is particularly encouraging given the prevailing macroeconomic conditions such as the declining lithium price over the past year. Even in times of a declining lithium spot prices, explorers continue to be a destination for capital as investors are taking a long term view of future demand.

Financing Inflow by Commodity - Top 43 Explorers September Quarter 2023



The shift from gold to lithium as the leading Fund Finder and the increased presence of other critical minerals may indicate a step change in investor sentiment. According to the World Gold Council, in the September 2023 quarter, net central bank gold purchases remained high by historical standards but declined approximately 27% from the September 2022 quarter. This may indicate moderating inflationary expectations as many countries near the expected peak of their monetary tightening cycles. In contrast, protectionist trade policies and ongoing conflicts in Europe and the Middle East have intensified the urgency for nations to secure uninterrupted and stable supplies of critical minerals in the coming years. This shift in focus, reflected by our Fund Finders, reflects a broader acknowledgment of the strategic importance of these minerals amid geopolitical uncertainties and shifting macroeconomic dynamics.

Despite predominantly positive signals from this quarter’s data, there are inklings of potential sectoral fragmentation. Small players in the industry are contending with tightening cash balances and limited access to fundraising, whereas many larger players, particularly those engaged in high-demand commodities, uphold robust cash reserves and encounter fewer challenges in securing funds. BDO anticipates that smaller players may navigate this by pursuing consolidations or forming strategic partnerships to advance their projects, which could give rise to heightened M&A activity in coming quarters.

Source: BDO Explorer Quarterly Cash Update: September 2023 and prior releases.

9.2 Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence, and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine, and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

The nature of the ore deposit determines the mining and mineral processing techniques applied. Gold contained in oxide ore deposits are typically of low grade and are simple to extract and readily amenable by cyanidation. Consequently, highly disseminated gold can be contained within sulphide minerals which require mining, crushing, grinding and to be followed by gravity separation to recover the gold, subject to flotation to concentrate the sulphide mineral fraction containing the gold. Inherently, the costs associated with the treatment of oxide ore are significantly less than of sulphide ores.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

Gold supply (tonnes)	2017	2018	2019	2020	2021	2022
Mine production	3,576	3,656	3,596	3,482	3,589	3,649
Net producer hedging	(26)	(12)	6	(39)	(7)	(11)
Recycled gold	1,112	1,132	1,276	1,293	1,136	1,141
Total supply	4,662	4,776	4,878	4,736	4,718	4,779

Source: World Gold Council 2022 Statistics, 31 March 2023

The World Gold Council expects gold to remain supported with potential upside for the latter half of 2023. Increased financial uncertainty from weakening global economic conditions should see gold experience stronger demand on the back of a weaker US dollar and rangebound bond yields. However, the risk of tighter monetary policy or an economic soft landing could result in gold divestment.

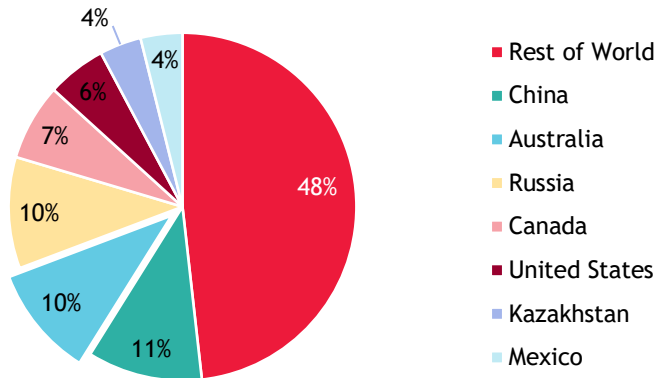
Gold ore mining is a capital intensive and high-cost process, which becomes increasingly difficult and more expensive as the quality of ore reserves diminish. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

The gold industry is geographically diverse as China, Australia and Russia lead global gold production. According to the United States Geological Survey ('USGS'), total estimated global gold ore mined for 2022 was approximately 3,100 metric tonnes. The chart below illustrates the estimated global gold production by country for 2022.

Gold production and reserves

The USGS estimates that overall global gold production in 2022 remained relatively unchanged from 2021 as production decreases in Papua New Guinea and the United States were more than offset by production increases in Colombia, Indonesia and Burkina Faso.

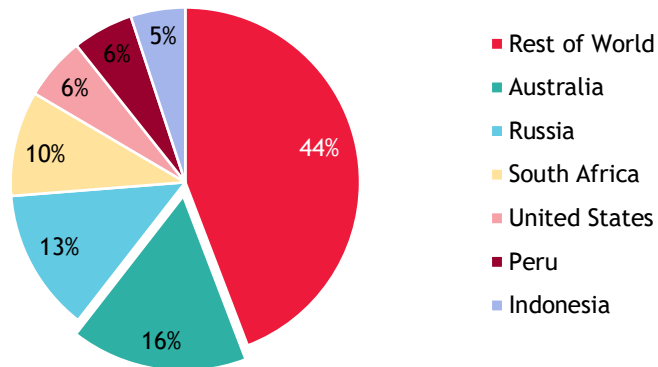
Gold Production by Country 2022



Source: U.S. Geological Survey, January 2023

Despite China leading global gold production in 2022, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 39% of global gold reserves.

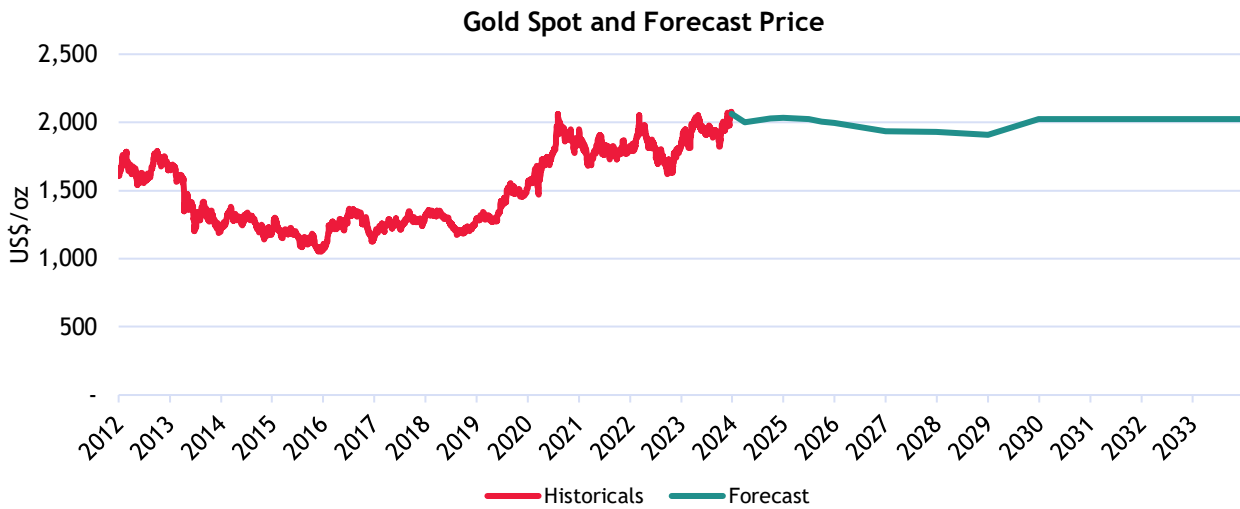
Gold Reserves by Country 2022



Source: U.S. Geological Survey, January 2023

According to the 2023 USGS, Australia’s gold reserves amount to 8,400 tonnes, representing over 16% of global reserves and the largest held by any one country. IBISWorld estimates domestic industry revenue will fall by an annualised 2.7% over the five-year period through to 2024-29, to approximately US\$24.3 billion. This is largely expected to be the result of a forecast decline in domestic gold prices, a stronger Australian dollar and a higher interest rate environment that is estimated to persist.

Gold prices



Source: Bloomberg and Consensus Economics Survey dated 19 January 2024

The figure above illustrates the historical fluctuations in the gold spot prices from January 2012 to January 2024 and the consensus economics forecast for gold prices for 2024 through to 2034.

The start of 2013 saw the price of gold enter a declining trend, falling from the US\$1,700 per troy ounce ('oz t') level to approach US\$1,100/oz t over the subsequent few years. The downturn represented the beginning of a correction in the gold price, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the period from 2014 through to 2019, the gold price fluctuated primarily between US\$1,100/oz t and US\$1,400/oz t.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US\$1,471/oz t, before rallying in late July and early August to exceed US\$2,000/oz t. The COVID-19 crisis was the primary driver of the gold price, as central banks injected trillions of dollars into financial markets and investors prioritised safe haven assets. Additionally, the prevailing low interest rate environment across 2020 increased access to capital, which further spurred investment in gold.

Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US\$1,900/oz t after remaining in the US\$1,800s/oz t through most of December 2020. For the rest of 2021, the price of gold traded between US\$1,600/oz t and US\$1,900/oz as demand fluctuated throughout the year. Rising US treasury yields initially threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. However, concerns regarding the spread of the Delta variant increased gold's safe haven appeal, and subsequently, the price of gold climbed back above the US\$1,800/oz t mark in early July 2021. This was quickly reversed in the following months as the US Federal Reserve signalled policy tightening sooner than anticipated which drove US treasury yields and a stronger US dollar. Towards the end of the year, gold prices significantly strengthened following the US Federal Reserve's announcement to reduce purchases of Government bonds and the release of US inflation data which revealed an annualised inflation rate of 6.2%, its highest level since 1990.

The invasion of Ukraine by Russia in February 2022 saw gold prices climb above US\$1,900/oz t and peak at US\$2,039/oz t during March, in response to several economic sanctions on Russia and the release of US inflation data which indicated an annualised inflation rate of 8.5%. In May 2022, the price of gold weakened to US\$1,800/oz t following the US Federal Reserve's aggressive monetary tightening to control rising inflation. The gold price continued to decline until September 2022, before it staged a recovery driven by a combination of slowing US inflation, depreciation of the US dollar, and increased gold demand by central banks for reserve diversification.

The first quarter of 2023 witnessed several financial institutions, such as the Credit Suisse Group AG and the Silicon Valley Bank, face severe liquidity and investor confidence issues which were supportive factors for the price of gold. Early April 2023 saw gold prices surpass US\$2,000/oz t as investors speculated a nearing of the end of interest rate tightening in the US. The latter half of May 2023 saw gold prices pull back below US\$2,000/oz t where they have stayed during June 2023 finishing the month at approximately US\$1,950/oz. In the second half of 2023, gold has fluctuated between US\$1,800/oz t and US\$2,000/oz t, before prices reached an all-time high of US\$2,072/oz t in early December 2023. The increased viability of gold as a hedge against current inflation and emerging market central banks continuing to purchase gold to diversify from the US dollar and US bonds have also contributed to the price hike. Gold continues to be a safe haven asset relied upon during times of volatility.

Consensus Economics forecasts the price of gold to exhibit a declining trend over the period to the end of 2028, from which point it is expected to stabilise over the longer term and remain high in comparison to historical levels. According to Consensus Economics, the medium-term forecast gold price from 2026 to 2028 is expected to range between US\$1,909/oz t and US\$1,933/oz t, with the long term (2029-2033) nominal forecast at approximately US\$2,024/oz t.

Source: Bloomberg, Consensus Economics, IBISWorld, World Gold Council and Reuters

9.3 Silver

Silver is a silver-white, lustrous, precious metal and is a commonly used metal given its malleability along with its electrical and thermal conductivity characteristics. Given its attractive appearance, silver is also used in jewellery, ornaments and household silverwares. Other uses include photographic paper and film, electronics, coatings for mirrors and as an anti-bacterial agent.

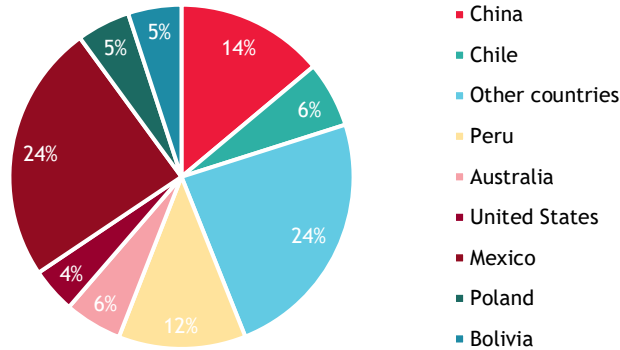
In its purest state, silver is found as native silver, however, is more commonly combined with other elements such as lead, copper and zinc ores. Over half of the world's silver production is obtained as a by-product.

Alike gold, silver is often used an investment instrument, particularly as a hedge against movements in the currency's value. Demand for silver often increases during times of recessions because investors want to hold solid commodity assets instead of more-volatile stocks and bonds. Unlike gold, silver has a wide array of practical applications, mainly in the industrial and medical sectors.

Production and reserves

The world's largest producers of silver are Mexico, China and Peru. In 2022, Mexico and Peru accounted for approximately 38% of the world's silver production. The graph below shows the split between the different country's production levels for 2022:

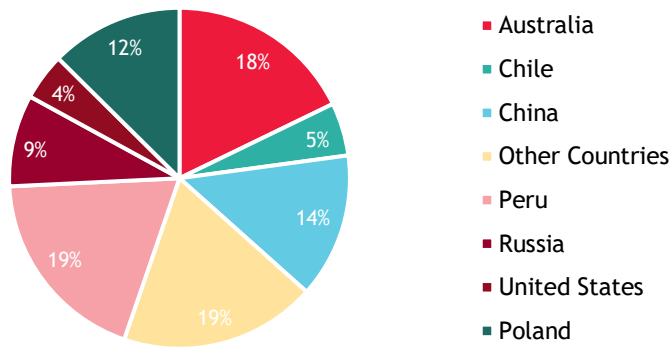
Global Silver Production (2022 estimate)



Source: Bloomberg and BDO analysis

Peru has the world's largest deposits for silver, accounting for 19% of the world's reserves. Australia, China and Poland also have substantial portions of silver reserves. The figure below outlines global silver reserves by country for 2022.

Global Silver Reserves (2022 estimate)

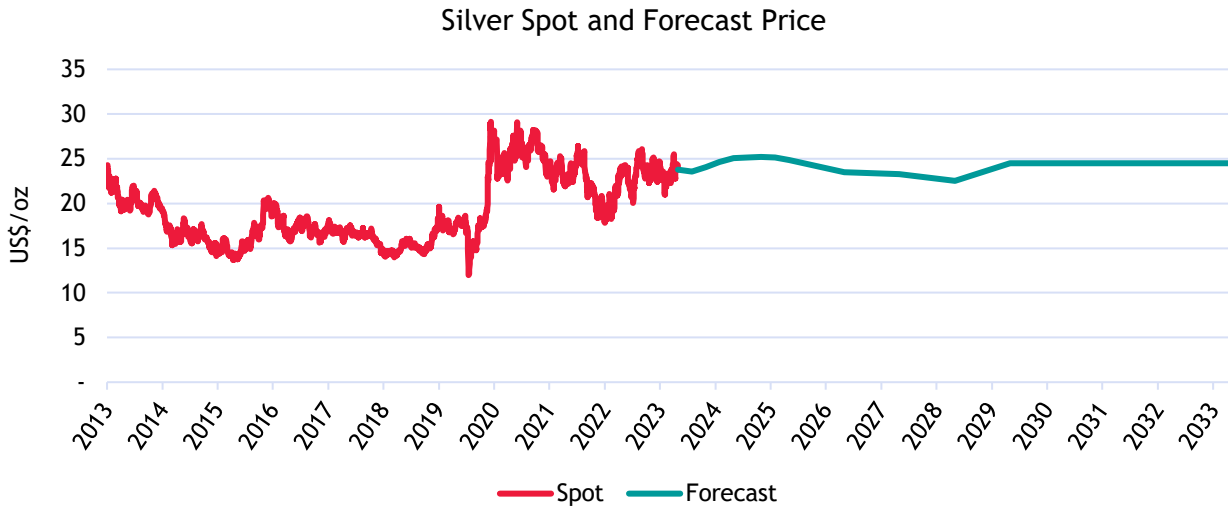


Source: Bloomberg and BDO analysis

The supply of silver is mainly derived from mine production and recycling of scrap silver. As seen in the graph above, world silver mine production reached an estimated 26,000t in 2022, increasing 4% from 2021. The uptick was principally a result of increased production from mines in Chile and other countries as silver mines were still recovering from shutdowns in 2020 in response to the COVID-19 pandemic.

Silver prices

Silver is a global commodity and, as such, prices are determined by global supply and demand factors.



Source: Bloomberg and Consensus Economics Survey dated 19 January 2024

The graph above illustrates the historical fluctuations in the silver spot prices from September 2013 through to January 2024 as well as the Consensus Economics forecasts for silver prices for 2024 to 2034.

Prior to the GFC, worldwide demand for silver jumped due to the rapid industrialization of countries like China, India and Brazil. Supply did not increase proportionally over the period, as low prices of silver since the mid-1980s discouraged further exploration and production expansions. Prices rose from US\$4.88/oz t average in 2003 to a US\$13.39/oz t average in 2007. The onset of the GFC saw silver demand from the industrial sector drop off but this was offset by investor demand amongst uncertainty in the economy.

Strong industrial demand for silver post-GFC and the reluctance investors to relinquish silver investments as the global economic recovery remained slow, drove prices up to a US\$20.15/oz t average in 2010. These demand increases were not met with supply increases as it takes several years to explore new mining sites and getting mining production up and running. The supply shortage drove prices up further in 2011, before prices cooled over 2012 and 2013 as the global economy slowly improved and investors moved away from holding silver.

Prices fell even further in 2014, as the US Federal Reserve wound down bond-buying programs in late 2013, lowering demand for silver as a store of value. Declining growth rates in China in 2015 resulted in global economies experiencing a period of volatility, with commodity prices in general dropping further.

Prices rebounded in 2016, with economic shocks such as Brexit increasing investment demand for precious metals including silver. During 2017 and 2018, accelerating economic growth shifted the demand away from precious metals for investment and in conjunction with weak industrial demand depressed prices for silver. More robust industrial demand and demand for jewellery lifted prices in 2019.

The onset of the COVID-19 pandemic prompted prices to spike, as more investors looked to silver as a wealth-security tool that was more accessible than gold. Prices rose 26.6% in 2020 and continued to increase a further 22.5% in 2021, driven by high inflation and global tensions, making silver an attractive safe-haven asset in comparison to stocks and bonds. Silver prices spiked as a result of the Russia/Ukraine

crisis, with investors flocking to silver as a safe haven asset in a time of general economic uncertainty. Prices peaked at US\$25.31/oz t in March 2022.

Prices followed a downward trend throughout 2022, as silver production picked up by 4% in comparison to 2021, according to USGS. The price of silver picked up in late 2022 and into 2023, amid the growing view that interest rates will remain higher for longer given stubbornly high inflation. Silver prices have averaged approximately US\$23/oz t over the second half of 2023. Expectations on future silver prices is dependent on the growth in industrial demand for silver, in particular its use in green technologies, and the continuing demand for silver as a safe haven investment.

According to Consensus Economics, prices are forecast to remain relatively stable over future periods. The price of silver is expected to remain within the band of US\$22.53/oz t and US\$25.20/oz t over 2024 to 2028 and is forecast to average around US\$24.49/oz t over the longer term (2029-2033).

Source: Consensus Economics, IBIS World and BDO analysis

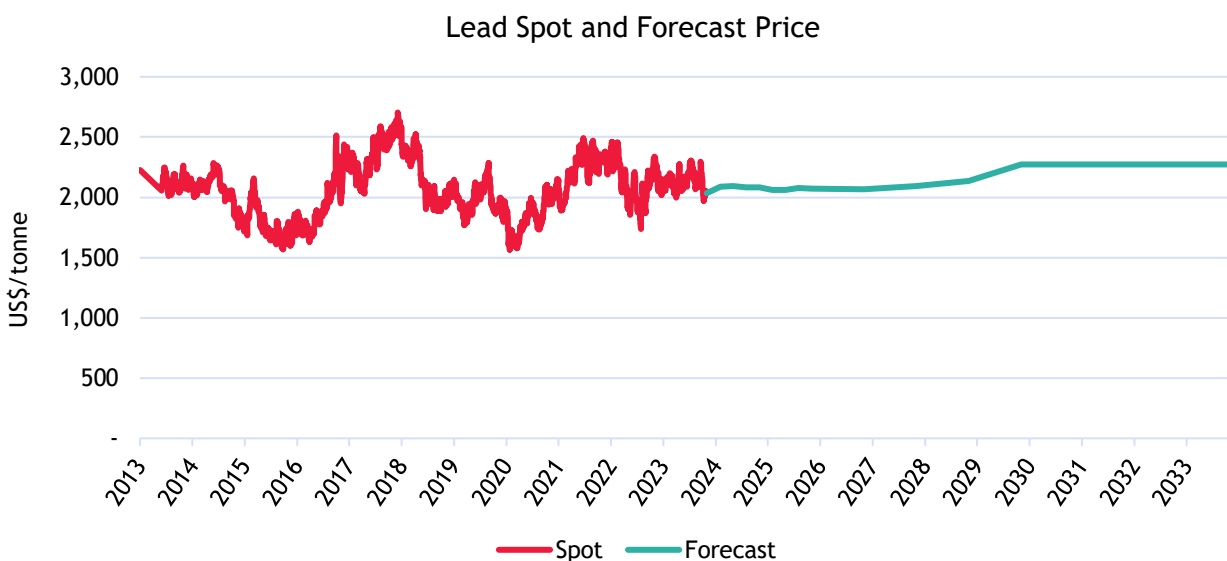
9.4 Lead

Lead is a heavy, corrosion-resistant metal that has been in use for at least 5,000 years. In its early days it was used primarily for building materials, however, following the increased growth in production of motorised vehicles, demand for lead has significantly shifted towards lead-acid batteries. They are primarily used as starting-lighting-ignition batteries for vehicles, as well as industrial-type batteries for standby power for computer and telecommunications networks.

The use of lead in vehicle batteries, accounts for approximately 85% of modern lead usage. Like copper, lead is highly recyclable, with 99% of lead from used batteries recycled to make new batteries. Lead is also used in weights and ballast, underwater cable sheathing, solder, casting alloys, chemical compounds, ammunition, glassware, and radiation protection.

Lead prices

The US\$ price for lead is listed on the London Metal Exchange. Like other base metals, lead is a global commodity and as such, prices are determined by global supply and demand factors.



Source: Bloomberg and Consensus Economics Survey dated 19 January 2024

The figure above illustrates the historical fluctuations in the lead spot prices from September 2013 to January 2024 and the Consensus Economics forecasts for lead prices from 2024 to 2034.

Due to its demand drivers, the price of lead has closely followed global economic conditions. Following its peak to US\$2,700/t in July 2011, the price of lead averaged US\$2,068/t over the subsequent four years to July 2015, before declining to US\$1,570/t in November 2015 due to an excess of supply and weakened global demand for most major commodities. Prices then climbed back to 2011 levels over the period to February 2018 in line with global economic recovery and growth in demand from China.

In 2020, lead prices fell alongside other major commodities following the adverse global economic impacts stemming from the COVID-19 outbreak, but rallied over 2021 in a similar trend to zinc with concerns over a limited supply. The increase in prices were attributable to ongoing conflict between Russia and Ukraine, inflation shocks and monetary tightening, however, has been relatively subdued compared to zinc as the alternate supply of recycled lead continues to help in supplementing demand.

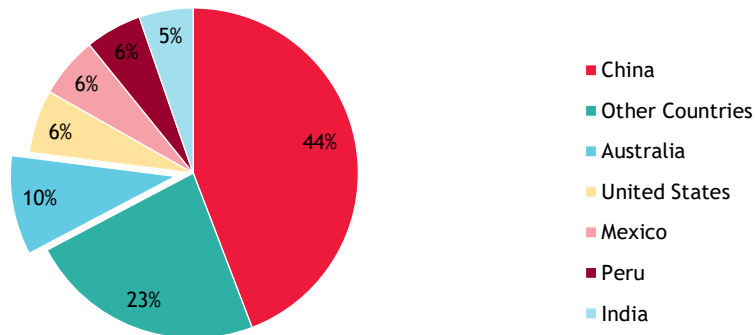
Lead prices have fluctuated between US\$1,973/t and US\$2,306/t in the second half of 2023. Weak production in major demand centres such as Europe and the US will continue to be offset by lead exports from China. Subdued national Chinese demand is helping it sustain its international exports, whilst in Europe, lead demand will be constrained by weak economic activity.

According to Consensus Economics, the medium-term forecast lead price from 2026 to 2028 is expected to range between US\$2,064/t and US\$2,136, with the long term (2029-2033) nominal forecast at approximately US\$2,273/t.

Lead production and reserves

China is the leading producer of lead by a large margin, with an estimated 2,000 tonnes of lead produced from mining throughout 2022, equating to approximately 45% of the world lead production. This is illustrated in the chart below.

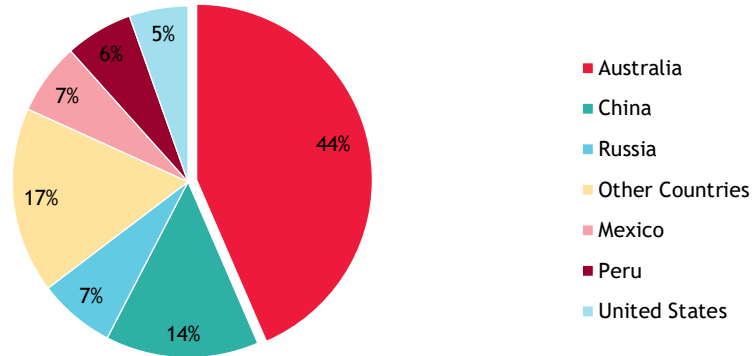
**Global Lead Production
(2022 estimate)**



Source: USGS, January 2023

Australia has the world's largest deposits for lead by a significant proportion, with most of its total 4,600 tonne reserves located in the state of Queensland. The figure below outlines global lead reserves by country for 2022.

**Global Lead Reserves
(2022 estimate)**



Source: USGS, January 2023

9.5 Zinc

Globally, zinc is the most used metal after iron, aluminium and copper. It is typically found in complex deposits alongside lead and silver. It is an element known for its unique protective capacity given it is resistant to corrosion and, as such, a substantial portion of zinc is used for galvanising iron and steel. Other uses include the production of zinc alloys, for example, brass from the combination of zinc and copper. Zinc is also used in chemical forms, for example in the pharmaceutical industry for skin products.

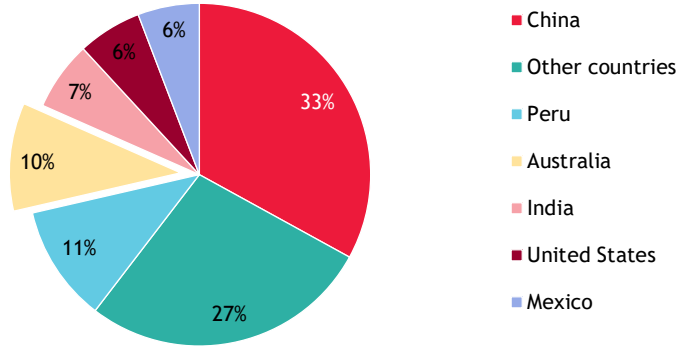
Almost all of Australia’s zinc mines are underground operations and are highly mechanised. Typically, zinc ore is drilled and blasted before being transported to underground rock crushers. The crushed ore is subsequently hoisted or trucked to the surface, where it is subject to additional crushing and grinding. A flotation process is then used to separate the zinc and other valuable sulphide minerals from the waste rock particles or tailings to generate a concentrate.

Zinc was recently added to the official US Critical Minerals List of 2022 prepared by the USGS. This means that the USGS has identified zinc as vital to the well-being of the US economy and at risk of significant movements in the global supply chain.

Zinc production and reserves

As per the chart below, China remains the largest producer of zinc globally and is also the largest consumer of zinc primarily for its steel applications. Peru and Australia follow as the second and third largest producers, respectively.

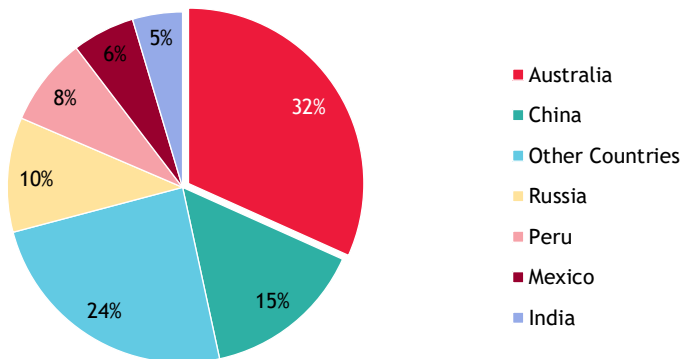
Global Zinc Production (2022)



Source: USGS, January 2023

Australia has the world’s largest deposits for zinc, with a substantial portion of zinc reserves located in the state of Queensland and the Northern Territory. Globally, China and Russia also have substantial portions of zinc reserves. The chart below outlines global zinc reserves by country for 2022.

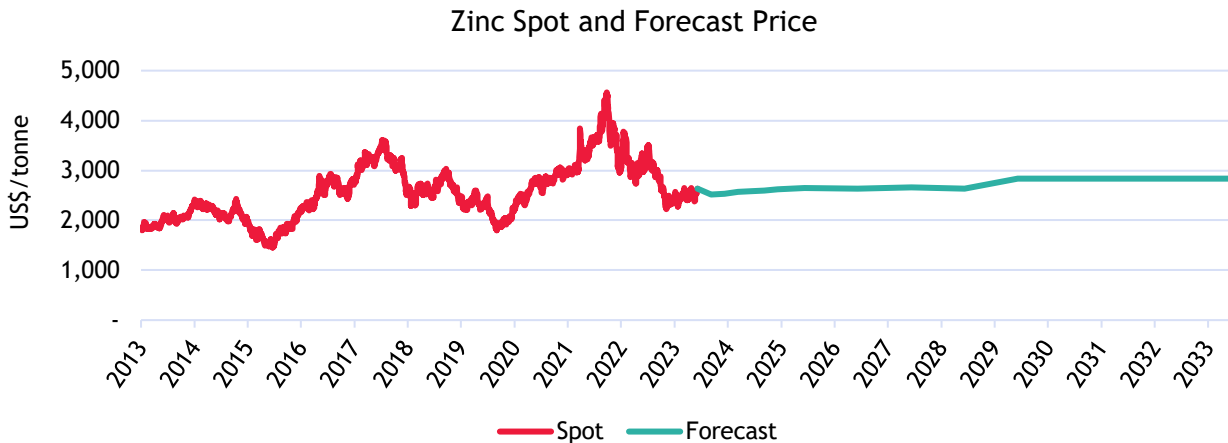
Global Zinc Reserves (2022)



Source: USGS, January 2023

Zinc prices

The United States dollar price for zinc is quoted on the London Metal Exchange. A key driver of the zinc price relates to the stock levels held in the London Metal Exchange warehouses, the largest global zinc depository. The global balance between demand and supply for zinc, along with speculative factors determines the price of zinc.



Source: Bloomberg and Consensus Economics Survey dated 19 January 2024

The graph above illustrates the historical fluctuations in the zinc spot prices from September 2013 to January 2024, as well as the Consensus Economics forecasts for zinc prices for 2024 to 2034.

As a result of the demand drivers for base metals, the price of zinc has closely followed global economic conditions. After the global financial crisis in 2008, the price of zinc steadily recovered in line with global economic recovery and climbed to US\$3,500/t in February 2018. Prices started to decline throughout 2018 and 2019 as Chinese zinc production started to increase.

The onset of the COVID-19 pandemic prompted prices to fall to a five-year low of US\$1,802/t on 24 March 2020 as global markets were disrupted by lockdowns and infrastructure spending was reduced. However, prices have since rallied over a mismatch between supply and demand, particularly as the initial economic recovery from the pandemic outpaced global zinc output. In April 2022, zinc prices reached an all-time high, exceeding US\$4,500/t, which was partially attributable to production constraints caused by high energy prices across Europe, the permanent closure of the Flin Flon smelter in Canada and disruptions at several other smelters. Subsequently, prices have declined from above US\$3,000/t in January 2023 to around US\$2,600/t in December 2023, which is reflective of moderating energy prices across Europe, the easing of China’s COVID-19 restrictions and the general unwinding of smelter disruptions.

According to Consensus Economics, prices are forecast to strengthen, as demand and supply imbalances stabilise over the medium-term. The forecast price of zinc is expected to remain around the US\$2,600/t level and subsequently increase to a long term (2029-2033) nominal forecast around US\$2,836/t.

Source: Bloomberg, Consensus Economics, IBISWorld, and S&P Global.

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME');
- Discounted cash flow ('DCF');
- Quoted market price basis ('QMP');
- Net asset value ('NAV'); and
- Market based assessment (such as a Resource Multiple).

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above. The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

10.1 Valuation of an OreCorp share prior to the Takeover

In our assessment of the value of an OreCorp share prior to the Takeover, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology, which estimates the fair market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value; and
- QMP as our secondary methodology, as this represents the value that a Shareholder may receive for a share if it were sold on market prior to the announcement of the Scheme and the Offer. The value derived from this methodology reflects a minority interest value; and
- a market-based assessment as our tertiary methodology, with our valuation range formed having regard to:
 - a) the offer price of A\$0.40 per OreCorp share under the Silvercorp Placement, which was announced on 7 August 2023 and subsequently completed on 16 August 2023. This is on the basis that the Silvercorp Placement represents an arm's length transaction and the level of interest subscribed for in the Company's equity was substantial enough to reflect the underlying value of the Company.
 - b) the indicative cash consideration of A\$0.55 per OreCorp share under the Perseus Offer, which was announced on 22 January 2024. This is on the basis that the Perseus Offer represents a recent genuine offer for the acquisition of the remaining OreCorp issued capital (approximately 80.1%) that Perseus does not already own.

We have chosen the following methodologies to value OreCorp prior to the Takeover, with the reasons for utilising those methodologies set out below:

- The core value of OreCorp lies in the future cash flows to be generated from its interest in the Nyanzaga Project. These cash flows are most appropriately valued using a DCF approach, however there are other assets and liabilities of OreCorp that are not suited to a DCF valuation approach. Where different approaches are used to value different assets or components of a business, a Sum-of-Parts approach is the most appropriate valuation methodology to employ. Based on the Company completing a DFS in August 2022 with JORC Code compliant Ore Reserves, and based on discussions with SRK, we consider there to be sufficient reasonable grounds for a DCF valuation of the Nyanzaga Project;
- The value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, are valued using alternative valuation methodologies by an independent technical specialist, as contained in the Independent Specialist Report in Appendix 5;
- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. The cash flows from the Nyanzaga Project have a finite life and these cash flows may vary substantially from year to year. The FME methodology is also not considered appropriate for valuing finite life assets, such as mining assets, rendering the Nyanzaga Project not suitable for an FME valuation;
- We have adopted QMP as our secondary approach. The QMP basis is a relevant methodology to consider because the shares of OreCorp are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where the shares of OreCorp can be traded. However, for the QMP methodology to be considered appropriate, the listed shares should be liquid, and the market should be fully informed of the Company's activities; and
- We have adopted a market-based assessment as our tertiary approach using the Silvercorp Placement offer price of A\$0.40 per share as an indicator of the value of an OreCorp share prior to the Takeover and the indicative A\$0.55 per share cash consideration under the Perseus Offer. RG 111.861 states that an expert must consider "any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets". Whilst we note that the Placement Agreement was not an offer for the entire business of OreCorp, we consider the size of the placement to be substantial enough to be a relevant indicator of the value of an OreCorp share prior to the Takeover.

Therefore, we consider the Sum-of-Parts approach to be an appropriate methodology to use in assessing the value of an OreCorp share prior to the Takeover.

We have employed the Sum-of-Parts methodology in estimating the fair market value of OreCorp prior to the Takeover by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- the value of OreCorp's interest in the Nyanzaga Project, applying the DCF methodology;
- notional funding for the development of the Nyanzaga Project;

- the value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, having reliance on the valuation performed by SRK, an independent technical specialist;
- guidance contained in ASIC's Regulatory Guide 170 *Prospective Financial Information* ('RG 170') and Information Sheet 214 *Mining and resources: Forward-looking statements* ('IS 214') and advice from the technical specialist, SRK, to inform our assessment of whether there are sufficient reasonable grounds for a DCF valuation of the Nyanzaga Project prior to the Takeover;
- the value of OreCorp's other assets and liabilities, adjusting to fair market value under the NAV methodology;
- the present value of OreCorp's expected corporate overhead costs which is based on historical corporate costs incurred by OreCorp and an analysis of the corporate costs incurred by comparable ASX-listed companies;
- synergies and structuring opportunities that would be available to any acquirer of OreCorp;
- transaction costs incurred as part of the Takeover process borne by OreCorp if the Takeover is not successful; and
- the notional debt facility fee.

Notional funding of the Nyanzaga Project in the absence of the Takeover

RG 111.15 states that funding requirements for a company that is not in financial distress (e.g., capital that is required to develop a project) should be taken into account by the expert when determining the fair value of the company's securities, especially when using the DCF methodology.

The capital expenditure requirements for the development of the Nyanzaga Project is approximately US\$473 million (on a real basis). As detailed in our Scheme IER, based on discussions with management, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 July 2024 in the absence of the Scheme. Due to the passage of time from the date of our Scheme IER to the date of our current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that capital expenditure for the development of the Nyanzaga Project would commence from 1 October 2024 in the absence of the Takeover.

After considering the corporate costs expected to be incurred by OreCorp until the Nyanzaga Project becomes cash flow positive and converting the cash flows into nominal terms based on the inflation assumptions detailed in Section 11.1.1, the total funding requirements for the development of the Nyanzaga Project is approximately US\$544.03 million (on a nominal basis).

We note that the cashflow model upon which our DCF valuation is based has been prepared on an unfunded basis and therefore does not consider any costs associated with debt funding, nor any dilution resulting from an equity raising. Therefore, there is a funding requirement of US\$544.03 million for the development of the Nyanzaga Project to realise the value.

In the absence of the Takeover, we have considered the alternatives available to OreCorp to fund the development of the Nyanzaga Project. The notional funding that we have assumed will be secured by OreCorp for the purposes of the development of the Nyanzaga Project in the absence of the Takeover is detailed in Section 11.1.2.

We note that we have accounted for the funding requirements for the development of the Nyanzaga Project separately to the value of the Nyanzaga Project itself. As such, the funding requirements are not included in our valuation of OreCorp's interest in the Nyanzaga Project as determined in Section 11.1.1.

Technical Expert

In performing our valuation of OreCorp prior to the Takeover using the DCF methodology, we have relied on the Independent Specialist Report prepared by SRK, including SRK's review of the technical project assumptions contained in the cash flow model. Additionally, we have relied on SRK's valuation of the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, which is included in the Independent Specialist Report.

SRK's Independent Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('VALMIN Code') and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code.

The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and in further detail in the Independent Specialist Report contained in Appendix 5.

10.2 Valuation of the Scrip Offer Consideration

As detailed in Section 4 of our Report, the Offer Consideration comprises A\$0.19 cash and 0.0967 shares in Silvercorp. In valuing the Scrip Offer Consideration, we have considered the following approaches:

- Sum-of-Parts of the Merged Group as our primary methodology. The value derived from this methodology reflects a control value, to which we then apply a minority interest discount; and
- QMP as our secondary methodology, utilising post-announcement pricing of Silvercorp. The value derived from this methodology reflects a minority interest value.

Under RG 111.34, it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore, on the basis that Shareholders will become minority interest holders in the Merged Group, our valuation of a share in the Merged Group is on a minority interest basis.

We have considered the above valuation approaches in determining our assessed value range of the Scrip Offer Consideration. The Scrip Offer Consideration is then aggregated with the Cash Offer Consideration to determine the total value of the Offer Consideration.

We have chosen the following methodologies to value the Merged Group following the Takeover and in turn, the Scrip Offer Consideration with the reasons for utilising those methodologies set out below:

- The core value of the Merged Group lies in the future cash flows to be generated from Silvercorp's interests in the Chinese mines and OreCorp's interest in the Nyanzaga Project. These cash flows are most appropriately valued using a DCF approach, however there are other assets and liabilities of the Merged Group that are not suited to a DCF valuation approach. Where different approaches are used to value different assets or components of a business, a Sum-of-Parts approach is the most appropriate valuation methodology to employ. As outlined in Section 10.1, based on OreCorp completing a DFS in August 2022 with JORC Code compliant Ore Reserves, and based on discussions with SRK, we consider there to be sufficient reasonable grounds for a DCF valuation of the Nyanzaga Project;

- The value of the Merged Group's interest in the Residual Resources and exploration potential of Silvercorp's mineral assets and the Nyanzaga Project not included in the respective DCF valuations, have been valued using alternative valuation methodologies by an independent technical specialist, as contained in the Independent Specialist Report in Appendix 5;
- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. The cash flows from Silvercorp's Chinese mines and the Nyanzaga Project have finite lives and these cash flows may vary substantially from year to year. The FME methodology is also not considered appropriate for valuing finite life assets, such as mining assets, rendering Silvercorp's Chinese mines and the Nyanzaga Project not suitable for an FME valuation; and
- We have adopted QMP as our secondary approach, utilising market pricing of Silvercorp following the announcement of the amended SID. The QMP basis is a relevant methodology to consider because Shareholders will receive shares in Silvercorp and the shares of Silvercorp are listed on the TSX and NYSE American. This means there is a regulated and observable market where the shares of Silvercorp can be traded. However, for the QMP methodology to be considered appropriate, the listed shares should be liquid, and the market should be fully informed of the company's activities.

Therefore, we consider the Sum-of-Parts approach to be an appropriate methodology to use in assessing the value of the Merged Group following the Takeover, and in turn, the Scrip Offer Consideration.

We have employed the Sum-of-Parts methodology in estimating the fair market value of the Merged Group following the Takeover by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

The value of OreCorp following the Takeover which includes:

- The value of OreCorp's interest in the Nyanzaga Project following the Takeover, applying the DCF methodology;
- The value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, having reliance on the valuation performed by SRK, an independent technical specialist; and
- The value of OreCorp's other assets and liabilities.

The value of Silvercorp which includes:

- The value of Silvercorp's interest in the Ying Mines and the GC Mine, applying the DCF methodology;
- The value of Silvercorp's interest in the Residual Resources and exploration potential not included in the DCF valuation of Silvercorp's mineral assets; and
- The value of Silvercorp's other assets and liabilities.

Adjustments to the value of the Merged Group to reflect the impact of the Takeover which includes:

- The present value of forecast corporate costs of the Merged Group; and
- Transaction-related costs.

Level of Offer acceptances

As outlined in Section 4, the Offer is conditional on Silvercorp holding a relevant interest in at least 50.1% of OreCorp's shares during or at the end of the Offer Period.

Therefore, following the Takeover, Silvercorp will hold a relevant interest in OreCorp of between 50.1% and 100%. For the purposes of our valuation of the Scrip Offer Consideration, we have assumed that the Merged Group will hold a relevant interest of 100% in OreCorp following the Offer. However, as discussed in Section 13, we have also assessed the value of the Offer Consideration under the scenario where Silvercorp holds a relevant interest in only 50.1% of OreCorp's shares at the end of the Offer Period.

Notional funding of the Nyanzaga Project following the Takeover

RG 111.15 states that funding requirements for a company that is not in financial distress (e.g., capital that is required to develop a project) should be taken into account by the expert when determining the fair value of the company's securities, especially when using the DCF methodology.

The capital expenditure requirements for the development of the Nyanzaga Project is approximately US\$473 million (on a real basis). As detailed in our Scheme IER, based on discussions with management, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 January 2024 if the Scheme was implemented. Due to the passage of time from the date of our Scheme IER to the date of our current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that capital expenditure for the development of the Nyanzaga Project would commence from 1 April 2024 following the Takeover.

After considering the corporate costs expected to be incurred by the Merged Group until the Nyanzaga Project becomes cash flow positive and converting the cash flows into nominal terms based on the inflation assumptions detailed in Section 11.1.1, the total funding requirements for the development of the Nyanzaga Project is approximately US\$516.02 million (on a nominal basis).

We note that the cashflow model upon which our DCF valuation is based has been prepared on an unfunded basis and therefore does not consider any costs associated with debt funding, or any dilution resulting from an equity raising. Therefore, there is a funding requirement of US\$516.02 million for the development of the Nyanzaga Project to realise the value.

Based on discussions with management of both OreCorp and Silvercorp, if the Takeover is successful, funding for the development of the Nyanzaga Project is expected to be sourced from the Merged Group's existing cash reserves and short-term investments (bonds and money market instruments), positive cash flows from its existing operating mines, and a debt facility. The notional funding that we have assumed will be secured by the Merged Group for the purposes of the development of the Nyanzaga Project is detailed in Section 12.1.1.

Technical Expert

In performing our valuation of the Merged Group following the Takeover using the DCF methodology, we have relied on the Independent Specialist Report prepared by SRK, including SRK's review of the technical project assumptions contained in the respective cash flow models. Additionally, we have relied on SRK's valuation of the Residual Resources and exploration potential of Silvercorp's mineral assets and the Nyanzaga Project, not included in the respective DCF valuations, which is included in the Independent Specialist Report.

SRK's Independent Specialist Report has been prepared in accordance with the VALMIN Code and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code.

The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and in further detail in the Independent Specialist Report contained in Appendix 5.

Post-announcement pricing of Silvercorp

We have considered the post-announcement pricing of Silvercorp as a secondary approach in valuing the Scrip Offer Consideration.

Given that we are valuing the Scrip Offer Consideration, being the 0.0967 shares in the Merged Group that are to be received by Shareholders, we would typically consider the market pricing of Silvercorp following the announcement of the Offer. However, we note that the Offer Consideration is identical to the cash and scrip consideration offered under the amended SID as announced on the ASX on 23 November 2023. Therefore, we consider the market pricing of Silvercorp following the announcement of the amended SID to be a relevant indicator of value of Silvercorp shares following the Offer.

The market price of Silvercorp shares in the period following the announcement of the amended SID is considered an indicator of the value of the Merged Group because market participants are fully informed as to the terms of the amended SID, with the price reflecting the market's view of value. This value includes the acquisition of OreCorp, the Cash Offer Consideration of A\$75.91 million exiting the Merged Group and the associated dilution from issuing the Scrip Offer Consideration.

We note that there are other market factors which have, and will influence the Silvercorp share price following the announcement of the amended SID. As such, we have also conducted an analysis of the movements of the TSX Composite Index, as a proxy for the market and the S&P/TSX Global Mining Index as a proxy for Silvercorp and OreCorp's industry, over the same post-announcement period.

Further, we note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

11. Valuation of OreCorp prior to the Takeover

11.1 Sum-of-Parts valuation

We have employed the Sum-of-Parts methodology in estimating the fair market value of an OreCorp share on a controlling interest basis prior to the Takeover, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration of the following:

- the DCF valuation of OreCorp's interest in the Nyanzaga Project;
- the notional funding for the development of the Nyanzaga Project;
- the value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation;
- the value of OreCorp's other assets and liabilities not included in the DCF valuation;
- the present value of OreCorp's corporate costs;
- the transaction costs; and
- the notional debt facility fee.

Our Sum-of-Parts valuation of OreCorp prior to the Takeover is set out in the table below:

Sum-of-Parts Valuation of OreCorp prior to the Takeover	Ref	Low	Preferred	High
		US\$'000	US\$'000	US\$'000
DCF valuation of OreCorp's interest in the Nyanzaga Project	11.1.1	89,000	128,000	168,000
Value of notional gold stream arrangement	11.1.2	44,365	44,365	44,365
Cash raised through notional equity raising	11.1.2	184,109	184,109	184,109
Value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation	11.1.3	9,870	15,610	21,350
Value of OreCorp's other assets and liabilities	11.1.4	9,481	9,481	9,481
Value of OreCorp's corporate costs	11.1.5	(43,100)	(36,443)	(29,786)
Transaction costs	11.1.6	(1,407)	(1,407)	(1,407)
Notional debt facility fee	11.1.7	(4,000)	(3,000)	(2,000)
Total value of OreCorp prior to the Takeover (control)		288,317	340,714	394,111
Number of OreCorp shares on issue prior to the Offer	11.1.8	1,373,321,068	1,302,987,844	1,242,809,685
Value per OreCorp share prior to the Takeover (US\$) (control)		0.210	0.261	0.317
<i>AUD/USD exchange rate assumed</i>		<i>0.670</i>	<i>0.670</i>	<i>0.670</i>
Value per OreCorp share prior to the Takeover (A\$) (control)		0.313	0.390	0.473

Source: BDO analysis

We have assumed an AUD/USD exchange rate of 0.670 for all AUD/USD conversions throughout our valuation, based on consensus analyst forecasts sourced from Bloomberg.

Based on the above, we have assessed the value of an OreCorp share prior to the Takeover (on a controlling interest basis) to be in the range of A\$0.313 to A\$0.473 with a preferred value of A\$0.390.

11.1.1. DCF valuation of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover

We have elected to use the DCF approach in valuing OreCorp's interest in the Nyanzaga Project in the absence of the Takeover. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising from it to their net present value. Performing a DCF valuation requires the determination of:

- the future cash flows that the Nyanzaga Project is expected to generate; and
- an appropriate discount rate to apply to the cash flows of the Nyanzaga Project attributable to OreCorp to convert them into their present value equivalent.

The value that we have ascribed to OreCorp's interest in the Nyanzaga Project is based on technical factors as advised by SRK, and our view of future economic assumptions, all of which are derived from information available at the time of our SRK's report, and our Report, respectively. The technical and economic factors may change in the future, which may change the value of the Nyanzaga Project.

The management of OreCorp have prepared a detailed forecast cash flow model of the Nyanzaga Project ('**Nyanzaga Model**'). The Nyanzaga Model estimates the future cash flows expected from production over the life of mine of the Nyanzaga Project. The Nyanzaga Model reflects forecasts of after-tax, monthly cash flows on a real and 100% interest basis, over a life of mine of approximately 10.7 years.

Based on discussions with the management of OreCorp, the Company's discussions with its financiers for the funding for the development of the Nyanzaga Project have curtailed during the Scheme and Takeover processes. As detailed in our Scheme IER, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 July 2024 in the absence of the Scheme. Due to the passage of time from the date of our Scheme IER to the date of our current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that, in the absence of the Takeover, construction of the Nyanzaga Project would likely commence from 1 October 2024.

We have assessed the reasonableness of the Nyanzaga Model and the material assumptions that underpin it. We have made certain adjustments to the Nyanzaga Model where it was considered appropriate, to arrive at an adjusted model ('**Adjusted Nyanzaga Model**'). In particular, we adjusted the Nyanzaga Model to:

- calculate the cash flows attributable to OreCorp, based on its 84% interest in the Nyanzaga Project;
- reflect any changes to the technical assumptions as a result of SRK's review;
- reflect any changes to the economic and other input assumptions that we consider appropriate as a result of our research;
- convert the cash flows to be presented on a nominal basis;
- reflect a construction commencement date of 1 October 2024; and
- adopt a valuation date of 30 November 2023.

From its review of the technical assumptions, SRK recommended certain adjustments to the Nyanzaga Model. Further details of SRK's proposed adjustments are set out in SRK's Independent Specialist Report, included in Appendix 5. We have adopted SRK's recommendations in forming our DCF valuation range of OreCorp's interest in the Nyanzaga Project.

The Nyanzaga Model was prepared based on estimates of the production profile of the Nyanzaga Project, operating costs and capital expenditure (including closure costs). The main assumptions underpinning the Adjusted Nyanzaga Model include:

- mining and processing volumes;
- gold prices;
- operating costs;
- development and sustaining capital expenditure;
- rehabilitation costs;
- royalties;
- corporate and other taxes; and
- discount rate.

We undertook the following analysis on the Nyanzaga Model:

- analysed the Nyanzaga Model to confirm its integrity and mathematical accuracy;
- appointed SRK as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Nyanzaga Model;
- conducted independent research on certain economic and other inputs such as gold prices, inflation, and the discount rate applicable to the future cash flows of the Nyanzaga Project;
- held discussions with SRK to confirm the reasonableness of the technical inputs underpinning the Nyanzaga Model; and
- performed sensitivity analysis on the value of the Nyanzaga Project by flexing key assumptions and inputs.

The Adjusted Nyanzaga Model, which forms the basis of our DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information* and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Nyanzaga Model has been based have not been prepared on a reasonable basis.

Appointment of a technical expert

SRK was engaged to prepare a report providing a technical assessment of the assumptions underpinning the Nyanzaga Model. SRK's assessment involved the review and provision of opinion on the reasonableness of the assumptions adopted in the Nyanzaga Model, including but not limited to:

- mining physicals (including volume mined, recovery and grade);
- Mineral Resources and Ore Reserves included in the Nyanzaga Model;
- processing assumptions (including products recovery);
- operating costs (comprising mining, processing, transport, refining and site administration costs);

- capital expenditure (development and sustaining capital required);
- royalties;
- rehabilitation; and
- other relevant assumptions.

SRK's Independent Specialist Report is included in Appendix 5.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Nyanzaga Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

All cash flows contained in the Nyanzaga Model are calculated on a real basis. We have therefore applied the forecast inflation rate to the costs (including operating and capital expenditure) in the Adjusted Nyanzaga Model to convert them into nominal cash flows.

The Nyanzaga Model forecasts operating costs in US Dollars, therefore we consider the US inflation rate to be the most appropriate inflation rate to apply to the cash flows in the Adjusted Nyanzaga Model.

In forming our assessment of the forecast inflation rate, we have had regard to consensus views of forecast inflation as sourced from Bloomberg and considered recent inflation trends in the US. The inflation assumptions we have adopted are outlined in the table below, with long-term inflation beyond calendar year ('CY') 2026 assumed to be flat at 2.0% per annum, consistent with the US Federal Reserve's long-term inflation target.

The inflation rates that we have adopted in the Adjusted Nyanzaga Model are set out below.

USD Inflation rate	CY23	CY24	CY25	CY26+
Average inflation rate	4.2%	2.7%	2.4%	2.0%

Source: Bloomberg and BDO analysis

As discussed in the next section, our long-term inflation assumption of 2.0% per annum is also applied to the real long-term gold pricing, which is quoted in US Dollar terms, from January 2029 onwards.

Gold prices

The Company will receive revenue from the sale of gold produced at the Nyanzaga Project.

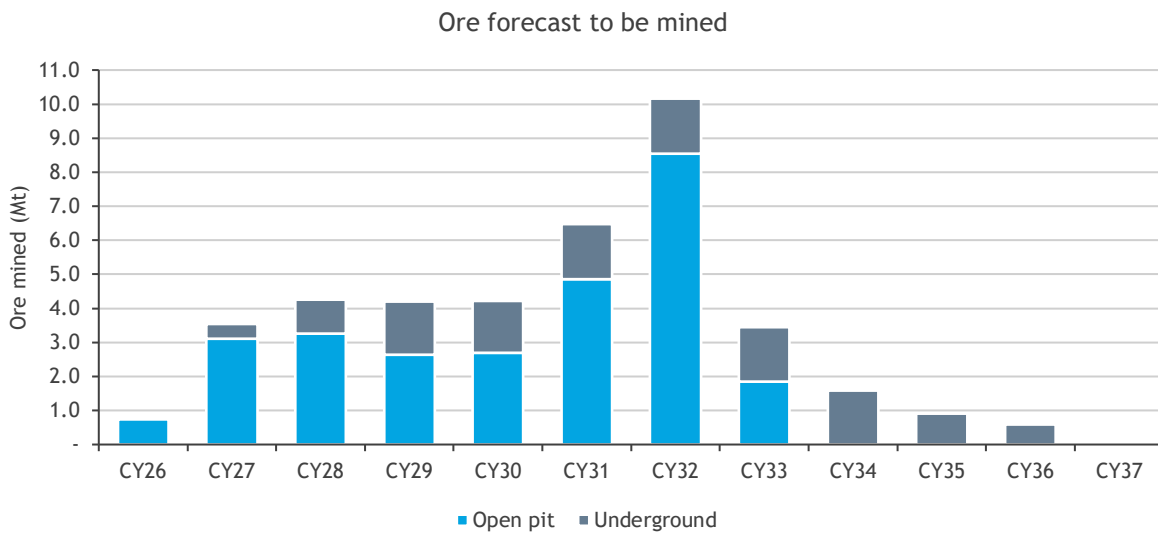
In assessing the forecast gold prices, we have considered the Consensus Economics price forecasts as at January 2024. We note that Consensus Economics provides long-term real commodity pricing which begin from January 2029 onwards. In forming our long-term nominal pricing for gold, we have considered the long-term real prices and inflated them for our inflation assumptions (outlined above). The final column in the table below indicates the average nominal pricing adopted in January 2029, with prices inflated in the subsequent periods at our long-term inflation assumption of 2.0% per annum. Based on our analysis, we have adopted the following future gold prices (in nominal terms).

Gold prices	CY26	CY27	CY28	Jan-29
Gold price (US\$/oz)	1,933	1,928	1,909	1,874

Source: Consensus Economics and BDO analysis

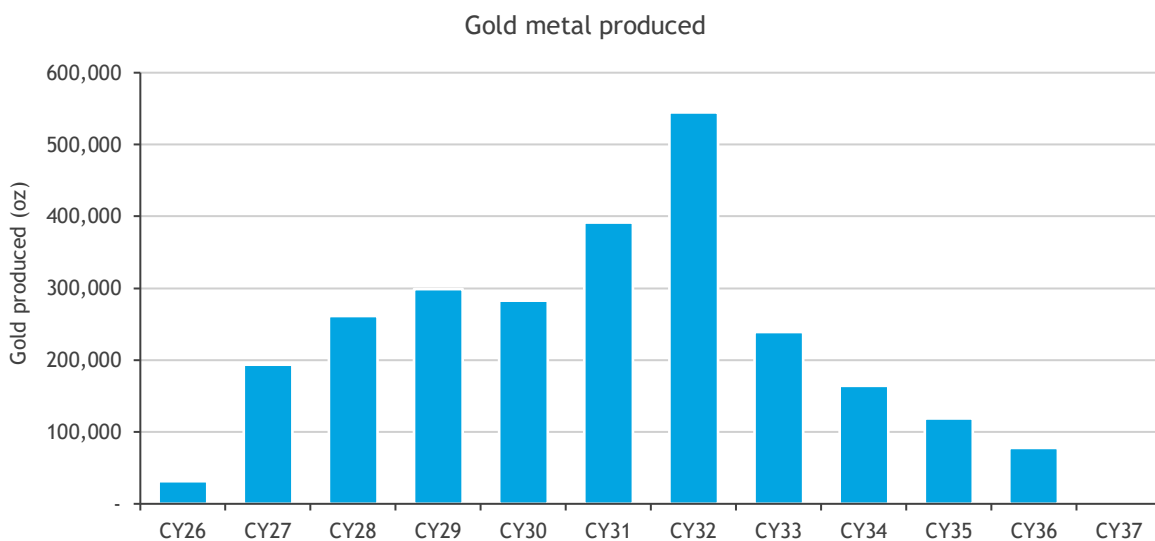
Mining physicals

The proposed production outlook of the Nyanzaga Project is approximately 10.7 years. The graph below shows the forecast ore to be mined and processed over the Adjusted Nyanzaga Model's forecast period. We note that the graphs in this section have been prepared on a calendar year basis.



Source: Adjusted Nyanzaga Model and BDO analysis

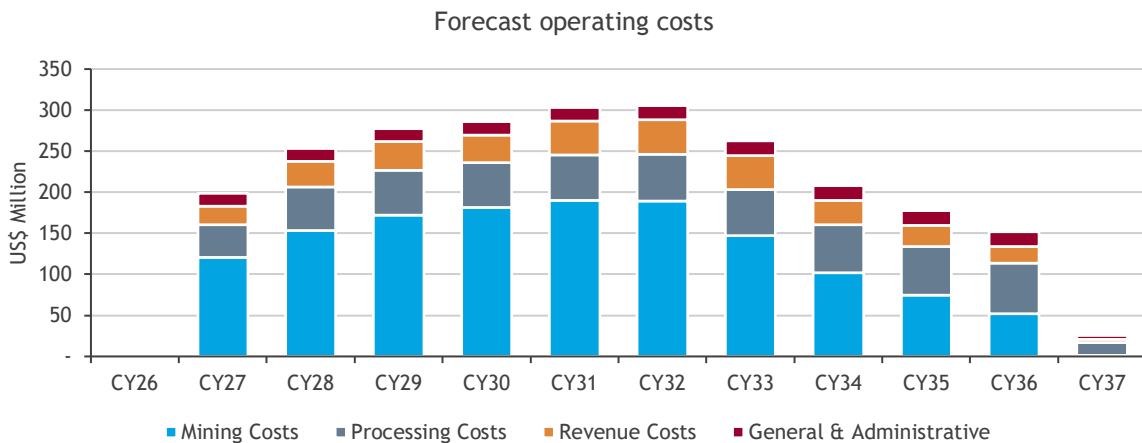
The mined ore is then processed into gold for sale. The graphs below show the forecast gold produced over the Adjusted Nyanzaga Model's forecast period.



Source: Adjusted Nyanzaga Model and BDO analysis

Operating expenditure

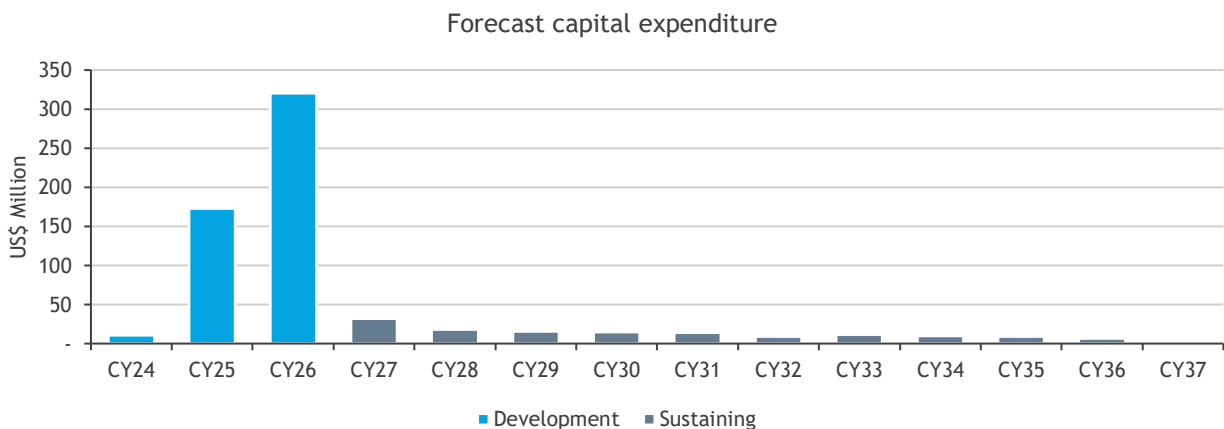
The operating expenditure ('OpEx') included in the Adjusted Nyanzaga Model includes open pit mining costs ('OP Mining Costs'), underground mining costs ('UG Mining Costs'), processing costs, transport and refining costs, royalties and site costs. In preparing the Adjusted Nyanzaga Model, we have applied our assessed forecast inflation rate to the forecast operating expenditure. SRK has confirmed the reasonableness of the forecast operating expenditure assumptions having considered such costs incurred historically at similar projects and by assessing the forecast operating costs per tonne in the context of their experience with gold mining projects. The forecast operating expenditure for the Nyanzaga Project in the Adjusted Nyanzaga Model is illustrated in the chart below.



Source: Adjusted Nyanzaga Model and BDO analysis

Capital expenditure

The capital expenditure ('CapEx') requirements for the Nyanzaga Project relate to development and sustaining capital costs. Capital expenditure totals US\$593 million (on a real basis) over the life of the mine. We have applied our assessed forecast inflation rate to the forecast capital expenditure. SRK has confirmed the reasonableness of the forecast capital expenditure included in the Adjusted Nyanzaga Model. The forecast capital expenditure required for the Nyanzaga Project in the Adjusted Nyanzaga Model is illustrated in the chart below.



Source: Adjusted Nyanzaga Model and BDO analysis

Royalties

Gold produced at the Nyanzaga Project is subject to a 6% royalty payable to the Government of Tanzania, which is a non-deductible expense for taxation purposes as set out in the Tanzania Income Tax Act 2004. This is reflected in the Adjusted Nyanzaga Model. Further details on the royalty can be found in SRK's Independent Specialist Report found in Appendix 5 of our Report.

Depreciation

We note that the capital expenditure has been depreciated over the life of mine and has been deducted from the pre-tax cash flows to arrive at the taxable income, thereby providing a tax shield benefit.

Mine closure costs

The Nyanzaga Model includes total mine closure costs of US\$33 million (in real terms), which SRK has deemed to be a reasonable mine closure cost estimate. We have applied our assessed forecast inflation rate to the forecast mine closure costs. Further details on the mine closure costs can be found in SRK's Independent Specialist Report found in Appendix 5 of our Report.

Receivables and payables

We have not reflected the receivables and payables balances as at 30 November 2023 in the Adjusted Nyanzaga Model as these balances are considered separately in our Sum-of-Parts valuation.

Taxation

As at the Valuation Date, SMCL (the entity that owns the Nyanzaga Project) does not have any carried forward tax losses available to utilise against future taxable income. However, tax losses generated through the development and early production stages of the life of mine in the Adjusted Nyanzaga Model have been utilised against forecast taxable income.

We have modelled corporate tax at the Tanzanian corporate tax rate of 30% throughout the life of mine and 10% withholding tax from when it becomes payable.

Discount rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Nyanzaga Project, we consider the most appropriate discount rate to be OreCorp's weighted average cost of capital ('WACC'). As outlined in Section 10.1, we have made assumptions around the necessary funding required in order to develop the Nyanzaga Project in the absence of the Takeover, which includes a combination of cash reserves, debt, equity and a gold stream. Therefore, the cash flows in the Adjusted Nyanzaga Model represent cash flows available to both debt and equity holders. As such, we consider OreCorp's WACC to be the appropriate discount rate to apply to the cash flows of the Nyanzaga Project.

We have assessed OreCorp's WACC to be in the range of 10.96% to 13.17% per annum. We have used the rounded midpoint of 12% in our base case to discount the cash flows of the Nyanzaga Project to its present value.

In assessing OreCorp's WACC, we have considered the following:

- the rate of return for comparable ASX-listed gold development and early-stage production companies;

- the capital structure of OreCorp over the LOM, taking into account the notional funding for the development of the Nyanzaga Project (see Section 11.1.2); and
- the risk profile of OreCorp as compared to the comparable companies identified.

A detailed consideration of how we arrived at our adopted discount rate range is shown in Appendix 3.

OreCorp's beneficial interest

As outlined in Section 5 of our Report, Nyanzaga Project is held by SMCL, a joint venture company in which OreCorp holds an 84% interest through its wholly owned subsidiary, Nyanzaga Mining Company Limited. The Treasury Registrar of the Government of Tanzania holds a 16% free carried interest in SMCL in accordance with the Tanzanian Mining Act 2017.

OreCorp is entitled to 100% of the cash flows generated by the Nyanzaga Project until SMCL has fully repaid the capital provided by OreCorp to fund the development of the Nyanzaga Project, at which point OreCorp will be entitled to 84% of the cash flows generated by the Nyanzaga Project thereafter.

As detailed in Section 11.1.2 below, OreCorp will provide SMCL approximately US\$394.37 million to fund the development of the Nyanzaga Project, which will be raised through a debt facility of US\$200 million, a notional equity raising of US\$184 million and existing cash reserves of US\$9.92 million (after accounting for transaction costs payable by OreCorp).

The Nyanzaga Model reflects the cash flows of the Nyanzaga Project on a 100% interest basis. Therefore, we have adjusted the cash flows to reflect OreCorp's beneficial interest in the Nyanzaga Project over the life of mine. For the purposes of our valuation, we have assumed all positive cash flows generated by the Nyanzaga Project will be used by SMCL to firstly repay the capital provided by the Company.

Sensitivity analysis

Our valuation of the Nyanzaga Project is sensitive to changes in forecast gold prices, operating expenditure, capital expenditure, inflation and the discount rate. We have therefore included a sensitivity analysis to consider the value of the Nyanzaga Project under various pricing scenarios and in applying:

- a change of +/- 10% to the gold price;
- a change of +/- 10% to operating expenditure;
- a change of +/- 10% to capital expenditure;
- a long-term inflation rate in the range of 1% to 3%; and
- a discount rate in the range of 10% to 14%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of the Nyanzaga Project if our base case assumptions change:

Currency: US\$'000				Sensitivity analysis of the value of the Nyanzaga Project			
% Relative flex	Gold price	OpEx	CapEx				
+10.0%	224,166	67,602	87,894				
+8.0%	205,164	78,927	97,011				
+6.0%	186,159	92,347	104,437				
+4.0%	167,450	104,730	111,764				
+2.0%	147,077	116,009	120,874				
-	128,169	128,169	128,169				
-2.0%	109,424	140,142	137,277				
-4.0%	89,650	153,061	144,467				
-6.0%	70,516	164,883	152,318				
-8.0%	52,280	177,344	160,981				
-10.0%	31,830	189,190	168,961				

Source: Adjusted Nyanzaga Model and BDO analysis

Sensitivity analysis of Nyanzaga post-tax DCF valuation to the long-term inflation rate					
% Absolute Flex on Inflation Rate	-1.0%	-0.5%	-	0.5%	1.0%
Value (US\$'000)	134,291	131,630	128,169	125,358	123,222

Source: Adjusted Nyanzaga Model and BDO analysis

Sensitivity analysis of Nyanzaga post-tax DCF valuation to the discount rate					
Discount rate	10.0%	11.0%	12.0%	13.0%	14.0%
Value (US\$'000)	184,893	155,157	128,169	103,666	81,410

Source: Adjusted Nyanzaga Model and BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e., variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of the Nyanzaga Project to changes in pricing and other assumptions.

Based on the above analysis we consider the value of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover to be in the range of US\$89 million to US\$168 million, with a preferred value of US\$128 million. Our assessed low and high values are based on +/-4% movements in the gold price. Over the past five years, the annualised volatility of the US Dollar denominated gold price was approximately 15%. Therefore, given the sensitivity of the value of the Nyanzaga Project to movements in the gold price and the historical volatility of this input, we consider it appropriate to adopt a wide range of values around our preferred position.

11.1.2. Notional funding of the Nyanzaga Project

As detailed in Section 9.1, RG 111.15 states that funding requirements for a company that is not in financial distress (e.g., capital that is required to develop a project) should be taken into account by the expert when determining the fair value of the company's securities, especially when using the DCF methodology.

The capital expenditure requirements for the development of the Nyanzaga Project is approximately US\$473 million (on a real basis). As detailed in our Scheme IER, based on discussions with management, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 July 2024 in the absence of the Scheme. Due to the passage of time from the date of our Scheme IER to the date of our current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that in the absence of the Takeover, capital expenditure for the development of the Nyanzaga Project would commence from 1 October 2024.

After considering the corporate costs expected to be incurred by OreCorp until the Nyanzaga Project becomes cash flow positive, and converting the cash flows into nominal terms based on the inflation assumptions detailed in Section 11.1.1, the total funding requirements for the development of the Nyanzaga Project is approximately US\$544.03 million (on a nominal basis).

As detailed in Section 5, the Government of Tanzania has a 16% free-carried interest in the Nyanzaga Project. Therefore, OreCorp will need to solely fund the development of the Nyanzaga Project until the Nyanzaga Project becomes cash flow positive.

We note that the Nyanzaga Model has been prepared on an unfunded basis and therefore does not consider any costs associated with debt funding, or any dilution resulting from an equity raising. Based on our analysis, there is a funding requirement of US\$544.03 million for the development of the Nyanzaga Project to realise the value. We note that this funding requirement includes the upfront capital expenditure and corporate costs over the development period, with sustaining capital expenditure to be covered by operating cash flows over the life of the Nyanzaga Project.

In the absence of the Takeover, we have considered the next best alternatives available to OreCorp to fund the development of the Nyanzaga Project. We have assumed that all of the Company's existing cash reserves of approximately US\$9.92 million as at the Valuation Date would be available for use towards the development of the Nyanzaga Project, including corporate costs over the development period. The Company's existing cash reserves of US\$9.92 million (A\$14.81 million) as at the Valuation Date comprises the Company's cash and cash equivalents of US\$11.33 million (A\$16.91 million) as at 30 November 2023, less the transaction costs of US\$1.41 million (A\$2.10 million) that are expected to be incurred by OreCorp following 30 November 2023 regardless of whether the Takeover proceeds, based on the AUD/USD exchange rate of 0.670.

The remainder could then be funded by a mix of debt and equity funding. The notional funding that we have assumed will be secured by OreCorp for the purposes of the development of the Nyanzaga Project is detailed in the following sections.

We note that we have accounted for the funding requirements for the development of the Nyanzaga Project separately to the value of the Nyanzaga Project itself. As such, the funding requirements are not considered in the Adjusted Nyanzaga Model and therefore are not included in our valuation of OreCorp's interest in the Nyanzaga Project as determined above in Section 11.1.

11.1.2.1. Notional debt funding

Senior debt facility

On 7 March 2023, the Company announced a project financing update for the development of the Nyanzaga Project. The Company outlined that it continued to work with a group of major European, African and Tanzanian banks, which provided non-binding expressions of interest in late 2022, to finalise firm commitments.

Based on discussions with management, we understand that OreCorp was in advanced discussions with these banks to provide a senior debt facility of approximately US\$200 million. We consider a senior debt facility of this nature to be of a suitable size for international banks with mining expertise to provide.

We note that a senior debt facility would give rise to an asset and liability of equal amounts to the Company. Therefore, no financial adjustment is necessary for the notional senior debt facility of US\$200 million for the purposes of our valuation, apart from the recognition of upfront financing costs associated with establishing such a debt facility.

Based on our discussions with OreCorp and our experience with other mining companies seeking project financing, we consider an upfront fee of between 1% to 2% of the total debt facility to be reasonable. For a notional debt facility of US\$200 million, this translates to a fee of between US\$2 million and US\$4 million. We have adjusted for this cost separately in our Sum-of-Parts valuation under Section 11.1.7.

Gold stream

Based on discussions with management, we understand that OreCorp was in advanced discussions with a gold streaming company to provide funding in the form of a gold stream. Under the proposal, the gold streaming company would provide funds to OreCorp and secure a portion of gold produced at the Nyanzaga Project at an agreed discount to the gold spot price over the life of the mine.

Based on the terms of the proposal, and our knowledge of the industry, we consider it reasonable to assume that OreCorp could secure funding of approximately US\$150 million through a gold stream arrangement.

We have valued the gold stream based on the proposed terms between the Company and the gold streaming company, which we consider to be customary for mining companies in the development phase. However, we have not disclosed the specific terms of the gold stream arrangement for commerciality reasons.

The value of the gold stream arrangement is equal to the amount of the initial funding provided by the gold streaming company, less the present value of the income foregone resulting from the delivery of gold to the gold streaming company at a discount to the spot price. We have assumed that the funding of US\$150 million is provided upfront and the subsequent gold stream payments occur over the life of the Nyanzaga Project. For the purposes of the valuation of the gold stream arrangement, we have used OreCorp's WACC of 12% as assessed in Section 11.1.1.

We note that the production schedule within the Adjusted Nyanzaga Model was used for the purpose of determining the amount of gold produced and sold to the gold streaming company.

Value of notional gold stream arrangement	US\$'000
Funding amount	150,000
Present value of income foregone resulting from delivery of gold at discount to spot price	(105,635)
Present value of notional gold stream arrangement	44,365

Source: BDO analysis

We have assessed the present value of a notional gold stream arrangement to be approximately US\$44.37 million.

A summary of the notional funding of the Nyanzaga Project in the absence of the Takeover is set out below:

Notional funding of the Nyanzaga Project in the absence of the Takeover	US\$'000
Total expenditure requirement (a)	544,031
Existing cash reserves of OreCorp	11,329
Less: Transaction costs expected to be incurred by OreCorp following 30 November 2023	(1,407)
Add: Notional senior debt facility	200,000
Add: Notional gold stream	150,000
Total funding obtained through cash reserves and notional debt funding (b)	359,922
Shortfall (to be obtained through notional equity raising) (a) - (b)	184,109

Source: BDO analysis

Therefore, based on discussions with management, we consider that the Company could reasonably secure debt funding of US\$350 million, resulting in a shortfall of approximately US\$184.11 million for the development of the Nyanzaga Project after utilising its existing cash reserves. This funding shortfall is then assumed to be obtained through a notional equity raising, which is detailed in the following section.

11.1.2.2. Notional equity raising

The funding shortfall for the development of the Nyanzaga Project (after considering the gold stream, senior debt facility and existing cash reserves) is approximately US\$184.11 million. Therefore, we have included a notional equity raising to fulfil OreCorp's remaining funding requirements.

To determine the required amount to be raised, we have grossed up the funding shortfall to reflect the costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 5% of the total funds raised. Therefore, OreCorp will be required to raise an equivalent of approximately A\$289.25 million (inclusive of costs) to meet the funding shortfall, which is set out in the table below:

Cash raised through notional equity raising	
Equity funding required (US\$'000)	184,109
<i>AUD/USD exchange rate assumed</i>	<i>0.670</i>
Equity funding required (A\$'000)	274,789
Placement fee (A\$'000)	14,463
Cash required to be raised through notional equity raising, net of costs (A\$'000)	289,252

Source: Bloomberg and BDO analysis

To determine the likely price at which OreCorp would have to place its shares to a third party or to current shareholders under a notional capital raising to fulfil the funding shortfall, we considered the VWAP of OreCorp's shares and the discount at which shares have been issued by ASX-listed companies when compared to the respective companies' 30-day VWAP prior to the announcement of the respective placement.

We considered the discount at which shares have been issued by ASX-listed companies to raise capital over the last three years. A summary of our results is set out in the table below:

	Placement size: US\$100m to US\$200m	Placement as % of market cap. (>100%)	Market cap. (<A\$300m)	All companies
ASX Mining				
Number of placements	11	3	867	935
Mean discount	11.9%	16.6%	17.4%	17.2%
Median discount	10.4%	16.4%	16.4%	15.9%
All ASX				
Number of placements	25	10	1,623	1,845
Mean discount	9.6%	29.1%	17.6%	17.0%
Median discount	6.1%	21.5%	16.0%	15.0%

Source: Bloomberg and BDO analysis

Based on our analysis, the mean discount for ASX-listed mining companies was 17.2%. Given that the discounts are positively skewed, we have also considered the median of 15.9% as this represents a better measure of central tendency.

We note that the size of the notional equity raising would be approximately 150% of OreCorp's market capitalisation prior to the announcement of the Scheme and the Offer. Therefore, we consider that a higher discount would be required to provide investors sufficient incentive to participate in any raising that OreCorp conducts. Therefore, we have analysed discounts for equity raisings in which the amount raised was more than 100% of the company's market capitalisation at the time of the raising and found that the median placement discount for ASX-listed mining companies and all ASX-listed companies was 16.4% and 21.5%, respectively.

We have also assessed the discounts of capital raisings for companies with market capitalisations of less than A\$300 million. The mean and median discount across all ASX-listed companies in this band was 17.6% and 16.0% respectively. For ASX-listed mining companies in this band, the statistics were similar, with a mean and median discount of 17.4% and 16.4% respectively.

Given the above analysis and the size of the notional equity raising, we consider a placement discount in the range of 15% to 20% will be required to provide investors sufficient incentive to participate in the notional equity raising.

In Section 11.2 of our Report, we assess the quoted market price of OreCorp shares. From this analysis, we assessed the value of an OreCorp share to be between A\$0.400 and A\$0.440, on a minority interest basis. Applying a discount in the range of 15% to 20% to the assessed value of an OreCorp share prior to the announcement of the Scheme and the Offer, results in an assumed notional equity raising price of between A\$0.320 and A\$0.374 per share.

As shown in the table below, in order to raise an equivalent of A\$289.25 million to fulfil the funding shortfall, OreCorp will need to issue between 773,400,793 and 903,912,176 new shares at a price between A\$0.320 and A\$0.374 per share.

Number of shares issued under notional equity raising	Low	Preferred	High
Cash required to be raised through notional equity raising, net of costs (A\$'000)	289,252	289,252	289,252
Quoted market price (minority) (A\$/share)	\$0.400	\$0.420	\$0.440
Assessed placement discount	20.0%	17.5%	15.0%
Capital raising price (A\$/share)	\$0.320	\$0.347	\$0.374
Number of shares issued under notional equity raising	903,912,176	833,578,952	773,400,793

Source: Bloomberg and BDO analysis

We note that the number of shares issued under the notional equity raising have been included in the total number of OreCorp shares on issue prior to the Offer for the purposes of our valuation of an OreCorp share prior to the Takeover (see Section 11.1.8).

11.1.3. Valuation of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation

In performing our valuation of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, we have relied on the Independent Specialist Report prepared by SRK. We instructed SRK to provide an independent valuation of the Residual Resources (the Mineral Resources not considered in the Adjusted Nyanzaga Model) and the exploration potential of the Nyanzaga Project.

SRK determined the fair market value of the Residual Resources and exploration potential of the Nyanzaga Project to be within the range of US\$9.87 million to US\$21.35 million, with a preferred value of US\$15.61 million. We note that SRK's valuation is on an attributable basis (i.e. accounts for OreCorp's relevant ownership interests in the underlying properties). The breakdown of the values as determined by SRK is set out below:

Value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project	Low US\$M	Preferred US\$M	High US\$M
Residual Resources and Exploration Targets	8.71	13.72	18.73
Exploration Potential	1.15	1.89	2.62
Total	9.87	15.61	21.35

*subject to rounding

Source: Independent Specialist Report prepared by SRK

For further information on SRK's approach and conclusions, refer to the Independent Specialist Report prepared by SRK which is included as Appendix 5 of our Report.

11.1.4. Valuation of OreCorp's other assets and liabilities

The other assets and liabilities of OreCorp represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with the management of OreCorp and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Notes	Audited as at 30-Jun-23 A\$'000	Adjusted Value A\$'000
CURRENT ASSETS			
Cash and cash equivalents	a)	13,462	16,909
Trade and other receivables		362	362
Other current assets		272	272
TOTAL CURRENT ASSETS		14,096	17,543
NON-CURRENT ASSETS			
Plant and equipment	b)	632	-
Right-of-use-assets		40	40
Exploration and evaluation assets	c)	18,968	-
TOTAL NON-CURRENT ASSETS		19,640	40
TOTAL ASSETS		33,736	17,583
CURRENT LIABILITIES			
Trade and other payables		2,851	2,851
Lease liabilities		43	43
Provisions		479	479
TOTAL CURRENT LIABILITIES		3,373	3,373
NON-CURRENT LIABILITIES			
Provisions		59	59
TOTAL NON-CURRENT LIABILITIES		59	59
TOTAL LIABILITIES		3,432	3,432
NET ASSETS (A\$'000)		30,304	14,150
<i>AUD/USD exchange rate assumed</i>		<i>0.670</i>	<i>0.6700</i>
NET ASSETS (US\$'000)		20,303	9,481

Source: OreCorp's audited financial statements for the year ended 30 June 2023, management accounts at 30 November 2023 and BDO analysis

We have not undertaken a review of OreCorp's unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there have not been any significant changes to the net assets of OreCorp since 30 June 2023 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at 30 June 2023, we have obtained supporting documentation to validate the adjusted values used.

We note the following in relation to the above valuation to OreCorp's other assets and liabilities:

Note a): Cash and cash equivalents

Management of OreCorp have provided us with the Company's bank balance as at 30 November 2023, which we have verified against the Company's bank statements. We have adjusted the Company's cash and cash equivalents balance of A\$13.46 million as at 30 June 2023 to A\$16.91 million based on the Company's management accounts and bank statements as at 30 November 2023.

Note b): Plant and equipment

The total book value of plant and equipment of A\$0.63 million as at 30 June 2023 solely related to plant and equipment used for mining related activities. Therefore, we have adjusted the book value of plant

and equipment to nil as it is reflected in the valuation of OreCorp's interest in the Nyanzaga Project and the Residual Resources, which have been valued separately in Sections 11.1.1 and 11.1.3 respectively.

Note c): Exploration and evaluation assets

We have adjusted the book value of exploration and evaluation assets of A\$18.97 million as at 30 June 2023 to nil, as it is reflected in the valuation of OreCorp's interest in the Nyanzaga Project and the Residual Resources and exploration potential, which have been valued separately in Sections 11.1.1 and 11.1.3 respectively.

11.1.5. Valuation of OreCorp's corporate costs

Corporate costs have not been included in the Adjusted Nyanzaga Model. Corporate costs consist of all corporate administration costs that cannot be directly attributable to operations at the Nyanzaga Project.

As part of our analysis, we have considered the corporate costs that OreCorp has incurred historically. Set out below are the corporate costs incurred by OreCorp for the years ended 30 June 2021, 30 June 2022 and 30 June 2023. Our DCF valuation is based on the assumption that the Nyanzaga Project is developed through to production. Therefore, we would expect the corporate costs to increase above those levels incurred by OreCorp historically.

OreCorp's historical corporate costs	Audited for the year ended 30-Jun-23 A\$'000	Audited for the year ended 30-Jun-22 A\$'000	Audited for the year ended 30-Jun-21 A\$'000
Corporate and administration costs	(7,012)	(5,857)	(2,576)

Source: OreCorp's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

We have also considered the corporate costs incurred by ASX-listed companies with a similar size and scale of operations to OreCorp prior to the Offer. We have analysed ASX-listed gold mining companies, whilst considering other company characteristics such as total assets, number of mines in the development or early production phase, and market capitalisation, as proxies for the size and scale of operations.

Our analysis of the corporate costs for the identified ASX-listed companies is set out below.

Company name	Revenue for the year ended 30-Jun-23 A\$m	Market cap. as at 30-Jun-23 A\$m	Corporate costs for the year ended 30-Jun-23 A\$'000	Corporate costs for the year ended 30-Jun-22 A\$'000	Corporate costs for the year ended 30-Jun-21 A\$'000
OreCorp Ltd	-	153.6	7,012	5,857	2,576
Resolute Mining Ltd	996.1	830.3	18,230*	15,706	18,070
Westgold Resources Ltd	654.4	682.0	16,442	12,077	8,977
Alkane Resources Ltd	190.5	424.1	11,413	9,818	10,515
Ora Banda Mining Ltd	135.9	211.9	15,639	10,748	10,904
Calidus Resources Ltd	80.5	103.3	8,092	5,801	3,792
Kingsgate Consolidated Ltd	27.3	387.9	11,386	10,588	8,489
Tietto Minerals Ltd	-	505.7	10,802*	13,797	4,536
Mako Gold Ltd	-	15.6	1,543	1,396	1,204

*Annualised based on the most recent half-year financial statements

Source: Annual reports, S&P Capital IQ and BDO analysis

Based on the above analysis of corporate costs incurred by comparable ASX-listed companies and having consideration for the corporate costs incurred by OreCorp historically, we have assessed the real corporate costs of OreCorp to be in the range of A\$8 million to A\$12 million per annum, in real terms, for the purposes of our valuation of OreCorp prior to the Takeover. We note that OreCorp's corporate costs over the forecast period should be reflective of a company that is in the production phase of the mining life cycle. As such, our assessed range has been weighted more towards the historical corporate costs of the comparable companies that are in the production phase.

We have applied our assessed forecast inflation rates as set out in Section 11.1.1 of our Report to the corporate costs over the forecast period and have discounted these cash flows at our assessed WACC of OreCorp prior to the Takeover of 12%, as detailed in Appendix 3.

Based on the above analysis, we have assessed the present value of the tax effected corporate costs to be in the range of US\$29.79 million to US\$43.10 million. We have selected a preferred value of US\$36.44 million, being the midpoint between the low and high values as there is no reason for us to select a preferred value on either end of the above assessed range.

11.1.6. Transaction costs

In performing our valuation of OreCorp prior to the Takeover, we have reflected the transaction costs that are expected to be incurred by OreCorp following 30 November 2023, but prior to the Takeover, regardless of whether the minimum acceptance level is reached under the Offer.

The transaction costs to be incurred by OreCorp have been estimated by management to be A\$2.10 million. We have not considered the transaction costs that have been incurred by OreCorp prior to 30 November 2023, as these costs are reflected in the valuation of OreCorp' other assets and liabilities.

11.1.7. Notional debt facility fee

As discussed in Section 11.1.2.1, a notional upfront debt fee of between 1% and 2% of the face value of the debt is considered reasonable. For the US\$200 million notional debt required prior to the Takeover, this results in a reduction to the Sum-of-Parts value of between US\$2 million to US\$4 million. With no preference to either end, our preferred value is the midpoint of the two.

11.1.8. Number of shares on issue prior to the Takeover

As detailed in Section 5.6, the number of OreCorp shares on issue as at the date of our Report is 469,408,892, which includes the OreCorp shares issued under the Silvercorp Placement. We have also adjusted the number of shares on issue to account for the notional equity raising detailed in Section 11.1.2.

The total number of OreCorp shares on issue used in our Sum-of-Parts valuation of OreCorp prior to the Takeover is set out below:

Share structure prior to the Takeover	Ref	Low	Preferred	High
OreCorp shares on issue prior to the Takeover	5.6	469,408,892	469,408,892	469,408,892
OreCorp shares issued through notional equity raising	11.1.2	903,912,176	833,578,952	773,400,793
Total ordinary OreCorp shares on issue prior to the Takeover (including the notional equity raising)		1,373,321,068	1,302,987,844	1,242,809,685

Source: BDO analysis

11.2 Quoted Market Prices for OreCorp Securities

To provide a comparison to the valuation of OreCorp in Section 11.1, we have also assessed the quoted market price for an OreCorp share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Therefore, our calculation of the quoted market price of a OreCorp share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

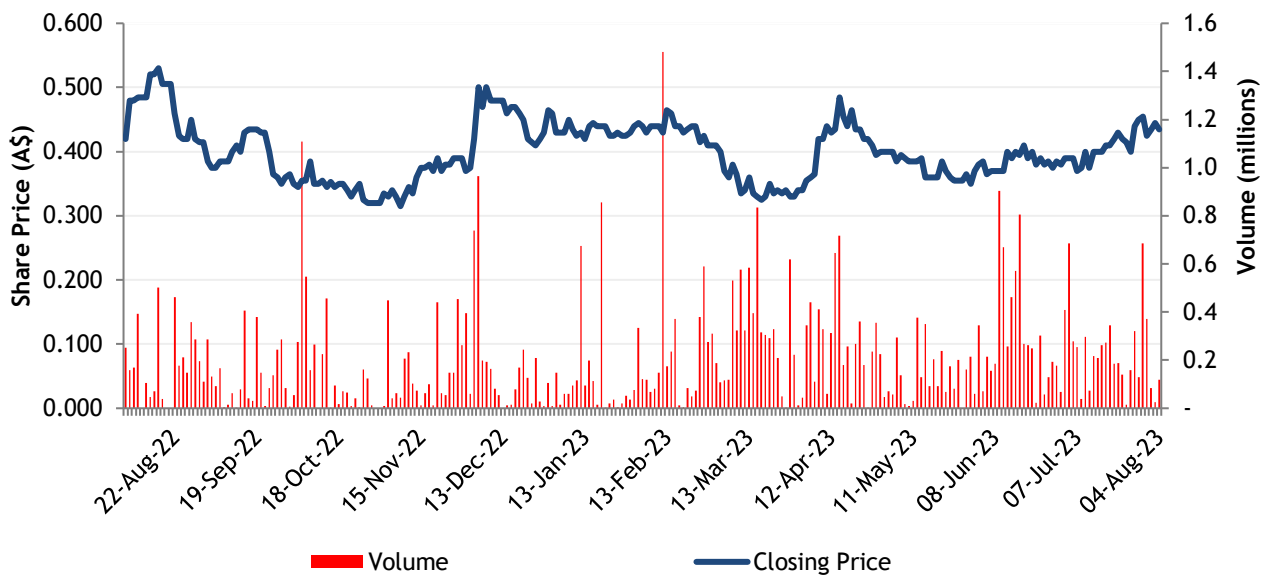
Minority interest value

Our analysis of the quoted market price of a OreCorp share is based on the pricing prior to the announcement of the Scheme (7 August 2023). This is because the value of an OreCorp share after the announcement of the Scheme tracked the price movements of Silvercorp shares as a result of the scrip consideration under the Scheme, which is identical to the Scrip Offer Consideration. We also note that the value of an OreCorp share may include the effects of any change in value as a result of the Scheme or Offer. Therefore, for the purposes of assessing the value of an OreCorp share prior to the Takeover under our secondary valuation methodology, we consider it appropriate to analyse the quoted market price of an OreCorp share prior to the announcement of both the Scheme and the Offer.

However, we have considered the value of an OreCorp share following the announcement of the Scheme and the Offer in reasonableness in Section 14.

Information on the Scheme was announced to the market on 7 August 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 4 August 2023, which was the last trading day prior to the announcement of the Scheme.

OreCorp share price and trading volume history



Source: Bloomberg

The closing share price of OreCorp shares from 4 August 2022 to 4 August 2023 ranged from a low of A\$0.315 on 8 November 2022 to a high of A\$0.530 on 16 August 2022. The largest day of single trading over the assessed period was 10 February 2023, when 1,480,741 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement A\$ (movement)			Closing Share Price Three Days After Announcement A\$ (movement)		
21/07/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.430	▲	2.4%	0.400	▼	7.0%
25/05/2023	Investor Presentation and Webinar	0.355	▼	1.4%	0.365	▲	2.8%
02/05/2023	Investor Presentation - May 2023	0.400	▶	0.0%	0.385	▼	3.8%
24/04/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.420	▼	3.4%	0.395	▼	6.0%
21/04/2023	Early Contractor Involvement Appointments for Nyanzaga	0.435	▶	0.0%	0.410	▼	5.7%
10/03/2023	Interim Financial Report - Half-Year ended 31 December 2022	0.340	▲	1.5%	0.330	▼	2.9%
07/03/2023	Investor Presentation - March 2023	0.380	▲	5.6%	0.340	▼	10.5%
07/03/2023	OreCorp Progresses Project Financing for Nyanzaga	0.380	▲	5.6%	0.340	▼	10.5%
03/03/2023	S&P DJI Announces March 2023 Quarterly Rebalance	0.370	▼	7.5%	0.365	▼	1.4%
13/02/2023	Notice of initial substantial holder	0.465	▲	8.1%	0.440	▼	5.4%
07/02/2023	OreCorp Progresses Nyanzaga with Energy Supply MOU	0.440	▲	2.3%	0.430	▼	2.3%
06/02/2023	Investor Presentation - February 2023	0.430	▼	2.3%	0.440	▲	2.3%
25/01/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.430	▲	1.2%	0.430	▶	0.0%

Date	Announcement	Closing Share Price Following Announcement A\$ (movement)			Closing Share Price Three Days After Announcement A\$ (movement)		
22/12/2022	OreCorp Appoints Greg Hoskins as Chief Financial Officer	0.415	▼	1.2%	0.430	▲	3.6%
09/12/2022	Investor Presentation	0.480	►	0.0%	0.460	▼	4.2%
24/11/2022	OreCorp Progresses Financing for Nyanzaga Gold Project	0.380	►	0.0%	0.390	▲	2.6%
23/11/2022	Further Drilling Builds Resource Growth Potential	0.380	▲	2.7%	0.390	▲	2.6%
16/11/2022	Results of Annual General Meeting	0.375	►	0.0%	0.390	▲	4.0%
16/11/2022	AGM Chairman's Address and Investor Presentation	0.375	►	0.0%	0.390	▲	4.0%
09/11/2022	Board & Management Positioned for Nyanzaga Development	0.330	▲	4.8%	0.360	▲	9.1%
01/11/2022	Opportunities Identified to Extend Life of Mine at Nyanzaga	0.320	►	0.0%	0.340	▲	6.3%
25/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report	0.350	▲	2.9%	0.320	▼	8.6%
13/10/2022	Letter to Shareholders - Annual General Meeting	0.345	▼	2.8%	0.350	▲	1.4%
13/10/2022	Notice of Annual General Meeting	0.345	▼	2.8%	0.350	▲	1.4%
13/10/2022	OreCorp Bolsters Board with Additional Appointment	0.345	▼	2.8%	0.350	▲	1.4%
28/09/2022	2022 Corporate Governance Statement & Appendix 4G	0.350	▼	2.8%	0.350	►	0.0%
28/09/2022	2022 Annual Report to shareholders	0.350	▼	2.8%	0.350	►	0.0%
26/09/2022	Date of AGM and Closing Date for Nominations of Directors	0.365	▼	8.8%	0.360	▼	1.4%
05/09/2022	Investor Presentation - September 2022	0.375	►	0.0%	0.385	▲	2.7%
02/09/2022	Retirement of Chairman	0.375	▼	2.6%	0.385	▲	2.7%
22/08/2022	Investor Presentation - Nyanzaga DFS	0.460	▼	8.9%	0.420	▼	8.7%
22/08/2022	Nyanzaga DFS Delivers Robust Results	0.460	▼	8.9%	0.420	▼	8.7%
19/08/2022	Definitive Feasibility Study Investor Webinar	0.505	►	0.0%	0.420	▼	16.8%
18/08/2022	Trading Halt	0.505	►	0.0%	0.425	▼	15.8%

Source: Bloomberg, ASX and BDO analysis

On 22 August 2022, OreCorp announced the DFS results for its Nyanzaga Project. On the date of the announcement, the share price decreased 8.9% to close at A\$0.460, before decreasing by a further 8.7% over the subsequent three-day trading period to close at A\$0.420.

On 9 November 2022, OreCorp announced changes to its Board and senior management for the development of the Company's Nyanzaga Project. OreCorp announced the appointment of Matthew Yates as Executive Chairman and Henk Diederichs as CEO and Managing Director. On the date of the announcement, the share price increased 4.8% to close at A\$0.330, before increasing by a further 9.1% over the subsequent three-day trading period to close at A\$0.360.

On 23 November 2022, OreCorp announced assay results from recent drilling at its Nyanzaga Project. On the date of the announcement, the share price increased 2.7% to close at A\$0.380 before increasing by a further 2.6% over the subsequent three-day trading period to close at A\$0.390. Subsequently, on 24 November 2022, OreCorp announced that it had received indicative debt funding proposals for the development and construction of the Nyanzaga Project.

On 13 February 2023, OreCorp announced a notice of initial substantial holder, with Mr Timothy R B Goyder (and related entities) acquiring a substantial interest (5.04% interest) in the Company on 10 February 2023. On the date of the announcement, the share price increased 8.1% to close at A\$0.465 before decreasing by 5.4% over the subsequent three-day trading period to close at A\$0.440. In addition, the trading volume on this day was the largest over the assessed period, with 1,480,741 shares being traded on the 10 February 2023, representing approximately 0.32% of the Company's issued capital.

On 3 March 2023, S&P Dow Jones Indices announced its March 2023 quarterly rebalance of the S&P/ASX Indices, in which OreCorp was removed from the S&P Dow Jones All Ordinaries Index. On the date of the announcement, the share price decreased 7.5% to close at A\$0.370 before decreasing by a further 1.4% over the subsequent three-day trading period to close at A\$0.365.

On 7 March 2023, OreCorp provided an investor presentation on the Nyanzaga Project, providing an update on the progress of the funding discussions and anticipated development and production timelines. On the date of the announcement, the share price increased 5.6% to close at A\$0.380 before decreasing 10.5% over the subsequent three-day trading period to close at A\$0.340. Subsequently, on 10 March 2023, OreCorp released its half-year results for the six months ended 31 December 2022. On the date of the announcement, the share price increased 1.5% to close at A\$0.340 before decreasing 2.9% over the subsequent three-day trading period to close at A\$0.330.

To provide further analysis of the market prices for an OreCorp share, we have also considered the weighted average market price for 10-, 30-, 60- and 90-day periods to 4 August 2023.

Share price per unit	04-Aug-23	10 days	30 days	60 days	90 days
Closing price	\$0.435				
Volume weighted average price (VWAP)		\$0.439	\$0.407	\$0.394	\$0.400

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of OreCorp shares that has occurred since the Scheme and the Offer was announced. An analysis of the volume of trading in OreCorp shares for the twelve months to 4 August 2023 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.430	\$0.435	118,939	0.03%
10 Days	\$0.400	\$0.465	2,048,589	0.44%
30 Days	\$0.370	\$0.465	6,686,064	1.42%
60 Days	\$0.350	\$0.465	14,564,828	3.10%
90 Days	\$0.330	\$0.530	20,953,524	4.46%
180 Days	\$0.320	\$0.650	40,373,098	8.60%
1 Year	\$0.310	\$0.650	51,667,329	11.01%

Source: Bloomberg, BDO analysis

This table indicates that OreCorp's shares display a low level of liquidity, with 11.01% of the Company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;

- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘liquid and active’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of OreCorp, we consider the shares to display a low level of liquidity, on that basis that less than 1% of securities have been traded weekly on average, with 8.60% and 11.01% of OreCorp’s current issued capital being traded over a 180-day period and twelve-month period, respectively, prior to the announcement of the Scheme. Of the 52 weeks in which our analysis is based on, the trading volume of the Company’s securities did not exceed 1% of total issued capital on any week.

Our assessment is that a range of values for OreCorp shares based on market pricing, after disregarding post announcement pricing, is between A\$0.400 and A\$0.440.

Control Premium

We have reviewed the control premiums on completed transactions, paid by acquirers of ASX-listed gold companies, ASX-listed general mining companies and all ASX-listed companies over the ten-year period from 2013 to August 2023. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e., less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings below:

ASX-listed gold companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	3	223.71	20.62
2022	4	3,792.56	17.46
2021	4	1,520.23	35.98
2020	1	2,748.78	10.10
2019	1	219.98	56.41
2018	2	31.26	21.77
2017	2	13.74	41.04
2016	4	23.31	47.88
2015	3	48.26	57.90
2014	7	135.05	47.96
2013	4	241.88	20.24

Source: Bloomberg, BDO analysis

ASX-listed general mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	8	216.08	27.89
2022	9	1,929.92	22.67
2021	6	1,235.14	29.89
2020	5	592.04	35.90
2019	9	182.08	41.27

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2018	6	68.30	28.27
2017	4	9.28	39.86
2016	10	72.56	50.15
2015	6	318.69	58.37
2014	13	79.54	41.48
2013	12	145.27	37.75

Source: Bloomberg, BDO analysis

All ASX-listed companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	18	454.61	28.64
2022	39	3,199.03	23.39
2021	29	1,348.05	34.75
2020	16	367.97	40.43
2019	29	4,165.55	32.83
2018	26	1,571.79	30.07
2017	24	1,168.71	36.75
2016	28	490.46	38.53
2015	28	948.39	33.53
2014	36	485.46	37.39
2013	32	147.97	35.48

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions from 2013 onwards for ASX-listed gold companies, ASX-listed general mining companies and all ASX-listed companies, are set out below:

Entire Data Set Metrics	ASX-Listed Gold Companies		ASX-Listed Mining Companies		All ASX-Listed Companies	
	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)
Mean	797.59	35.70	424.83	37.85	1,402.85	33.43
Median	41.79	32.29	45.86	32.67	114.76	29.23

Source: BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

We have removed transactions for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

The table above indicates that the long-term average control premium by acquirers of ASX-listed gold companies, ASX-listed general mining companies and all ASX-listed companies is approximately 35.70%, 37.85% and 33.43% respectively. However, in assessing the transactions included in the table above, we noted that control premiums appeared to be positively skewed.

In a population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 32.29% for ASX-listed gold companies, 32.67% for ASX-listed general mining companies and 29.23% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 30% and 40%.

Quoted market price including control premium

Applying a control premium to OreCorp's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	High \$
Quoted market price value	0.400	0.440
Control premium	30%	40%
Quoted market price valuation including a premium for control	0.520	0.616

Source: BDO analysis

Therefore, our valuation of an OreCorp share based on the quoted market price method and including a premium for control is between A\$0.520 and A\$0.616, with our preferred QMP value of an OreCorp share being a rounded midpoint value of A\$0.568. We have selected the midpoint between the low and high values as a preferred value as there is no reason for us to select a value on either end of the above assessed range.

11.3 Market-based assessment

In performing our valuation of an OreCorp share prior to the Takeover, we have chosen to employ a market-based assessment as our tertiary methodology. In determining the value of an OreCorp share prior to the Takeover, the market-based assessment involves considering:

- a) the offer price under the recent Silvercorp Placement; and
- b) the cash consideration under the Perseus Offer.

Silvercorp Placement

As outlined in Section 4, in conjunction with the announcement of the Scheme on 7 August 2023, OreCorp also announced it had entered into a Placement Agreement with Silvercorp. Under the Silvercorp Placement, OreCorp issued 70,411,334 new fully paid ordinary OreCorp shares to Silvercorp at a price of A\$0.40 per share for aggregate proceeds of approximately A\$28 million. The Silvercorp Placement completed over two tranches in August 2023.

A key factor in determining the appropriateness of using this methodology is whether the acquirer of the company's shares is an unrelated third party and whether the level of interest subscribed for in the company's equity is substantial enough to reflect the underlying value of the company. These factors need to fulfil the definition of an arm's length transaction between a willing buyer and willing seller for the shares in that company.

We note that whilst the Silvercorp Placement was announced in conjunction with the Scheme on 7 August 2023, the Silvercorp Placement was not conditional on the implementation of the Scheme. As such, we consider the offer price of A\$0.400 per share to be a relevant indicator of the value of an OreCorp share prior to, and in the absence of the Scheme and the Takeover. In addition, we do not consider the offer price under the Silvercorp Placement to reflect the value of the Scrip Offer Consideration nor any consequences resulting from the Takeover.

Based on the characteristics of arm's length transactions set out in ASIC Regulatory Guide 76.65, we consider the Silvercorp Placement to represent an arm's length transaction between a willing buyer and a willing seller, in which the price per OreCorp share subscribed for under the Silvercorp Placement is an indicator of the market value of OreCorp.

We have also considered whether the level of interest subscribed for in OreCorp's equity under the Silvercorp Placement is substantial enough to reflect the underlying value of OreCorp. The level of interest subscribed for in OreCorp's equity under the Silvercorp Placement is summarised in the table below.

Description	
OreCorp shares on issue prior to the Silvercorp Placement	398,997,558
OreCorp shares subscribed for under the Silvercorp Placement	70,411,334
Total OreCorp shares following the Silvercorp Placement	469,408,892
OreCorp shares subscribed for as a % of total OreCorp shares on issue following the Silvercorp Placement	15%

Source: BDO analysis

Based on the table above, the number of shares subscribed for under the Silvercorp Placement equates to an interest of 15%. Therefore, we consider the level of interest subscribed for in OreCorp's equity under the Silvercorp Placement to be substantial enough to reflect the underlying value of OreCorp.

Therefore, we consider a market-based assessment to be an appropriate tertiary valuation methodology for the purposes of assessing the value of an OreCorp share prior to the Takeover.

We note that the offer price of A\$0.400 per share represents a minority interest. As outlined in Section 10.2, our assessment of the value of an OreCorp share prior to the Takeover reflects a control value. Therefore, we have added a premium for control to the minority interest value as assessed in Section 11.2. Applying a control premium to the Silvercorp Placement offer price results in the following value including a premium for control:

	Low \$	High \$
Silvercorp Placement offer price	0.400	0.400
Control premium	30%	40%
Market-based valuation including a premium for control (based on Silvercorp Placement)	0.520	0.560

Source: BDO analysis

Perseus Offer

The A\$0.55/share cash consideration under the Perseus Offer as announced on 22 January 2024 is also an indicator of the value of an OreCorp share. Given this is an offer for the entire issued capital of OreCorp which Perseus does not already own, we also consider it to incorporate a premium for control. This value is consistent with the Silvercorp Placement pricing (including a premium for control) derived above.

Conclusion on the market-based assessment

Therefore, our market-based assessment of an OreCorp share based on both the Silvercorp Placement offer price including a premium for control and the Perseus Offer is between A\$0.550 and A\$0.560, with our preferred value being A\$0.550, reflective of the Perseus Offer.

11.4 Assessment of the value of an OreCorp share prior to the Takeover

The results of the valuations performed are summarised in the table below:

	Ref	Low A\$	Preferred A\$	High A\$
Sum-of-Parts	11.1	0.313	0.390	0.473
QMP	11.2	0.520	0.568	0.616
Market-based assessment	11.3	0.550	0.550	0.560

Source: BDO analysis

We consider the Sum-of-Parts approach to be the most appropriate methodology to value OreCorp as the core value of the Company lies in its interest in the Nyanzaga Project, which has been valued using the DCF methodology, and the Residual Resources and exploration potential of the Nyanzaga Project not included in the DCF valuation, which have been independently valued by SRK, an independent technical specialist, in accordance with VALMIN. Further, the QMP approach is only appropriate where there is a liquid and active market for the company's shares. However, our liquidity analysis in Section 11.2 indicates that OreCorp shares display a low level of liquidity. Notwithstanding, we consider the QMP approach to be relevant for the purposes of a broad cross-check to our valuation under the Sum-of-Parts approach. We also consider the market based assessment, and in particular the A\$0.550/share cash consideration of the Perseus Offer (announced on 22 January 2024), to be a relevant indicator of value, given it represents a willing buyer market price for an OreCorp share.

The different results of our valuation approaches are explained by:

- the technical assumptions made by SRK in assessing the value of the Nyanzaga Project and OreCorp's other mineral assets may be less optimistic than those made by the market;
- as detailed in Section 9.1, RG 111.15 states that funding requirements for a company that is not in financial distress (e.g., capital that is required to develop a project) should be taken into account by the expert when determining the fair value of the company's securities, especially when using the DCF methodology. Given we are bound by RG 111.15 to account for the entire funding requirements of the Nyanzaga Project as at the valuation date, we have included a significant notional capital raising that is dilutive in value due to the large discount applied to the assumed capital raising price. Although the market may be factoring in the funding requirements of the Nyanzaga Project, it may be assuming a number of smaller capital raisings throughout the development phase which may be at stronger share price points as project milestones are met and announced through the development phase, which may be less dilutive;

- SRK is bound by the requirements of VALMIN and other industry codes, as well as guidance from ASIC in RG 170 and IS 214 when assessing the value of OreCorp's mineral assets. Whereas the market is not constrained or governed by these codes and therefore may be pricing in more potential upside that SRK is unable to incorporate in its valuation;
- as determined by our liquidity analysis in Section 11.2, OreCorp shares display a low level of liquidity, therefore the quoted market price may not reflect the underlying value of an OreCorp share; and
- the preferred value under the market based assessment of A\$0.550/share reflects the Perseus Offer, although it should be noted that a Shareholder accepting this would not be able to participate in any potential upside in OreCorp's assets.

Based on the above, we consider that our assessed valuation of OreCorp prior to the Takeover should be weighted towards our Sum-of-Parts value (which is largely underpinned by a mineral asset valuation prepared by SRK in accordance with the VALMIN Code, and guided by RG 170 and IS 214), while also having consideration to the value under the Perseus Offer.

We have elected to adopt the low and preferred values under our Sum-of-Parts valuation as our low and preferred values for our valuation conclusion. For the high value, we have adopted the preferred value under the market-based assessment, which is reflective of the cash consideration available to Shareholders under the Perseus Offer.

Accordingly we consider the value of an OreCorp share prior to the Takeover (on a controlling interest basis) to be in the range of A\$0.313 to A\$0.550, with a preferred value of A\$0.390.

12. Valuation of the Offer Consideration

The Offer Consideration comprises A\$0.19 cash and 0.0967 shares in Silvercorp, for each OreCorp share accepted into the Offer. In valuing the Offer Consideration, we have applied the Sum-of-Parts approach to assess the value of a share of the Merged Group (on a minority interest and diluted basis).

This is because, when assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Our Sum-of-Parts valuation of the Merged Group assumes the maximum 100% acceptance and is discussed in the following section.

12.1 Sum-of-Parts valuation of the Merged Group

The individual components that contribute to the value of the Merged Group are outlined below.

- The value of OreCorp following the Takeover which includes:
 - the DCF valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover;
 - the value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project; and
 - the value of OreCorp's other assets and liabilities.
- The value of Silvercorp which includes:
 - the DCF valuation of the Ying Mines and GC Mine;
 - SRK's value of Silvercorp's interest in the Residual Resources and exploration potential not included in the DCF valuation of Silvercorp's mineral assets (noting that SRK has not assigned a value to the La Yesca Project as SRK considers it to be immaterial to Silvercorp and the Merged Group); and
 - the value of other assets and liabilities of Silvercorp not included in the components above.
- Adjustments to the value of the Merged Group to reflect the impact of the Takeover including:
 - the present value of forecast corporate costs of the Merged Group; and
 - transaction-related costs.

The summary of our Sum-of-Parts valuation is set out in the table below.

Valuation of the Merged Group following the Takeover	Ref	Low US\$'000s	Preferred US\$'000s	High US\$'000s
Value of OreCorp's assets following the Takeover:				
DCF valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover	12.1.1	110,000	153,000	197,000
Value of OreCorp's interest in the Residual Resources and exploration potential of the Nyanzaga Project	11.1.3	9,870	15,610	21,350
Value of OreCorp's other assets and liabilities	11.1.4	9,481	9,481	9,481
Value of OreCorp's assets following the Takeover (A)		129,351	178,091	227,831
Value of Silvercorp:				
Value of Silvercorp's interest in the Ying Mines	12.1.5	341,690	391,050	440,400
Value of Silvercorp's interest in the GC Mine	12.1.8	56,900	71,190	85,490
Value of Silvercorp's interest in the BYP Project	12.1.9	20,600	29,940	39,270
Value of the Kuanping Project	12.1.10	13,100	13,100	13,100
Value of Silvercorp's other assets and liabilities	12.1.11	149,586	149,586	149,586
Value of Silvercorp (B)		581,876	654,866	727,846
Value of the Merged Group:				
Value of (A) + (B) Above		711,227	832,957	955,677
Present value of corporate costs of the Merged Group	12.1.12	(124,870)	(101,860)	(80,690)
Transaction costs related to the Takeover	12.1.13	(28,775)	(28,775)	(28,775)
Notional debt facility fee	12.1.14	(5,404)	(4,053)	(2,702)
Total value of the Merged Group (control, undiluted)		552,179	698,269	843,510
Ordinary shares in the Merged Group on issue following the Takeover	12.1.15	215,682,942	215,682,942	215,682,942
Value per share of the Merged Group (US\$/share) (control, undiluted)		2.560	3.237	3.911
<i>Minority discount</i>	12.1.16	29%	26%	23%
Value per share (US\$/share) (minority, undiluted)		1.818	2.395	3.011
Value per share (US\$/share) (minority, diluted)	12.1.17	1.810	2.385	2.998

Source: BDO analysis

We have assessed the value of a share in the Merged Group on an undiluted minority interest basis to be in the range of US\$1.818 to US\$3.011 with a preferred value of US\$2.395. Accounting for the dilutionary impact of any in-the-money Silvercorp options and vested RSUs, the value of a share in the Merged Group (on a minority interest basis) is in the range of US\$1.810 to US\$2.998 with a preferred value of US\$2.385.

12.1.1. DCF valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover

The difference between the DCF valuation of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover, and the DCF valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover, lies in the construction commencement date and the notional funding assumptions for the development of the Nyanzaga Project.

As detailed in our Scheme IER, based on discussions with management, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 January 2024 if the Scheme was implemented. Due to the passage of time from the date of our Scheme IER to the date of our

current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that following the Takeover, capital expenditure for the development of the Nyanzaga Project would commence from 1 April 2024.

The notional funding assumptions for the development of the Nyanzaga Project in the absence of the Takeover comprised existing cash reserves of US\$9.92 million, a senior debt facility of US\$200 million, a gold stream arrangement of US\$150 million and an equity raising of US\$184.11 million. Further details of the notional funding assumptions used in our valuation of OreCorp's interest in the absence of the Takeover are set out in Section 11.1.2.

As detailed in Section 11.1.1 of our Report, OreCorp is entitled to 100% of the cash flows generated by the Nyanzaga Project until SMCL has fully repaid the capital provided by the Company to fund the development of the Nyanzaga Project, at which point the Company will be entitled to 84% of the cash flows generated by the Nyanzaga Project thereafter. In our valuation of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover, the US\$150 million of funding sourced from the notional gold stream arrangement was in effect a royalty and therefore the face value was not required to be repaid by SMCL to the Company.

However, in our valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover, the notional funding for the development of the Nyanzaga Project does not include a gold stream arrangement. Therefore, in our valuation of the Merged Group's interest in the Nyanzaga Project following the Takeover, SMCL will need to repay a larger amount to the Merged Group than in the absence of the Takeover, due to the absence of a gold stream arrangement.

We have made further changes to the Adjusted Nyanzaga Model to reflect the above differences between the Nyanzaga Project in the absence of, and following the Takeover. We note that all other technical, economic and other input assumptions (including the discount rate) are identical to those adopted in the valuation of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover, as assessed in Section 11.1.1.

Notional funding

As detailed in Section 9.1, RG 111.15 states that funding requirements for a company that is not in financial distress (e.g., capital that is required to develop a project) should be taken into account by the expert when determining the fair value of the company's securities, especially when using the DCF methodology.

The capital expenditure requirements for the development of the Nyanzaga Project is approximately US\$473 million (on a real basis). As detailed in our Scheme IER, based on discussions with management, we assumed that capital expenditure for the development of the Nyanzaga Project would commence from 1 January 2024 if the Scheme was implemented. Due to the passage of time from the date of our Scheme IER to the date of our current IER, and there being no material progress in relation to the commencement of construction at the Nyanzaga Project, we consider it appropriate to assume that following the Takeover, capital expenditure for the development of the Nyanzaga Project would commence from 1 April 2024.

After considering the corporate costs expected to be incurred by the Merged Group until the Nyanzaga Project becomes cash flow positive and converting the cash flows into nominal terms based on the inflation assumptions detailed in Section 11.1.1, the total funding requirements for the development of the Nyanzaga Project is approximately US\$516.02 million (on a nominal basis).

As detailed in Section 5, the Government of Tanzania has a 16% free-carried interest in the Nyanzaga Project. Therefore, OreCorp will need to solely fund the development of the Nyanzaga Project until the Nyanzaga Project becomes cash flow positive.

We note that the Nyanzaga Model has been prepared on an unfunded basis and therefore does not consider any costs associated with debt funding, or any dilution resulting from an equity raising. Therefore, there is a funding requirement of US\$516.02 million for the development of the Nyanzaga Project to realise the value.

Based on discussions with management of both OreCorp and Silvercorp, if the Takeover is successfully implemented, funding for the development of the Nyanzaga Project is expected to be sourced from the Merged Group's existing cash reserves and short-term investments (bonds and money market instruments), positive cash flows from its existing operating mines, and a debt facility.

We have assumed that all of the Merged Group's estimated available cash reserves following the Takeover (approximately US\$119 million per the table below) would be available for use towards the development of the Nyanzaga Project. A summary of the Merged Group's available cash reserves is set out below. We have assumed an AUD/USD exchange rate of 0.670 where required to convert between the two currencies:

Merged Group's available funding	US\$'000
Silvercorp's cash balance as at 30 September 2023	119,098
Add: Silvercorp's short-term investments as at 30 September 2023	69,993
Less: Silvercorp semi-annual dividend payable announced on 9 November 2023	(2,210)
Less: Cash Offer Consideration	(50,860)
Less: Funds used for the OreCorp Option Consideration (see Section 12.1.11a)	(58)
Silvercorp's available funding (A)	135,963
OreCorp's cash balance as at 30 November 2023 (US\$'000)	11,329
OreCorp's available funding (B)	11,329
Less: Estimated transaction costs associated with the Offer (see Section 12.1.13)	(28,775)
Merged Group's available funding (A) + (B) + (C)	118,517

Source: BDO analysis

We have also assumed that all of the cash flows from Silvercorp's existing operating mines would be available for use towards the development of the Nyanzaga Project, which we have assessed to be approximately US\$127.31 million, over the period when funding is required. We note that the cash flows available for use, reflects the available cash after corporate costs and other cash outflows during the construction period such as tax have been accounted for.

A summary of the notional funding of the Nyanzaga Project following the Takeover is set out below:

Notional funding of the Nyanzaga Project following the Takeover	US\$'000
Total expenditure requirement (A)	(516,016)
Merged Group's available funding	118,517
Cash flows from Silvercorp's existing operating mines	127,314
Total funding obtained through cash reserves and cash flows from existing operating mines (B)	245,831
Shortfall (A) - (B)	(270,184)

Source: BDO analysis

Based on the above, this results in a shortfall of US\$270.18 million for the development of the Nyanzaga Project after utilising the Merged Group’s cash reserves of US\$118.52 million and cash flows from Silvercorp’s existing operating mines of US\$127.31 million. Based on discussions with management of Silvercorp, we have assumed the funding shortfall of US\$270.18 million to be obtained through debt.

In Section 11.1.2, we assumed that OreCorp could secure a senior debt facility of approximately US\$200 million for the purposes of funding the Nyanzaga Project in the absence of the Takeover. Therefore, we consider that the Merged Group could reasonably secure debt funding of a greater amount based on the Merged Group having operating assets and a strong balance sheet relative to OreCorp prior to the Takeover. Similar to Section 11.1.2.1, we have also included the impact from an upfront fee of between 1% and 2% of this notional debt amount separately, in Section 12.1.14.

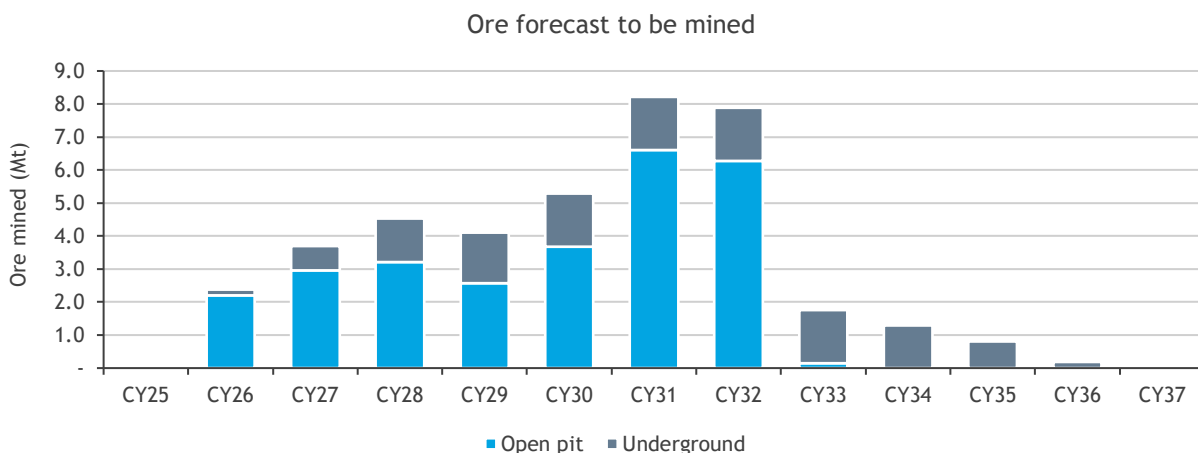
We also note that Silvercorp also has investments in both listed and unlisted companies, as well as its interests in New Pacific Metals Corp. (27.4%) and Tincorp Metals Inc. (29.3%), which could also act as further sources of funding if required. However, for the purposes of our funding analysis, we have not assumed the sale of these investments.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management’s actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Nyanzaga Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

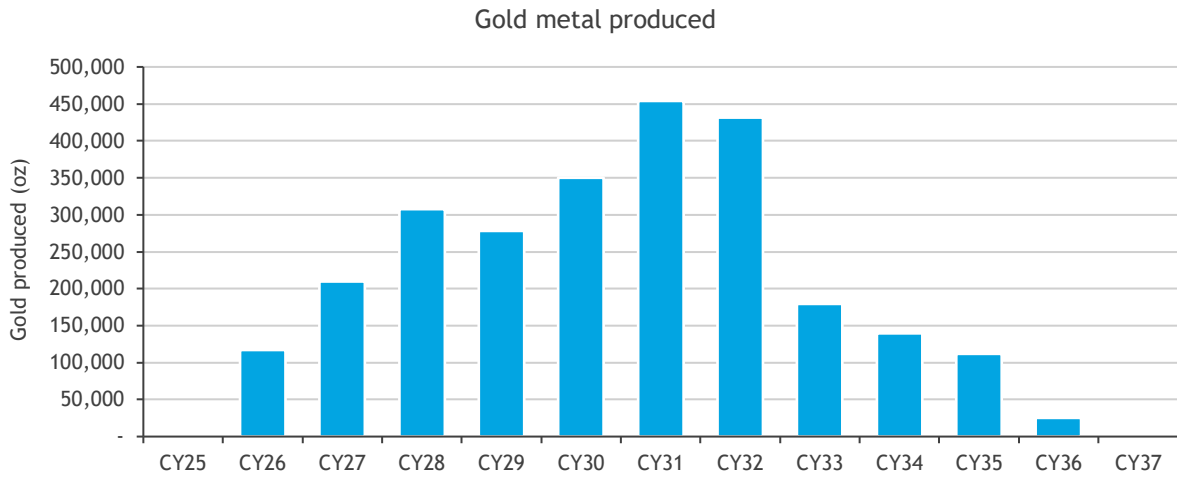
Mining physicals

The proposed production outlook of the Nyanzaga Project is approximately 10.7 years. The graph below shows the forecast ore to be mined and processed over the Adjusted Nyanzaga Model’s forecast period.



Source: Adjusted Nyanzaga Model and BDO analysis

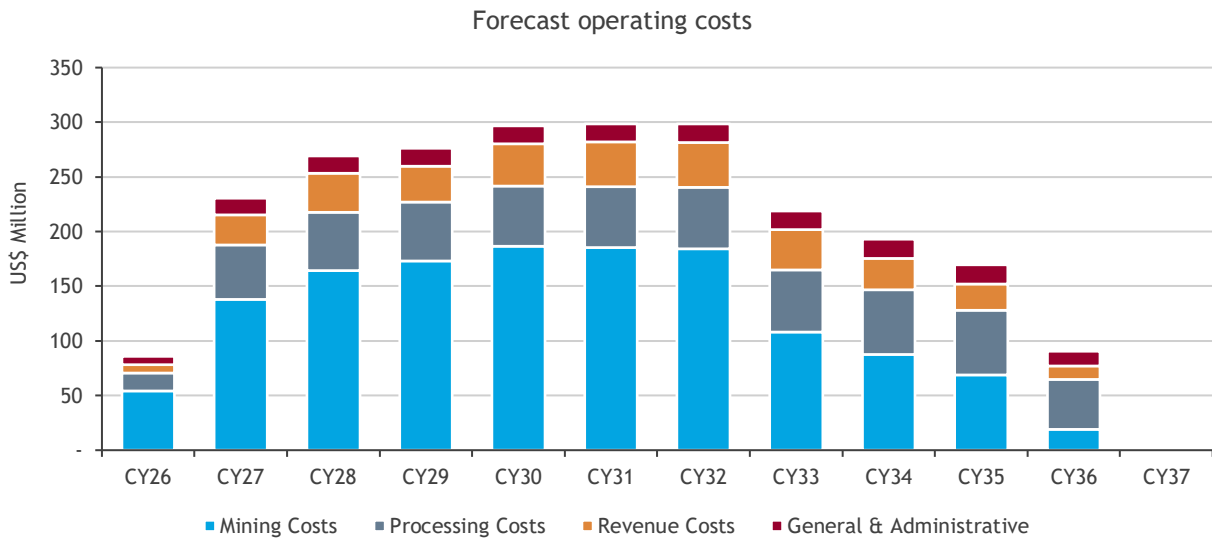
The mined ore is then processed into gold for sale. The graphs below show the forecast gold produced over the Adjusted Nyanzaga Model’s forecast period.



Source: Adjusted Nyanzaga Model and BDO analysis

Operating expenditure

The operating expenditure included in the Adjusted Nyanzaga Model includes open pit mining costs, underground mining costs, processing costs, transport and refining costs, royalties and site costs. In preparing the Adjusted Nyanzaga Model, we have applied our assessed forecast inflation rate to the forecast operating expenditure. The forecast operating expenditure for the Nyanzaga Project in the Adjusted Nyanzaga Model is illustrated in the chart below.

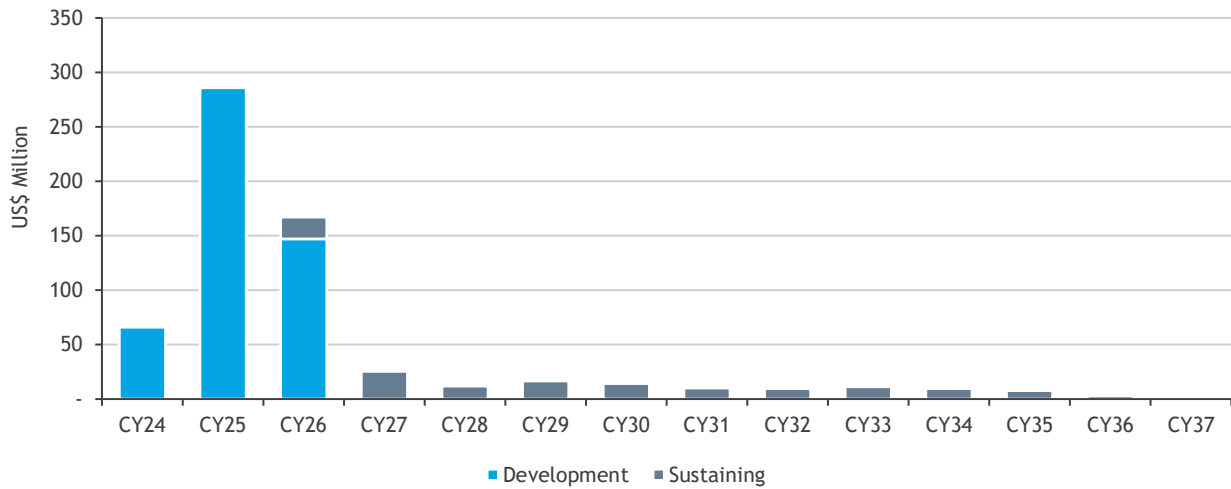


Source: Adjusted Nyanzaga Model and BDO analysis

Capital expenditure

The capital expenditure requirements for the Nyanzaga Project relate to development and sustaining capital costs. Capital expenditure totals US\$593 million (on a real basis) over the life of the mine. We have applied our assessed forecast inflation rate to the forecast capital expenditure. The forecast capital expenditure required for the Nyanzaga Project in the Adjusted Nyanzaga Model is illustrated in the chart below.

Forecast capital expenditure



Source: Adjusted Nyanzaga Model and BDO analysis

Sensitivity analysis

Our valuation of the Nyanzaga Project is sensitive to changes in forecast gold prices, operating expenditure, capital expenditure, inflation and the discount rate. We have therefore included a sensitivity analysis to consider the value of the Nyanzaga Project under various pricing scenarios and in applying:

- a change of +/- 10% to the gold price;
- a change of +/- 10% to operating expenditure;
- a change of +/- 10% to capital expenditure;
- a long-term inflation rate in the range of 1% to 3%; and
- a discount rate in the range of 10% to 14%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of the Nyanzaga Project if our base case assumptions change:

Currency: US\$'000		Sensitivity analysis of the value of the Nyanzaga Project		
% Relative flex	Gold price	Operating expenditure	Capital expenditure	
+10.0%	257,540	87,002	110,085	
+8.0%	236,639	100,502	118,227	
+6.0%	216,620	114,104	127,011	
+4.0%	196,559	126,852	136,559	
+2.0%	175,856	140,887	145,652	
-	153,325	153,325	153,325	
-2.0%	131,853	168,072	162,871	
-4.0%	110,769	180,689	172,416	
-6.0%	88,731	193,382	179,894	
-8.0%	67,165	206,909	188,659	
-10.0%	45,035	219,198	197,987	

Source: Adjusted Nyanzaga Model and BDO analysis

Sensitivity analysis of Nyanzaga post-tax DCF valuation to the long-term inflation rate					
% Absolute Flex on Inflation Rate	-1.0%	-0.5%	-	0.5%	1.0%
Value (US\$'000)	154,371	153,772	153,325	153,034	152,902

Source: Adjusted Nyanzaga Model and BDO analysis

Sensitivity analysis of Nyanzaga post-tax DCF valuation to the discount rate					
Discount rate	10.0%	11.0%	12.0%	13.0%	14.0%
Value (US\$'000)	213,722	182,169	153,325	126,941	102,794

Source: Adjusted Nyanzaga Model and BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e., variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of the Nyanzaga Project to changes in pricing and other assumptions.

Based on the above analysis we consider the value of the Merged Group's interest in the Nyanzaga Project following the Takeover to be in the range of US\$110 million to US\$197 million, with a preferred value of US\$153 million. Our assessed low and high values are based on +/-4% movements in the gold price. Over the past five years, the annualised volatility of the US Dollar denominated gold price was approximately 15%. Therefore, given the sensitivity of the value of the Nyanzaga Project to movements in the gold price and the historical volatility of this input, we consider it appropriate to adopt a wide range of values around our preferred position.

We note that the DCF valuation of the Merged Group's interest in the Nyanzaga Project assessed above is greater than the DCF valuation of OreCorp's interest in the Nyanzaga Project assessed in Section 11.1.1 of our Report. This is due to the accelerated commencement of the construction of the Nyanzaga Project if the Takeover is successfully implemented, which results in the cash flows to be discounted to the present value by a lesser amount. We note that we have considered the difference in value under the two scenarios in reasonableness in Section 14.

12.1.2. Economic assumptions used in the DCF valuation of the Ying Mines and the GC Mine

Sections 12.1.4 and 12.1.5 set out the DCF valuations of the Ying Mines and the GC Mine. Given the DCF valuations of the Ying and GC Mines rely on a set of common macroeconomic assumptions, we have presented a discussion of these common inputs in this section. These economic assumptions were also adopted in the DCF valuation of the Nyanzaga Project, however are presented below in terms of Silvercorp's March fiscal year end periods.

Inflation

All cash flows contained in the Ying and GC Models are calculated on a real basis. We have therefore applied the forecast inflation rate to the costs (including operating and capital expenditure) in these models to convert them into nominal cash flows.

These models forecast operating costs in US Dollars, therefore we consider the most appropriate inflation rate to apply to the cash flows in the Adjusted Ying Model and the Adjusted GC Model to be the US inflation rate.

In forming our assessment of the forecast inflation rate, we have had regard to consensus views of forecast inflation as sourced from Bloomberg, as well as consideration of the recent trend of the inflation rate in the US. The inflation assumptions we have adopted is outlined in the table below, with long-term inflation beyond FY2027 assumed to be flat at 2.0% per annum, consistent with the US Federal Reserve's long-term inflation target.

USD Inflation rate	FY24*	FY25	FY26	FY27+
Average inflation rate	3.1%	2.6%	2.3%	2.0%

*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Bloomberg and BDO analysis

As discussed in the next section, our long-term inflation assumption of 2.0% per annum is also applied to the real long-term commodity pricing for metals, which are quoted in US Dollar terms, from January 2029 onwards.

Commodity prices

From the Ying and GC Mines, the Proposed Merged Entity will receive revenue from the sale of gold, silver, lead and zinc metals. Given the Ying and GC Mines are already in production, and given we have used a 30 September 2023 valuation date for our valuation purposes, we have applied the historical commodity prices for the period from 1 October 2023 to 31 December 2023 for any production over these two months, before adopting the forecast commodity prices from 1 January 2024 onwards.

In assessing the forecast commodity prices, we have considered the Consensus Economics price forecasts as at January 2024. We note that Consensus Economics provides long-term real commodity pricing which begin from January 2029 onwards. In forming our long-term nominal pricing for each of the metals, we have considered these long term real prices and inflated them for our inflation assumptions (outlined above). The final column in the table below indicates the average nominal pricing adopted in January 2028, with prices inflated in the subsequent periods at our long-term inflation assumption of 2.0% per annum. Based on our analysis, we have adopted the following gold, silver, lead and zinc prices (in nominal terms).

Commodity prices	FY24*	FY25	FY26	FY27	Jan-28
Gold price (US\$/oz)	1,990	2,025	1,990	1,930	1,910
Silver price (US\$/oz)	23.40	24.70	24.70	23.40	22.50
Lead price (US\$/t)	2,100	2,080	2,070	2,070	2,140
Zinc price (US\$/t)	2,510	2,570	2,630	2,640	2,630

*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024 and includes historical pricing for the months of October to end December 2023.

Source: Consensus Economics and BDO analysis

12.1.3. DCF valuation of the Ying Mines

We have elected to use the DCF approach in valuing the Ying Mines. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising from it to their net present value. Performing a DCF valuation requires the determination of:

- The future cash flows that the Ying Mines is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the Ying Mines to convert them to their present value equivalent.

The value that we have ascribed to the Ying Mines is based on technical factors as advised by SRK and our view of future economic assumptions, all of which are derived from information available at the time of SRK's report and our Report respectively. The technical and economic factors may change in the future, which may change the value of the Ying Mines.

The management of Silvercorp has prepared a detailed cash flow model for the Ying Mines (**'the Ying Model'**). The Ying Model estimates the future cash flows expected from silver, lead, zinc and gold produced by the seven mines underpinning the Ying Mines (being SGX, HZG, HPG, TLP, LME, LMW and DCG). The Ying Model depicts forecasts of real, after-tax cash flows over an approximately fifteen year life of mine on a yearly basis, beginning from the final quarter of financial year ('FY') 2022 to FY 2037. We note that the financial years contemplated in the Ying Model begin from 1 April and end on 31 March, which is different from OreCorp's adopted fiscal year ending 30 June. For the purposes of this section, the financial years refer to the 12 month period ending 31 March.

BDO has made certain adjustments to the Ying Model where it was considered appropriate to arrive at an adjusted model (**'the Adjusted Ying Model'**). In particular, we have adjusted the Ying Model to:

- reflect Silvercorp's interest in each of the mines underpinning the Ying Mines (i.e. 77.5% in all of the underlying mines except for HPG and LME which are both 80% interests);
- reflect any changes to technical assumptions as a result of SRK's review;
- reflect any changes to the economic and other input assumptions from our research;
- convert the cash flows in the Ying Model to be presented on a nominal basis; and
- adopt a valuation date of 30 September 2023.

From its review of the technical assumptions, SRK recommended certain adjustments to the Ying Model. Further details of SRK's proposed adjustments are set out in SRK's Independent Specialist Report, included in Appendix 5. We have adopted SRK's recommendations in forming our DCF valuation range of the Ying Mines.

The Ying Model was prepared based on estimates of a mining and production profile, operating costs and capital expenditure (including closure costs). Cashflows in the model were prepared on a USD basis and therefore the NPV calculated is in USD terms. The main assumptions underlying the Adjusted Ying Model include:

- mining and milling volumes;
- operating costs;
- capital expenditure;
- closure costs;
- royalties;

- commodity prices;
- corporate and other taxes; and
- discount rate.

BDO has undertaken an analysis of the Ying Model which has involved:

- appointing SRK as a technical specialist to review, and where required, provide suggested changes to the technical assumptions underpinning the Ying Model;
- analysing the Ying Model to confirm its integrity and mathematical accuracy;
- conducting independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation, corporate costs and discount rate applicable to the future cash flows of the Ying Mines;
- holding discussions with Silvercorp management and its advisers regarding the preparation of the forecasts in the Ying Model and its views; and
- performing sensitivity analyses on the value of the Ying Mines as a result of flexing certain assumptions and inputs.

The Adjusted Ying Model, which forms the basis of our DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 'Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information' and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Ying Model has been based have not been prepared on a reasonable basis.

Appointment of technical expert

SRK was engaged to prepare the Independent Specialist Report which includes a technical assessment of the assumptions underlying the Ying Model. SRK's assessment involved the review and provision of an opinion on the reasonableness of the assumptions adopted in the Ying Model, including but not limited to:

- the Mineral Resources and Reserves included in the Ying Model;
- mining physicals (including volume mined, recovery and grades);
- processing assumptions (including quality of concentrate produced and recovery rates);
- operating costs (comprising mining, milling and administration costs);
- capital expenditure;
- royalties;
- rehabilitation and closure costs; and
- other relevant assumptions.

SRK's Independent Specialist Report is included in Appendix 5.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Ying Model, as

it is often the case that some events and circumstances do not occur as expected, or are not anticipated, and those differences may be material.

Ying Mines mining physicals

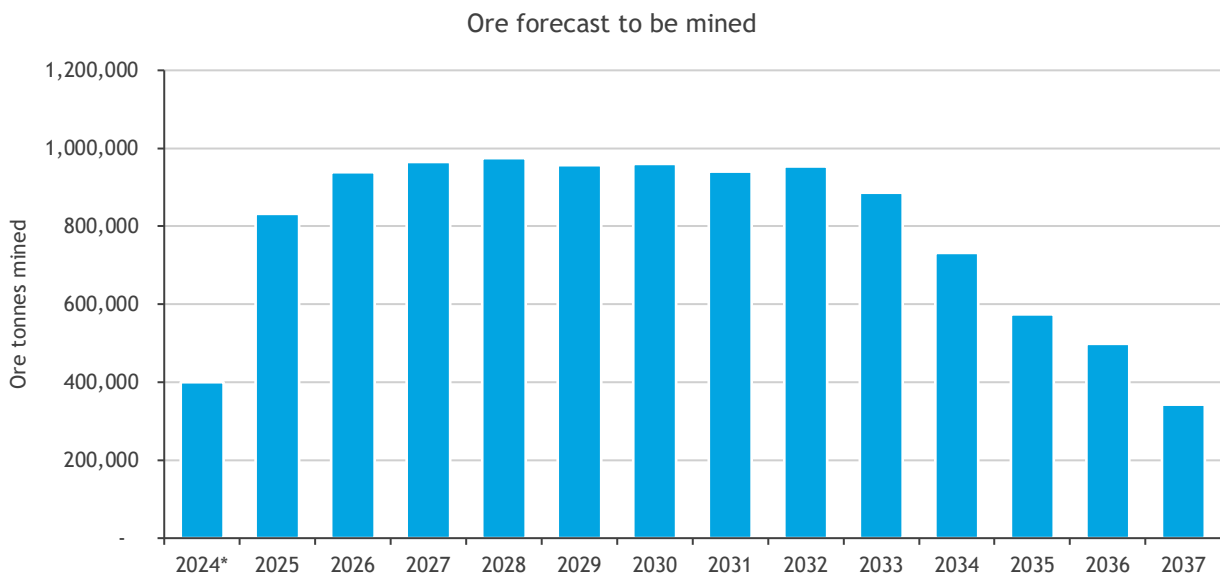
Mining at the Ying Mines has already commenced and the Adjusted Ying Model contemplates a forecast period of approximately 14 years, beginning from the valuation date of 30 September 2023 to the end of the life of mine plan in FY2037. We have adopted SRK’s suggested amendments to certain assumptions relating to mining and processing physicals in the Adjusted Ying Model including:

- adjustments to the life of mine plan to align with the adopted valuation date of 30 September 2023;
- adjustments to metallurgical recoveries (for gold in the SGX and LME mines, and for lead and zinc in the DCG mine); and
- adjustments to the silver, lead and zinc grades for the TLP mine.

The details of SRK’s proposed amendments above can be found in SRK’s report attached as Appendix 5.

SRK has also advised that there are Residual Resources not accounted for in the Ying Model, which could extend the life of mine beyond the forecast period. SRK has also provided a valuation for these Residual Resources, which we have accounted for outside of the DCF valuation of the Ying Mines, separately in our Sum-of-Parts valuation. It would not be appropriate to extend the life of mine in the DCF to reflect the Residual Resource because of insufficient reasonable grounds.

The graph below shows the forecast ore to be mined over the remaining life of mine of the Ying Mines. It is assumed that all ore mined is processed in the same financial year. The periods in the charts below are in financial years beginning 1 April and ending 31 March of each year. The exception to this is for FY24, which reflects a partial period beginning from our adopted valuation date of 30 September 2023. We also note that the charts below reflect the statistics of the Ying Mines on a 100%-ownership basis and incorporate SRK’s recommendations.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

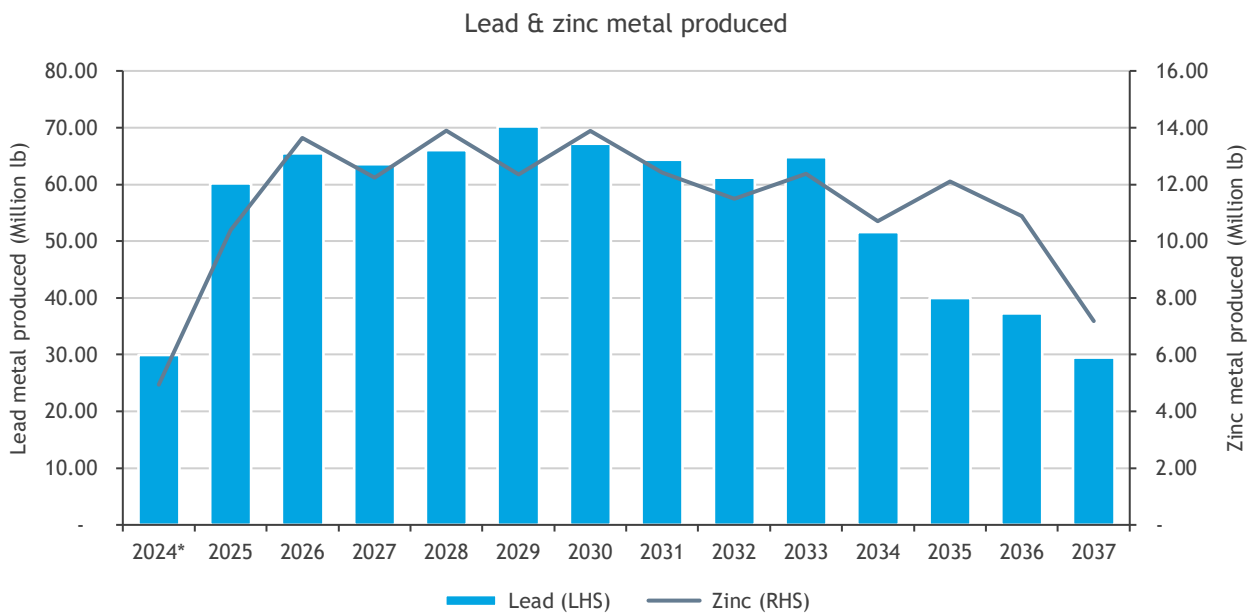
Source: Adjusted Ying Model

The ore that is mined is processed into gold, silver, lead and zinc metals for sale. The graphs below show the forecast metals produced over the Adjusted Ying Model’s forecast period.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted Ying Model



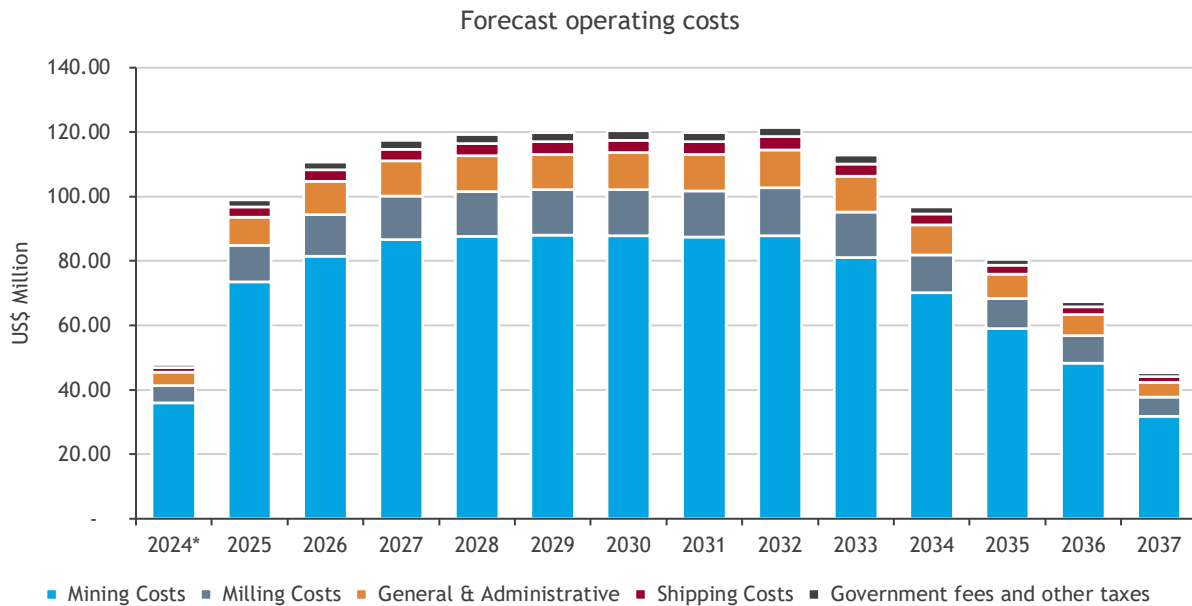
*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted Ying Model

Ying Mines operating costs

The operating costs forecast in the Ying Model include mining, milling, general & administrative, shipping and government fees and other taxes. In preparing the Adjusted Ying Model, we have applied our inflation assumptions to these forecast operating costs.

SRK has considered the reasonableness of the forecast operating cost assumptions in the context of their experience with similar mining projects. We have reflected SRK’s suggested amendments to certain unit costs in the Adjusted Ying Model including: mining costs, milling costs, shipping costs and administrative costs. As detailed in the Independent Specialist Report, SRK have recommended adopting unit costs which reflect the Ying Mines’ recent operational performance, as measured over FY23 and through to the first quarter of FY24. We have translated these costs into US\$ terms using the average USD:RMB exchange rate over the same period of approximately 6.88. The forecast operating costs for the Ying Mines incorporating SRK’s technical input assumptions and BDO’s inflation assumptions are illustrated in the charts below.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted Ying Model

Mineral Resource Tax

For the Ying Mines, SRK, in discussions with Silvercorp, has advised that the Ying Mines is subject to a Mineral Resource Tax which is payable each year based on the net revenue from sale of silver, lead and zinc metal produced. This net revenue is calculated after deducting smelter charges and is applied at the following rates:

- Silver - 2% of net revenue
- Lead - 3% of net revenue
- Zinc - 3% of net revenue

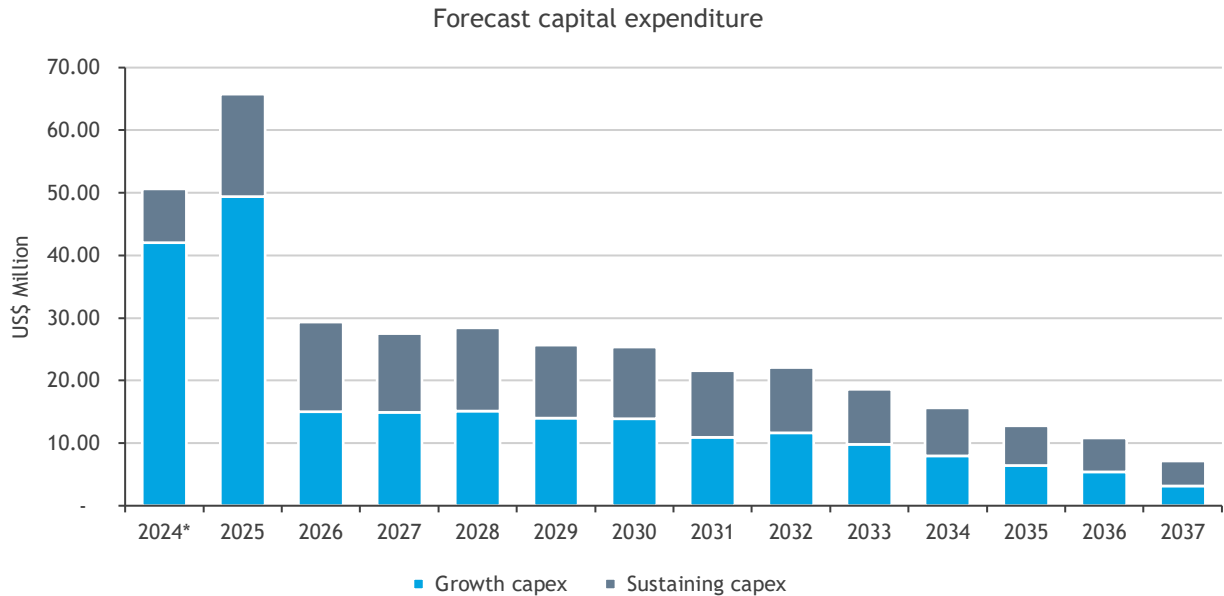
We have applied the above rates in the Adjusted Ying Model. We note that gold revenues are exempt from the Mineral Resource Tax.

Ying Mines capital expenditure

The capital expenditure requirements for the Ying Mines relate to growth capital expenditure and ongoing sustaining capital expenditure. Growth capital expenditure includes payments for a third mill and tailings storage facility as well as exploration tunnelling to grow existing operations. We have adjusted both the

sustaining and growth capital expenditure for SRK’s recommendations in the Adjusted Ying Model, which includes an allowance for the third mill and tailings storage facility expenditure in FY24 and FY25.

As set out below, most of the forecast capital expenditure is expected to be incurred in FY24 and FY25, largely driven by the aforementioned third mill and tailings storage facility costs.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted Ying Model

Taxation

Tax in the Adjusted Ying Model is calculated at an effective 25% overall Chinese tax rate, given the location of the project. We understand that China allows for certain entities recognised as ‘High and New Technology Enterprises’ to have a reduced effective tax rate of 15%. Although some of Silvercorp’s subsidiaries such as Henan Found Mining Co. Ltd. (China) have historically obtained this tax concession, we note that the designation as a High and New Technology Enterprise is only effective for three years and is subject to government approval for renewal. As we have no basis to assume the continual renewal of this tax concession over the life of the project, we have elected to adopt an effective overall Chinese tax rate of 25% instead.

As a cross-check, we have considered the effective tax rate of Silvercorp over its previous five financial years, on an annual basis as well as in aggregate over the entire period. As the table below shows, Silvercorp has historically incurred taxes at an effective rate averaging approximately 25%, thereby providing support for our assumption.

Silvercorp's effective tax rate	Audited for the year ended 31-Mar-23 US\$m	Audited for the year ended 31-Mar-22 US\$m	Audited for the year ended 31-Mar-21 US\$m	Audited for the year ended 31-Mar-20 US\$m	Audited for the year ended 31-Mar-19 US\$m	Total over five FY to 31-Mar-23 US\$m
Income tax expense	14.04	13.79	12.99	8.91	20.87	70.60
Earnings before tax	35.14	57.07	73.50	54.11	72.92	292.74
Effective tax rate	40.0%	24.2%	17.7%	16.5%	28.6%	24.1%
Average annual effective tax rate %	25.4%					

Source: S&P Capital IQ and BDO analysis

The tax shield benefits of depreciation and amortisation of relevant plant and equipment as well as mineral rights and properties were not included in the original Ying Model. We have modelled these in the Adjusted Ying Model, based on the forecast yearly revenue, having consideration for the historical depreciation and amortisation over Silvercorp's prior reporting periods. As summarised in the table below, Silvercorp's depreciation and amortisation expense has fluctuated between 11-13% of the corresponding period's revenue, and averaged approximately 12% of revenue over the past three financial years and most recent half-year period:

Depreciation and amortisation analysis	Unaudited for the quarter ended 30-Sep-23 US\$'000	Audited for the year ended 31-Mar-23 US\$'000	Audited for the year ended 31-Mar-22 US\$'000	Audited for the year ended 31-Mar-21 US\$'000
Depreciation and amortisation	14,178	27,607	25,082	21,434
Revenue	113,998	208,129	217,923	192,105
Depreciation and amortisation as % of revenue	12%	13%	12%	11%
Average depreciation and amortisation as % of revenue	12%			

Source: Silvercorp's historical financial statements and BDO analysis

We have therefore assumed a tax shield benefit from depreciation and amortisation of 12% of revenue in the Adjusted Ying Model.

Ying Mines rehabilitation and closure costs

SRK considers the general and administrative costs in the Adjusted Ying Model to adequately reflect the ongoing environmental costs of operating the mines. The Adjusted Ying Model also includes closure costs of US\$9.58 million (in nominal terms). This figure incorporates SRK's recommendation on closure costs of RMB50.65 million (in real terms) to be incurred in FY38, being the year after the final production year. Further details of SRK's adjustments can be found in the Independent Specialist Report.

Trade receivables and trade payables

The Adjusted Ying Model does not contemplate the movement of working capital items such as trade receivables and trade payables. It therefore assumes all payments are made to suppliers and revenue is received from sales within each of the financial years forecast.

Inventory

The Adjusted Ying Model assumes all ore is processed in the year that it is mined. Therefore, there are no inventory balances contemplated.

Ying Discount Rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Adjusted Ying Model, we consider the most appropriate discount rate to be Silvercorp's cost of equity. We note that its weighted average cost of capital is equivalent to its cost of equity, as the Ying Mines are self-funding and do not require debt.

For the DCF valuation of the Ying Mines, we have selected a nominal post-tax discount rate in the range of 9.5% to 10.7% with a preferred rounded midpoint of 10%. We have used our preferred rounded midpoint to discount the cashflows in the Adjusted Ying Model.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable developed market listed precious and base metals production companies with similar commodity types and location; and
- the risk profile of the Ying Mines as compared to the comparable companies identified.

A detailed consideration of how we arrived at the adopted post-tax nominal discount range is discussed in Appendix 4.

Sensitivity analysis

We have analysed the key assumptions to the Adjusted Ying Model and have prepared sensitivities on the post-tax NPV. The sensitivity analysis considers the value of the Ying Mines under various pricing scenarios, after adjusting for Silvercorp's relevant interest in the underlying mines, and in applying:

- a relative change of +/- 10% to the silver, lead, gold and zinc price;
- a relative change of +/- 10% to operating costs;
- a relative change of +/- 10% to capital costs;
- a discount rate in the range of 8.0% to 12.0%; and
- an absolute change of +/- 2% to the rate of inflation rate assumed.

These sensitivities have been prepared to assist Shareholders in considering the potential affects to the value of the Ying Mines if our base case assumptions change. We note that the NPVs set out in the tables below have been adjusted to reflect Silvercorp's interest in the mines underpinning the Ying Mines.

in US\$million							Sensitivity Analysis of the Ying Mines' DCF Valuation						
% Relative Flex	Silver Price	Lead Price	Gold Price	Zinc Price	Operating Costs	Capital Costs							
+10.0%	374.08	335.28	315.27	315.09	309.03	303.45							
+8.0%	361.29	330.25	314.24	314.10	309.25	304.79							
+6.0%	348.49	325.22	313.21	313.10	309.47	306.12							
+4.0%	335.70	320.19	312.18	312.11	309.69	307.45							
+2.0%	322.91	315.15	311.15	311.12	309.90	308.79							
-	310.12	310.12	310.12	310.12	310.12	310.12							
-2.0%	297.33	305.09	309.09	309.13	310.34	311.46							
-4.0%	284.54	300.06	308.06	308.14	310.56	312.79							
-6.0%	271.75	295.03	307.03	307.14	310.78	314.13							
-8.0%	258.96	289.99	306.00	306.15	310.99	315.46							
-10.0%	246.17	284.96	304.97	305.15	311.21	316.79							

Source: BDO analysis and the Adjusted Ying Model

Sensitivity Analysis of Ying Mines' DCF Valuation to the discount rate					
Discount rate	8.0%	9.0%	10.0%	11.0%	12.0%
Value (US\$million)	343.97	326.41	310.12	295.01	280.95

Source: BDO analysis and the Adjusted Ying Model

Sensitivity Analysis of Ying Mines' DCF Valuation to the inflation rate					
% Absolute Flex on Inflation Rate	-2.0%	-1.0%	-	+1.0%	+2.0%
Value (US\$million)	318.30	314.19	310.12	306.11	302.15

Source: BDO analysis and the Adjusted Ying Model

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of the Ying Mines to changes in pricing and other assumptions.

Conclusion on DCF valuation of the Ying Mines

Based on the above analysis we consider the value of the Ying Mines to Silvercorp to be in the range of US\$284 million to US\$336 million with a preferred value of US\$310 million. Our assessed valuation range incorporates SRK's recommendations for certain input assumptions and was formed having consideration to sensitivities around a +/-4% relative change in the price of silver, given the sensitivity of the NPV to it.

12.1.4. Value of Silvercorp's interest in the Ying Mines' Residual Resources

SRK has valued the Residual Resources not accounted for in the Adjusted Ying Model using the actual and comparable transactions and yardstick methods. The fair market value of the Residual Resources as assessed by SRK, lies within the range of US\$57.69 million to US\$104.40 million, with a preferred value of US\$81.05 million. As discussed in the Independent Specialist Report, SRK has elected to adopt an equal weighting for the valued implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for the Residual Resources. We note that SRK's valuation below accounts for Silvercorp's relevant ownership interests across each of the underlying mines.

Value of Silvercorp's interest in the Ying Mines' Residual Resources	Low US\$'000	Preferred US\$'000	High US\$'000
SRK's assessed value based on comparable transactions	74,380	96,840	119,290
SRK's assessed value based on the yardstick method	41,000	65,250	89,500
SRK's valuation of the Ying Mines' Residual Resources	57,690	81,050	104,400

Source: SRK's Independent Specialist Report

12.1.5. Value of Silvercorp's interest in the Ying Mines

Based on the values outlined in the previous sections, the value of Silvercorp's interest in the Ying Mines is summarised in the table below.

Value of Silvercorp's interest in the Ying Mines	Low US\$'000	Preferred US\$'000	High US\$'000
DCF Valuation of the Ying Mines	284,000	310,000	336,000
Value of Silvercorp's interest in the Ying Mines' Residual Resource	57,690	81,050	104,400
Total	341,690	391,050	440,400

Source: BDO analysis

12.1.6. DCF Valuation of the GC Mine

We have elected to use the DCF approach in valuing the GC Mine. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising from it to their net present value. Performing a DCF valuation requires the determination of:

- The future cash flows that the GC Mine is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the GC Mine to convert them to their present value equivalent.

The value that we have ascribed to the GC Mine is based on technical factors as advised by SRK and our view of future economic assumptions, all of which are derived from information available at the time of our SRK's report and our Report respectively. The technical and economic factors may change in the future, which may change the value of the GC Mine.

The management of Silvercorp has prepared a detailed cash flow model for the GC Mine ('the GC Model'). The GC Model estimates the future cash flows expected from silver, lead, and zinc produced by the GC mine underpinning the GC Mine. The GC Model depicts forecasts of real, after-tax cash flows over an approximately thirteen year life of mine on a yearly basis, beginning from the final quarter of FY2022 to FY2034. We note that the financial years contemplated in the GC Model begin from 1 April and end on 31 March, which is different from OreCorp's adopted fiscal year period ending 30 June. For the purposes of this section, the financial years refer to the 12-month period ending 31 March.

BDO has made certain adjustments to the GC Model where it was considered appropriate to arrive at an adjusted model (**‘the Adjusted GC Model’**). In particular, we have adjusted the GC Model to:

- reflect any changes to technical assumptions as a result of SRK’s review;
- reflect any changes to the economic and other input assumptions from our research;
- convert the cash flows in the GC Model to be presented on a nominal basis; and
- adopt a valuation date of 30 September 2023.

From its review of the technical assumptions, SRK recommended certain adjustments to the GC Model. Further details of SRK’s proposed adjustments are set out in SRK’s Independent Specialist Report, included in Appendix 5. We have adopted SRK’s recommendations in forming our DCF valuation range of the GC Mine.

The GC Model was prepared based on estimates of a mining and production profile, operating costs and capital expenditure (including closure costs). Cashflows in the model were prepared on a USD basis and therefore the NPV calculated is in USD terms. The main assumptions underlying the Adjusted GC Model include:

- mining and milling volumes;
- operating costs;
- capital expenditure;
- closure costs;
- royalties;
- commodity prices;
- corporate and other taxes; and
- discount rate.

BDO has undertaken an analysis of the GC Model which has involved:

- appointing SRK as a technical specialist to review, and where required, provide suggested changes to the technical assumptions underpinning the GC Model;
- analysing the GC Model to confirm its integrity and mathematical accuracy;
- conducting independent research on certain economic and other inputs such as commodity prices, inflation, corporate costs and discount rate applicable to the future cash flows of the GC Mine;
- holding discussions with Silvercorp management and its advisers regarding the preparation of the forecasts in the GC Model and its views; and
- performing sensitivity analyses on the value of the GC Mine as a result of flexing certain assumptions and inputs.

The Adjusted GC Model, which forms the basis of our DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 ‘Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information’ and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted GC Model has been based have not been prepared on a reasonable basis.

Appointment of technical expert

SRK was engaged to prepare the Independent Specialist Report which includes a technical assessment of the assumptions underlying the Ying Model. SRK's assessment involved the review and provision of an opinion on the reasonableness of the assumptions adopted in the GC Model, including but not limited to:

- the Mineral Resources and Reserves included in the GC Model;
- mining physicals (including volume mined, recovery and grades);
- processing assumptions (including quality of concentrate produced and recovery rates);
- operating costs (comprising mining, processing and administration costs);
- capital expenditure;
- royalties;
- rehabilitation and closure costs; and
- other relevant assumptions.

SRK's Independent Specialist Report is included in Appendix 5.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted GC Model, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated, and those differences may be material.

GC Mine mining physicals

Mining at the GC Mine has already commenced and the Adjusted GC Model contemplates a forecast period of approximately 11 years, beginning from the valuation date of 30 September 2023 to the end of the life of mine plan in FY2034. We have adopted SRK's suggested amendments to certain assumptions relating to mining and processing physicals in the Adjusted GC Model including:

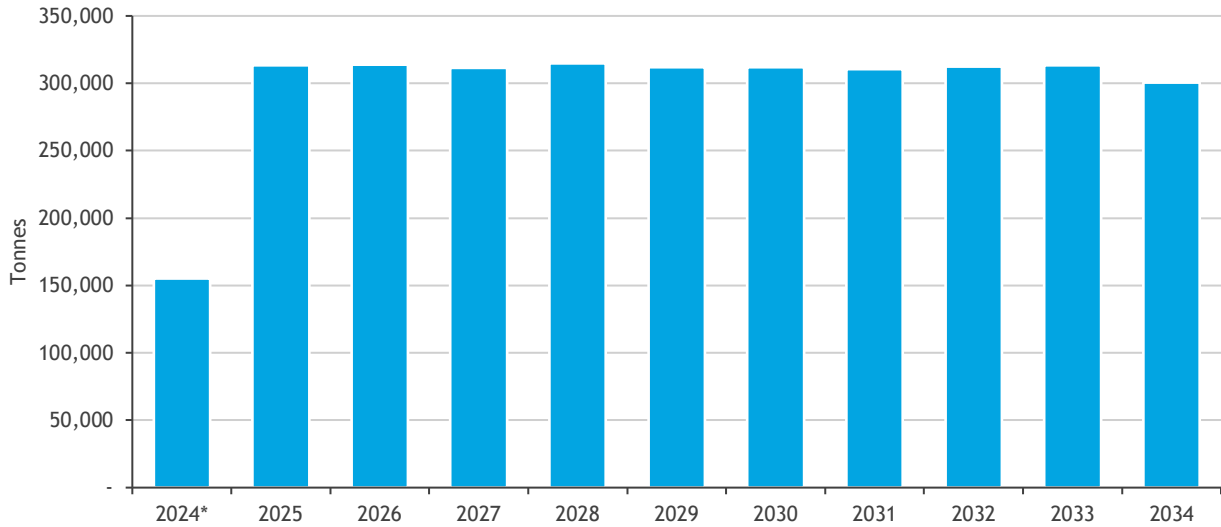
- adjustments to the life of mine plan to align with the adopted valuation date of 30 September 2023; and
- adjustments to the silver metallurgical recoveries.

The details of SRK's proposed amendments above can be found in SRK's report attached as Appendix 5.

SRK has also advised that there are Residual Resources not accounted for in the GC Model, which could extend the life of mine beyond the forecast period. SRK has also provided a valuation for these Residual Resources, which we have accounted for outside of the DCF valuation of the GC Mine, separately in our Sum-of-Parts valuation. It would not be appropriate to extend the life of mine in the DCF to reflect the Residual Resource because of insufficient reasonable grounds.

The graph below shows the forecast ore to be mined over the life of mine. It is assumed that all ore mined is processed in the same financial year. The periods in the charts below are in financial years beginning 1 April and ending 31 March of each year. The exception to this is for FY24, which reflects a partial period beginning from our adopted valuation date of 30 September 2023. We also note that the charts below reflect the statistics of the GC Mine on a 100%-ownership basis and incorporate SRK's recommendations.

Forecast Ore Mined

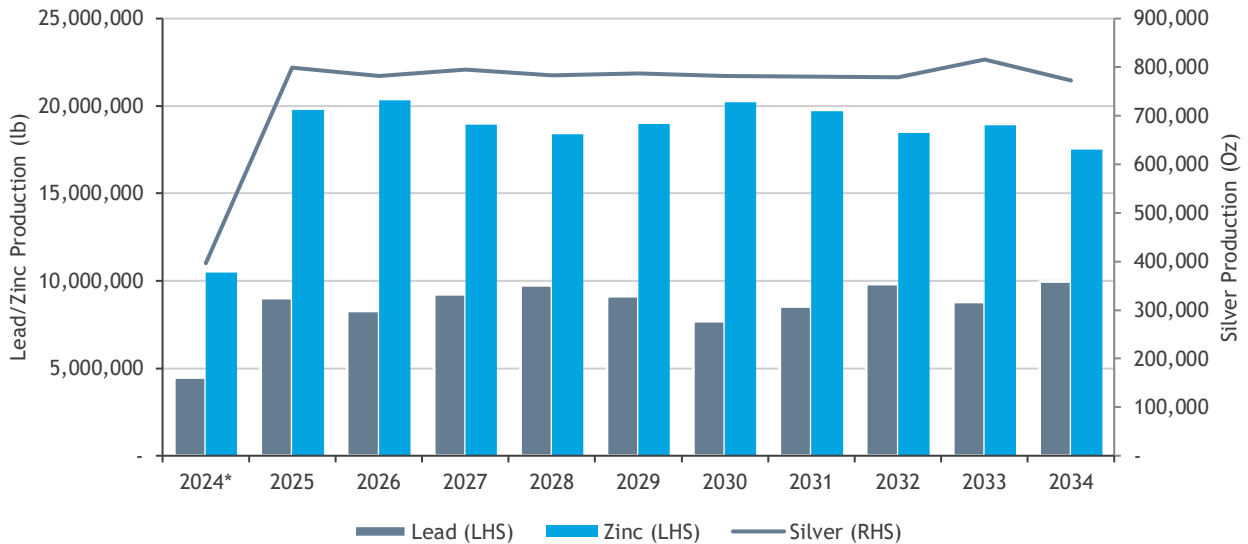


*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted GC Model

The ore that is mined is processed into silver, lead and zinc metals for sale. The graph below show the forecast metals produced over the Adjusted GC Model’s forecast period.

Forecast Metal Production



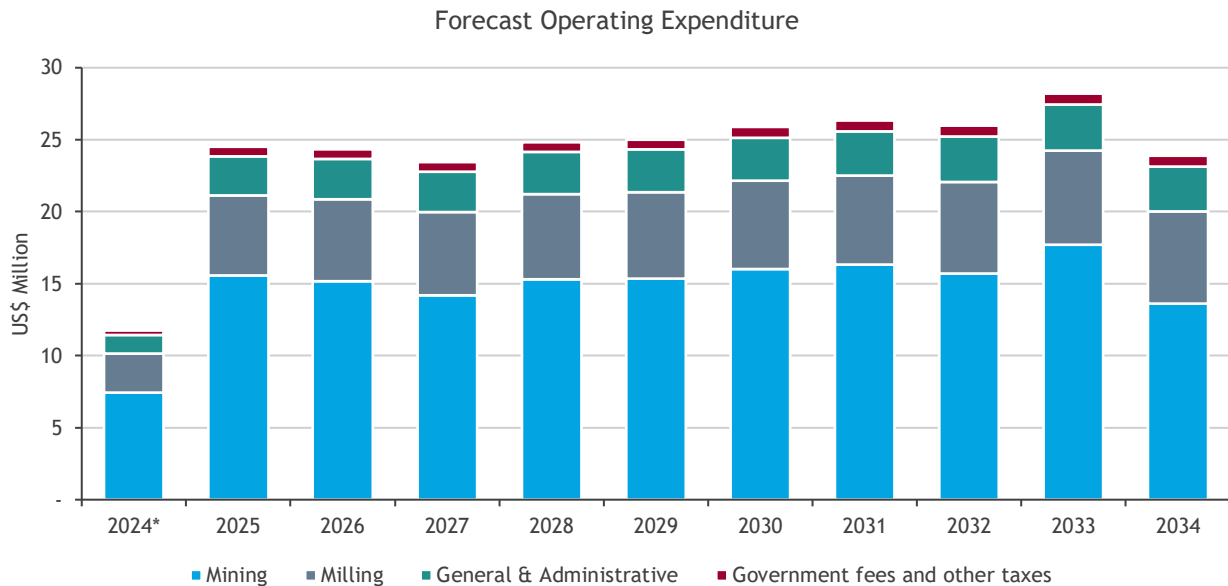
*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted GC Model

GC Mine operating costs

The operating costs forecast in the GC Model include mining, milling, general & administrative, and government fees and other taxes. In preparing the Adjusted GC Model, we have applied our inflation assumptions to these forecast operating costs.

SRK has considered the reasonableness of the forecast operating cost assumptions in the context of their experience with similar mining projects. We have reflected SRK’s suggested amendments to certain unit costs in the Adjusted GC Model including: mining costs, milling costs, and administrative costs. As detailed in the Independent Specialist Report, SRK have recommended adopting unit costs which reflect the GC Mine’s recent operational performance, as measured over FY23 and through to the first quarter of FY24. We have translated these costs into US\$ terms using the average USD:RMB exchange rate over the same period of approximately 6.88. The forecast operating costs for the GC Mine incorporating SRK’s technical input assumptions and BDO’s inflation assumptions are illustrated in the charts below.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted GC Model

Mineral Resource Tax

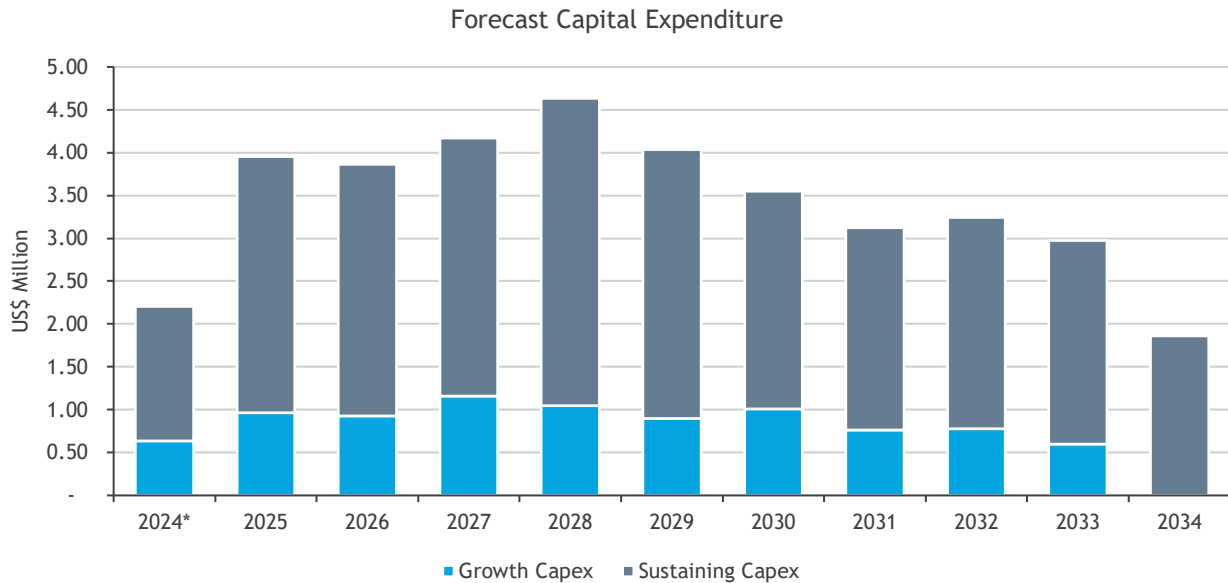
Like the Ying Mines, the GC Mine is subject to a Mineral Resource Tax which is payable each year based on the net revenue from sale of silver, lead and zinc metal produced. This net revenue is calculated after deducting smelter charges and is applied at the following rates:

- Silver - 2% of net revenue
- Lead - 3% of net revenue
- Zinc - 3% of net revenue

We have applied the above rates in the Adjusted GC Model based on SRK’s recommendations following discussions with Silvercorp.

GC Mine capital expenditure

The capital expenditure requirements for the GC Mine relate to growth capital expenditure and ongoing sustaining capital expenditure. Growth capital expenditure includes payments for exploration tunnelling to grow existing operations. We have adjusted both the sustaining and growth capital expenditure for SRK’s recommendations in the Adjusted GC Model.



*FY24 reflects partial fiscal year beginning 30 September 2023 and ending 31 March 2024

Source: Adjusted GC Model

Taxation

For the same reasons as outlined previously in the taxation section of the Adjusted Ying Model, we have also adopted an effective overall Chinese tax rate of 25% for the Adjusted GC Model.

Similarly, we have assumed a tax shield benefit from depreciation and amortisation of 12% of revenue in the Adjusted GC Model based on our analysis performed for the Ying Mines.

GC Mine rehabilitation and closure costs

SRK considers the general and administrative costs in the Adjusted GC Model to adequately reflect the ongoing environmental costs of operating the mine. The Adjusted GC Model also includes closure costs of US\$1.38 million (in nominal terms). This figure incorporates SRK's recommendation on closure costs of RMB7.75 million (in real terms) to be incurred in FY35, being the year after the final production year. Further details of SRK's adjustments can be found in the Independent Specialist Report.

Trade receivables and trade payables

The Adjusted GC Model does not contemplate the movement of working capital items such as trade receivables and trade payables. It therefore assumes all payments are made to suppliers and revenue is received from sales within each of the financial years forecast.

Inventory

The Adjusted GC Model assumes all ore is processed in the year that it is mined. Therefore, there are no inventory balances contemplated.

GC Discount Rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Adjusted GC Model, we consider the most appropriate discount rate to be Silvercorp's cost of equity. We note that its weighted

average cost of capital is equivalent to its cost of equity, as the GC Mine is self-funding and does not require debt.

For the DCF valuation of the GC Mine, we have selected a nominal post-tax discount rate in the range of 9.5% to 10.7% with a preferred rounded midpoint of 10%. We have used our preferred rounded midpoint to discount the cashflows in the Adjusted GC Model.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable developed market listed precious and base metals production companies with similar commodity types and location; and
- the risk profile of the GC Mine as compared to the comparable companies identified.

A detailed consideration of how we arrived at the adopted post-tax nominal discount range is discussed in Appendix 4.

Sensitivity analysis

We have analysed the key assumptions to the Adjusted GC Model and have prepared sensitivities on the post-tax NPV. The sensitivity analysis considers the value of the GC Mine under various pricing scenarios, after adjusting for Silvercorp's interest in the project, and in applying:

- a relative change of +/- 10% to the silver, lead and zinc price;
- a relative change of +/- 10% to operating costs;
- a relative change of +/- 10% to capital costs;
- a discount rate in the range of 8.0% to 12.0%; and
- an absolute change of +/- 2% to the rate of inflation rate assumed.

These sensitivities have been prepared to assist Shareholders in considering the potential affects to the value of the GC Mine if our base case assumptions change. We note that the NPVs set out in the tables below have been adjusted to reflect Silvercorp's 99%-interest in the GC Mine.

in US\$million		Sensitivity Analysis of the GC Mine's DCF Valuation				
% Relative Flex	Silver Price	Lead Price	Zinc Price	Operating Costs	Capital Costs	
+10.0%	41.84	39.93	45.09	23.38	34.20	
+8.0%	40.70	39.18	43.30	25.93	34.59	
+6.0%	39.56	38.42	41.51	28.49	34.98	
+4.0%	38.43	37.66	39.73	31.04	35.37	
+2.0%	37.29	36.91	37.94	33.60	35.76	
-	36.15	36.15	36.15	36.15	36.15	
-2.0%	35.02	35.40	34.37	38.71	36.54	
-4.0%	33.88	34.64	32.58	41.26	36.93	
-6.0%	32.74	33.88	30.79	43.82	37.33	
-8.0%	31.61	33.13	29.01	46.37	37.72	
-10.0%	30.47	32.37	27.22	48.93	38.11	

Source: BDO analysis and the Adjusted GC Model

Sensitivity Analysis of the GC Mine's DCF Valuation to the discount rate					
Discount rate	8.0%	9.0%	10.0%	11.0%	12.0%
Value (US\$million)	39.50	37.77	36.15	34.65	33.25

Source: BDO analysis and the Adjusted GC Model

Sensitivity Analysis of the GC Mine's DCF Valuation to the inflation rate					
% Absolute Flex on Inflation Rate	-2.0%	-1.0%	-	+1.0%	+2.0%
Value (US\$million)	40.81	38.53	36.15	33.68	31.10

Source: BDO analysis and the Adjusted GC Model

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of the GC Mine to changes in pricing and other assumptions.

Conclusion on DCF valuation of the GC Mine

Based on the above analysis we consider the value of Silvercorp's interest in the GC Mine to be in the range of US\$32 million to US\$40 million with a preferred value of US\$36 million. Our assessed valuation range incorporates SRK's recommendations for certain input assumptions and was formed having consideration to sensitivities around a +/-4% relative change in the price of zinc, given the sensitivity of the NPV to it.

12.1.7. Value of the Silvercorp's interest in the GC Mine's Residual Resources

SRK has valued the Residual Resources not accounted for in the Adjusted GC Model using the actual and comparable transactions and yardstick methods. The fair market value of the Residual Resources as assessed by SRK, lies within the range of US\$24.9 million to US\$45.49 million, with a preferred value of US\$35.19 million. As discussed in the Independent Specialist Report, SRK has elected to adopt an equal weighting for the valued implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for the Residual Resources. We note that SRK's valuation below accounts for Silvercorp's 99%-interest in the GC Mine.

	Low	Preferred	High
Value of Silvercorp's interest in the GC Mine's Residual Resources	US\$'000	US\$'000	US\$'000
SRK's assessed value based on comparable transactions	31,840	41,450	51,060
SRK's assessed value based on the yardstick method	17,960	28,940	39,920
SRK's valuation of the GC Mine's Residual Resources	24,900	35,190	45,490

Source: SRK's Independent Specialist Report

12.1.8. Value of Silvercorp's interest in the GC Mine

Based on the values outlined in the previous sections, the value of Silvercorp's interest in the GC Mine is summarised in the table below.

	Low	Preferred	High
Value of Silvercorp's interest in the GC Mine	US\$'000	US\$'000	US\$'000
DCF Valuation of the GC Mine	32,000	36,000	40,000
Value of the Silvercorp's interest in the GC Mine's Residual Resource	24,900	35,190	45,490
Total	56,900	71,190	85,490

Source: BDO analysis

12.1.9. Value of Silvercorp's interest in the BYP Project

SRK has valued Silvercorp's 70% interest in the BYP Project, which is currently under care and maintenance, using the comparable transactions and yardstick methods. The fair market value of the BYP Project as assessed by SRK, lies within the range of US\$20.6 million to US\$39.27 million, with a preferred value of US\$29.94 million. As discussed in the Independent Specialist Report, SRK has elected to adopt an equal weighting for the valued implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for the BYP Project.

	Low	Preferred	High
Value of Silvercorp's 70% interest in the BYP Project	US\$'000	US\$'000	US\$'000
Comparable transactions	24,350	32,460	40,580
Yardstick	16,850	27,410	37,970
Total	20,600	29,940	39,270

Source: SRK's Independent Specialist Report

12.1.10. Value of the Kuanping Project

As detailed in the Independent Specialist Report, SRK considers the actual transaction value paid by Silvercorp for its 100% interest in the Kuanping Project as the best reflection of the value of its exploration potential. Given the relatively recent acquisition (November 2021) in a competitive public auction, SRK consider the price paid to be reflective of its fair value. Accordingly, it has valued the Kuanping Project at US\$13.10 million which we have adopted across each of the low, preferred and high valuation points.

12.1.11. Value of Silvercorp's other assets and liabilities

The other assets and liabilities of Silvercorp represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Silvercorp and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Notes	Audited as at 31-Mar-23 US\$'000	Adjusted Value US\$'000
CURRENT ASSETS			
Cash and cash equivalents	a)	145,692	65,970
Short-term investments	b)	57,631	69,993
Trade and other receivables		1,806	1,806
Inventories		8,343	8,343
Due from related parties		88	88
Income tax receivable		582	582
Prepays and deposits		4,906	4,906
TOTAL CURRENT ASSETS		219,048	151,688
NON-CURRENT ASSETS			
Long-term prepays and deposits		871	871
Reclamation deposits		6,981	6,981
Other investments	b)	15,540	14,429
Investments in associates	c)	50,695	72,750
Investment properties	b)	-	479
Plant and equipment	d)	80,059	-
Mineral rights and properties	d)	303,426	-
Deferred income tax assets		179	179
TOTAL NON-CURRENT ASSETS		457,751	95,689
TOTAL ASSETS		676,799	247,376
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	e)	36,737	44,877
Current portion of lease obligation		269	269
Deposits received		4,090	4,090
Income tax payable		144	144
TOTAL CURRENT LIABILITIES		41,240	49,380
NON-CURRENT LIABILITIES			
Long-term portion of lease obligation		314	314
Deferred income tax liabilities		48,096	48,096
Environmental rehabilitation	d)	7,318	-
TOTAL NON-CURRENT LIABILITIES		55,728	48,410
TOTAL LIABILITIES		96,968	97,790
NET ASSETS		579,831	149,586

Source: Silvercorp's audited financial statements for the period ended 31 March 2023, Silvercorp's unaudited financial statements for the quarter ended 30 September 2023, discussions with Silvercorp and BDO analysis.

We have not undertaken a review of Silvercorp's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any other significant change in the net assets of Silvercorp since 31 March 2023 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at

31 March 2023 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

We note the following in relation to the above valuation to Silvercorp's other assets and liabilities:

Note a) Cash and cash equivalents

Based on Silvercorp's unaudited financial statements for the quarter ended 30 September 2023, we have adjusted the cash balance for the semi-annual dividend payable announced on 9 November 2023 and expected payments associated with the Cash Offer Consideration and the OreCorp Option Consideration. We note that transaction costs are considered separately in our Sum-of-Parts valuation (see Section 12.1.13). Our adjustments to the 30 September 2023 cash balance are shown below in USD terms:

Adjusted cash and cash equivalents	US\$'000
Closing balance of cash as at 30 September 2023	119,098
Less: Silvercorp semi-annual dividend payable announced on 9 November 2023	(2,210)
Less: Payment of the Cash Offer Consideration	(50,860)
Less: Funds used for the OreCorp Option Consideration	(58)
Adjusted cash and cash equivalents	65,970

Source: Silvercorp's unaudited financial statements for the quarter ended 30 September 2023, draft Target's Statement and BDO analysis.

In calculating the above adjustments, we note the following:

- We have assumed an AUD/USD exchange rate of 0.670 where required to convert between the two currencies;
- The Cash Offer Consideration has been calculated on the basis of a total of 399,531,991 OreCorp shares and a cash payment of A\$0.19 per OreCorp share. This reflects the number of OreCorp shares not already held by Silvercorp and includes the automatic vesting and conversion of OreCorp Performance Rights into shares (see Section 12.1.15 for further details); and
- The OreCorp Option Consideration totals A\$86,005 (see Section 4.2 for further details), equivalent to approximately US\$58,000 converted at the aforementioned AUD/USD exchange rate.

Note b) Short-term investments, other investments and investment properties

We have updated the balances for Silvercorp's short-term investments, other investments and investment properties to reflect a more recent valuation as follows:

- The value of Silvercorp's short-term investments (comprising bonds and money market instruments) has been adjusted per the 30 September 2023 management accounts of \$69.99 million.
- The value of the other investments (comprising a mix of public and private companies) has been adjusted to reflect the unaudited 30 September 2023 management accounts. The public listed entities, which includes Silvercorp's investment in OreCorp, was valued at approximately US\$33.39 million. We have adjusted the book value of Silvercorp's interest in OreCorp to nil, as it is reflected in the value of OreCorp's assets following the Takeover, which have been valued separately in Sections 11.1.3, 11.1.4 and 12.1.1. For the value of the private entities, we have adopted the 30 September 2023 balance of approximately US\$3.23 million, noting that it has not materially changed from the audited 31 March 2023 balance. In total, the adjusted value of other investments amounts to US\$14.43 million.

- We have included the value of investment properties of US\$479,000 which was present as at 30 September 2023 but not as at 31 March 2023.

Note c) Investment in associates

We have adjusted the value of Silvercorp's investment in its associates being its interest in New Pacific (27.4%) and Tincorp (29.3%) to reflect their recent quoted market prices on the TSX.

We have assessed the value of the holding at a recent date (and not prior to the announcement of the Takeover) because the Takeover is between OreCorp and Silvercorp and is unlikely to have an impact on the market value the investments. The investments are currently recorded on the Silvercorp's balance sheet using the equity method, i.e. they are initially recognized at cost and subsequently increased or decreased to recognize Silvercorp's share of profit and loss of the associate and for impairment losses as well as any dividends received after the initial recognition date.

In assessing the fair values of Silvercorp's investment in its associates, we have had regard to International Financial Reporting Standards 13 *Fair Value Measurement*, which gives the highest priority to unadjusted quoted prices in active markets and does not allow for premium or discounts that reflect size as a characteristic of the entity's holding. Although the quoted market price is reflective of a minority interest, we have not applied a premium to reflect Silvercorp's potential to influence the operations of its investments. We note that although both entities exhibit relatively low levels of trading liquidity, we consider it to be sufficient for us to be able to rely on their quoted market prices for our assessment.

Set out below are our valuations for Silvercorp's interests in New Pacific and in Tincorp based on the quoted market price method. For the purposes of our valuation assessment, we have adopted the preferred valuation points of both, resulting in a total adjusted value of US\$72.75 million.

Silvercorp's interest in New Pacific Metals Corp.

In our analysis of the market prices for a New Pacific share, we have considered the weighted average market price for 10, 30, 60 and 90 day periods to 31 January 2024.

Share Price per unit	31-Jan-24	10 Days	30 Days	60 Days	90 Days
Closing price C\$	C\$1.700				
Volume weighted average price (VWAP) C\$		C\$1.704	C\$2.061	C\$2.214	C\$2.257

Source: Bloomberg, BDO analysis

Our assessment is that a range of values for New Pacific shares based on market pricing is between C\$1.700 and C\$2.200, with a preferred value being the midpoint of the range. Our valuation of Silvercorp's interest in New Pacific is set out below:

Value of the shares in New Pacific	Low	Preferred	High
Number of New Pacific shares to be held by Silvercorp	46,893,506	46,893,506	46,893,506
QMP value of a New Pacific share (C\$/share)	1.700	1.950	2.200
Total value of the New Pacific shares held by Silvercorp (C\$'000)	79,719	91,442	103,166
Total value of the New Pacific shares held by Silvercorp (US\$'000)*	59,490	68,240	76,990

Source: Bloomberg, BDO analysis

*We have used a USD/CAD fixed exchange rate of 1.340 here (based on consensus analyst forecasts sourced from Bloomberg) to convert the value from CAD to USD and rounded to the nearest ten thousand.

Therefore, our valuation of Silvercorp's holding in New Pacific, based on the quoted market price method, is between US\$59.49 million and US\$76.99 million, with our preferred value being a midpoint of US\$68.24 million.

Silvercorp's interest in Tincorp Metals Inc.

In our analysis of the market prices for a Tincorp share, we have considered the weighted average market price for 10, 30, 60 and 90 day periods to 31 January 2024.

Share Price per unit	31-Jan-24	10 Days	30 Days	60 Days	90 Days
Closing price C\$	C\$0.270				
Volume weighted average price (VWAP) C\$		C\$0.290	C\$0.296	C\$0.326	C\$0.331

Source: Bloomberg, BDO analysis

Our assessment is that a range of values for Tincorp shares based on market pricing is between C\$0.290 and C\$0.330, with a preferred value being the midpoint of the range. Our valuation of Silvercorp's interest in Tincorp is set out below:

Value of the shares in Tincorp	Low	Preferred	High
Number of Tincorp shares to be held by Silvercorp	19,514,285	19,514,285	19,514,285
QMP value of a Tincorp share (C\$/share)	0.290	0.310	0.330
Total value of the Tincorp shares held by Silvercorp (C\$'000)	5,659	6,049	6,440
Total value of the Tincorp shares held by Silvercorp (US\$'000)*	4,220	4,510	4,810

Source: Bloomberg, BDO analysis

*We have used a USD/CAD fixed exchange rate of 1.340 here (based on consensus analyst forecasts sourced from Bloomberg) to convert the value from CAD to USD and rounded to the nearest ten thousand.

Therefore, our valuation of Silvercorp's holding in Tincorp, based on the quoted market price method, is between US\$4.22 million and US\$4.81 million, with our preferred value being a midpoint of US\$4.51 million.

Note d) Plant and equipment, mineral rights and properties and environment rehabilitation

We have adjusted the book value of these items to nil, as they are already accounted for in the valuation of Silvercorp's mineral assets elsewhere in the Sum-of-Parts valuation.

Note e) Accounts payable and accrued liabilities

Based on the unaudited accounts as at 30 September 2023, the balance of accounts payable and accrued liabilities had increased by approximately US\$8 million from its audited balance at 31 March 2023. Given this is a material increase and we consider the item to be working capital in nature, we have adopted the more recent value for our purposes. We note that Silvercorp's other working capital balances had not materially changed from their audited values at 31 March 2023 and therefore we have not made any other working capital balance adjustments.

12.1.12. Present value of corporate costs of the Merged Group

We have assessed the present value of corporate costs separately from the DCF valuations of the Merged Group's mineral assets. Following the Takeover, Silvercorp will be a larger entity with the acquisition of OreCorp and as such, we have assumed it would incur higher corporate costs than those incurred historically. Silvercorp's historical corporate costs are summarised in the table below, based on which we consider a range of between US\$10 million and US\$14 million per annum to be reasonable.

Corporate costs of Silvercorp	Audited for the year ended 31-Mar-23 US\$'000	Audited for the year ended 31-Mar-22 US\$'000	Audited for the year ended 31-Mar-21 US\$'000
Corporate general and admin	13,249	14,181	12,365

Source: Silvercorp's audited financial statements for the years ended 31 March 2023, 31 March 2022 and 31 March 2021

However, there are also likely to be duplicate corporate and administrative costs at the Merged Group level, which would result in the Merged Group having lower costs than the sum of the two companies' respective corporate costs. Based on discussions with Silvercorp, it is anticipated that between 30% to 50% of OreCorp's current corporate and administrative expenses may be duplicate costs that could be saved. Applying these synergies to our assessed real corporate cost of OreCorp prior to the Takeover (see Section 11.1.5) results in the values below.

Corporate costs of OreCorp	Low	Preferred	High
Assessed real annual corporate costs of OreCorp prior to the Offer (in A\$'000) (Section 11.1.5)	12,000	10,000	8,000
AUD/USD exchange rate assumed	0.670	0.670	0.670
Assessed real annual corporate costs of OreCorp prior to the Offer (in US\$'000)	8,040	6,700	5,360
<i>Discount for synergies</i>	30%	40%	50%
Assumed real annual corporate cost of OreCorp after synergies	5,628	4,020	2,680

Source: BDO analysis

The table below outlines the assumed real annual corporate costs of both Silvercorp and OreCorp based on their respective historical corporate costs, as well as an estimate of the corporate costs of the Merged Group including the anticipated savings discussed above.

Present value of corporate costs of the Merged Group	Low US\$'000	Preferred US\$'000	High US\$'000
Assumed real annual corporate costs of Silvercorp	14,000	12,000	10,000
Assumed real annual corporate costs of OreCorp after synergies	5,628	4,020	2,680
Assumed total real corporate costs of the Merged Group	19,628	16,020	12,680
Assumed statutory Canadian corporate tax rate	27%	27%	27%
Real annual corporate cost of the Merged Group (tax effected and rounded)	14,330	11,690	9,260
Present value of corporate costs (tax effected)	(124,870)	(101,860)	(80,690)

Based on the above and after accounting for the tax shield impact of these expenses, we have assessed real corporate costs for the Merged Group to be in the range of US\$9.26 million to US\$14.33 million per annum, with a preferred position of US\$11.69 million. As a cross-check, we have also considered the corporate costs of companies broadly similar to the Merged Group and determine this level to be reasonable for our purposes.

In calculating the present value of corporate costs of the Merged Group, we have applied our inflation assumptions to the costs and assumed the costs continue up to the end of March 2038, being the final year of cashflows contemplated by the DCF valuation models of the Nyanzaga, Ying and GC Mines. A discount rate of 11% was used for discounting, broadly reflecting the discount rates used in the DCF valuation of the Nyanzaga, Ying, GC Mines (12%, 10% and 10%, respectively). We have also assumed a tax shield impact from these costs, calculated at the statutory Canadian tax rate of approximately 27%.

Based on the above analysis, we assess the present value of corporate costs to be in the range of US\$80.69 million to US\$124.87 million per annum, with a preferred position of US\$101.86 million.

12.1.13. Transaction costs related to the Offer

In connection with the Offer, OreCorp and Silvercorp have estimated transaction-related costs including advisory, legal and success fees and a A\$1.60 million allowance for retention payments to certain OreCorp employees, further details of which are contained within the Target's Statement. The estimated transaction costs amount to approximately US\$6.34 million (applying our assumed AUD/USD and USD/CAD exchange rates of 0.670 and 1.340, respectively, where applicable). Accordingly, we have deducted this from the value of the Merged Group.

In addition, upon completion of the Takeover, the Merged Group may incur a capital gains tax payable under Tanzanian legislation. The amount payable is linked to the consideration paid by Silvercorp, which includes the value of the Silvercorp shares issued as consideration as at the Takeover completion date. As such, the exact amount payable will only be known upon completion of the Takeover. Based on OreCorp's expectations and discussions with its tax advisors, and applying our assumed AUD/USD exchange rate of 0.670, the tax payable is estimated to be US\$22.44 million, which we have also deducted from the value of the Merged Group.

We note that this estimate is based on the assumed equity purchase price of A\$0.582 per OreCorp share as detailed in the Target's Statement. Further details on the capital gains tax payable are detailed in the Target's Statement.

Based on the above, we have deducted a total of US\$28.78 million from the value of the Merged Group as transaction costs related to the Offer (including the estimate for the capital gains tax payable).

12.1.14. Notional debt facility fee

As discussed in Section 11.1.2.1, a notional upfront debt fee of between 1% and 2% of the face value of the debt is considered reasonable. For the US\$270.18 million notional debt required following the Takeover, this results in a reduction to the Sum-of-Parts value of between US\$2.70 million to US\$5.40 million. With no preference to either end, our preferred value is the midpoint of the two.

12.1.15. Ordinary shares in the Merged Group on issue following the Takeover

In calculating the number of Merged Group shares on issue following the Takeover, we have reflected the following adjustments:

- the conversion of OreCorp's current shares on issue into Silvercorp shares (less any OreCorp shares already held by Silvercorp); and
- the conversion of OreCorp's existing performance rights on issue into Silvercorp shares.

The share structure of the Merged Group following the Takeover is summarised below.

Share structure following the implementation of the Takeover	No.
Number of OreCorp shares on issue prior to the Takeover	469,408,892
Less: OreCorp shares already held by Silvercorp prior to the Takeover	(73,889,007)
Add: OreCorp Performance Rights to be converted into OreCorp shares	4,012,106
Total number of OreCorp shares to be converted into Silvercorp shares	399,531,991
Number of Silvercorp shares that OreCorp Shareholders will receive for each OreCorp share held	0.0967
Number of Merged Group shares to be issued to Shareholders	38,634,744
Number of Silvercorp shares on issue prior to the Takeover	177,048,198
Total ordinary shares on issue in the Merged Group following the Takeover	215,682,942

Source: BDO analysis

12.1.16. Minority discount

The value of a Merged Group share derived under the Sum-of-Parts approach is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence on the operations and value of that company. However, following the Takeover, Shareholders will be minority holders in the Merged Group, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations of that company.

Therefore, we have adjusted our valuation of a Merged Group share following the Takeover to reflect the minority interest holding. The minority discount is based on the inverse of the control premium and is calculated using the formula $1 - (1 / (1 + \text{control premium}))$.

Based on our analysis in Section 11.2, we consider an appropriate control premium to be in the range of 30% to 40% with a midpoint of 35%. This assessed control premium range gives rise to a rounded minority discount in the range of 23% to 29%, with a rounded midpoint of 26%.

12.1.17. Value of the Merged Group on a diluted basis

We have considered the dilutionary impact from Silvercorp's options and RSUs currently on issue (summarised in Section 6.11). Based on our assessed Sum-of-Parts value of the Merged Group, none of the options will be in-the-money and therefore we have not assumed their notional exercise. We also note that Silvercorp has 946,417 RSUs that have already vested but remain unexercised. We have considered the dilutionary impact of these vested RSUs in our calculation of the value per share of the Merged Group on a minority interest and diluted basis below:

Valuation of the Merged Group following the Takeover (diluted)	Ref	Low US\$'000	Preferred US\$'000	High US\$'000
Value of the Merged Group (control, undiluted) (A)	12.1	552,179	698,269	843,510
Adjusted number of shares outstanding	12.1.15	215,682,942	215,682,942	215,682,942
Add: Shares issued on notional exercise of already vested Silvercorp performance rights		946,417	946,417	946,417
Total shares on a diluted basis (B)		216,629,359	216,629,359	216,629,359
Value per share of the Merged Group (\$) (control, diluted) (A/B)		2.549	3.223	3.894
<i>Minority discount</i>	12.1.16	29%	26%	23%
Value per share of the Merged Group (\$) (minority, diluted)		1.810	2.385	2.998

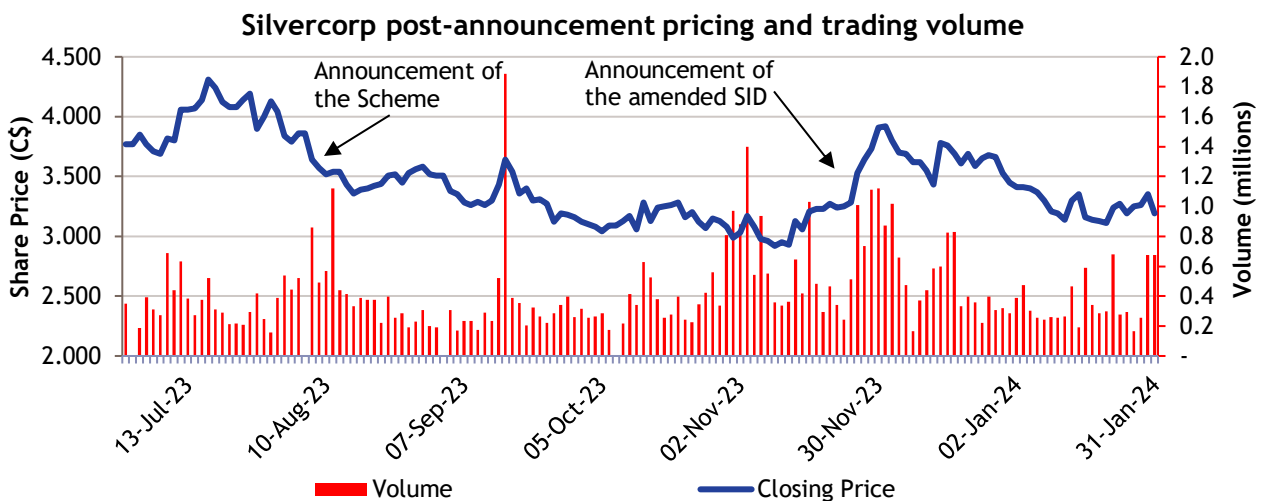
Source: BDO analysis

12.2 Quoted Market Prices for Silvercorp Securities

Given that we are valuing the Scrip Offer Consideration, being the 0.0967 shares in the Merged Group that are to be received by Shareholders, we would typically consider the market pricing of Silvercorp following the announcement of the Offer. However, we note that the Offer Consideration is identical to the cash and scrip consideration offered under the amended SID as announced on the ASX on 23 November 2023. Therefore, we consider the market pricing of Silvercorp following the announcement of the amended SID to be a relevant indicator of value of Silvercorp shares following the Offer.

The market price of Silvercorp shares in the period following the announcement of the amended SID is considered an indicator of the value of the Merged Group because market participants are fully informed as to the terms of the amended SID, with the price reflecting the market's view of value. This value includes the acquisition of OreCorp, the cash consideration of A\$75.91 million exiting the Merged Group and the associated dilution from issuing the scrip consideration.

We have analysed movements in Silvercorp's share price since the amended SID was announced. A graph of Silvercorp's share price and trading volume leading up to, and following the announcement of the amended SID is set out below.



Source: Bloomberg and BDO analysis

The amended SID was announced on 23 November 2023. On the first trading date after the amended SID was announced, the share price up at C\$3.250, up from a closing price of C\$3.240 on the previous trading day. On that day, 244,670 shares were traded, representing approximately 0.14% of Silvercorp's issued capital. Following the announcement of the amended SID, the closing share price of Silvercorp has fluctuated between a low of C\$3.110 on 19 January 2024 to a high of C\$3.920 on 1 December 2023.

To provide further analysis of the market prices for a Silvercorp share post the announcement of the amended SID, we have also considered the weighted average market price for the below periods following the announcement up to 31 January 2024:

Share Price per unit	31-Jan-24	5 Days	10 Days	15 Days	From announcement to 31-Jan-24
Closing price	C\$3.190				
Volume weighted average price (VWAP)		C\$3.252	C\$3.212	C\$3.216	C\$3.526

Source: Bloomberg and BDO analysis

In accordance with the guidance in RG111, we also consider it appropriate to assess the liquidity of Silvercorp shares before utilising the QMP basis. The table below sets out the liquidity of Silvercorp shares as proxied by the volume traded as a percentage of the number of shares on issue. We have performed this analysis over the twelve months prior to the announcement of the amended SID, in order to determine whether there is sufficient trading in Silvercorp shares historically in order to rely on a QMP approach.

Trading days	Share price low (C\$)	Share price high (C\$)	Cumulative volume traded	As a % of Issued capital
1 Day	\$3.190	\$3.250	244,670	0.14%
10 Days	\$2.880	\$3.350	4,628,442	2.62%
30 Days	\$2.880	\$3.380	15,668,195	8.86%
60 Days	\$2.880	\$3.700	25,222,929	14.26%
90 Days	\$2.880	\$4.220	36,326,135	20.54%
180 Days	\$2.880	\$5.600	83,610,426	47.29%
1 Year	\$2.880	\$5.600	123,085,223	69.61%

Source: Bloomberg and BDO analysis

The table above indicates that Silvercorp's shares display a high level of liquidity, with 69.61% of the company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Silvercorp, we consider the shares to display a high level of liquidity, on the basis that more than 1% of securities have been traded weekly on average, with 69.61% of Silvercorp's current issued capital being traded over a twelve-month period, and 47.29% of Silvercorp's current issued capital being traded over a 180 trading day period, prior to the announcement of the amended SID. Of the 52 weeks in which our analysis is based on, more than 1% of the company's securities had been traded in 34 of those weeks.

We have also analysed the liquidity of Silvercorp shares, as proxied by the volume traded as a percentage of the number of shares on issue, over the post announcement period up to 31 January 2024. We conduct

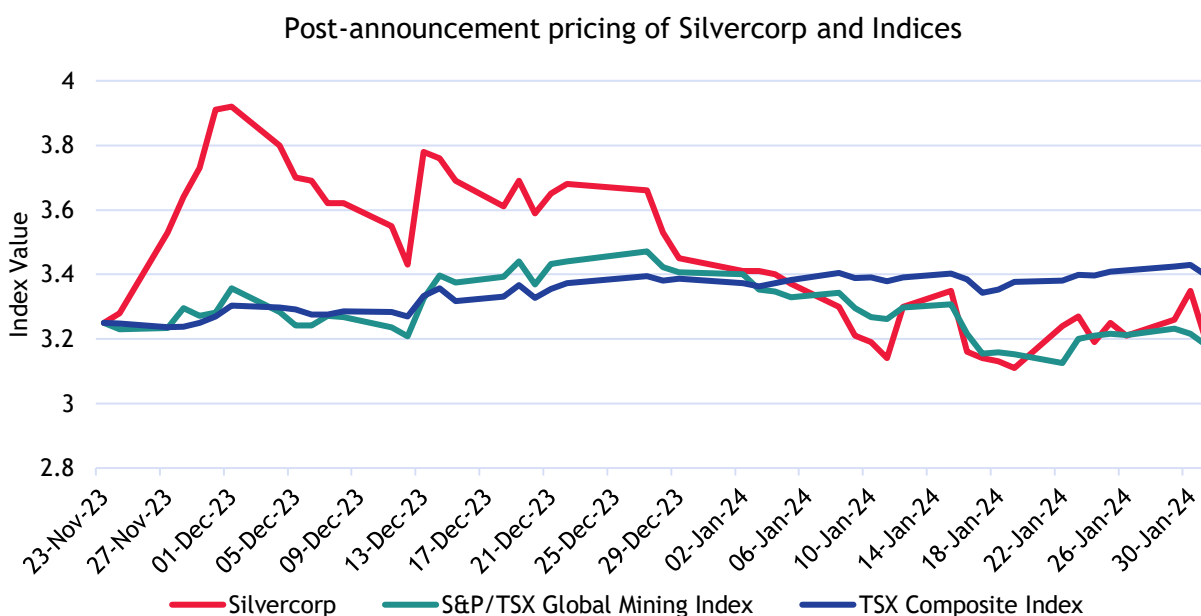
this analysis in order to determine whether we consider the Silvercorp shares to be liquid and active in the period following the announcement of the amended SID.

Trading days following the announcement of the amended SID	Share price low (C\$)	Share price high (C\$)	Cumulative volume traded	As a % of Issued capital
1 Day	C\$3.190	C\$3.190	674,780	0.38%
5 Days	C\$3.190	C\$3.350	2,062,756	1.17%
10 Days	C\$3.110	C\$3.350	3,944,315	2.23%
15 Days	C\$3.110	C\$3.350	5,714,690	3.23%
20 Days	C\$3.110	C\$3.410	7,248,260	4.09%
25 Days	C\$3.110	C\$3.680	8,949,038	5.05%
30 Days	C\$3.110	C\$3.690	11,087,707	6.26%
To 31 January 2024 (48 days)	C\$3.110	C\$3.920	21,822,548	12.33%

Source: Bloomberg and BDO analysis

We consider the trading following the announcement of the amended SID to show high levels of liquidity with 12.33% of Silvercorp’s shares being traded in the period (48 trading days) following the announcement of the amended SID. However, we consider the share price over the period following the announcement of the amended SID to display high levels of volatility, with the closing share price ranging from C\$3.110 to C\$3.920 in the period up to 31 January 2024, reflecting an approximate 26% movement in the closing share price. We consider this may indicate uncertainty in the market about the potential effect on valuation of Silvercorp that may arise following the implementation of the amended SID.

We have also considered if there are other market factors which could influence the Silvercorp share price following the announcement of the amended SID by analysing movements in the TSX Composite Index, as a proxy for the market, and the S&P/TSX Global Mining Index as a proxy for Silvercorp and OreCorp’s industry, over the same post-announcement period. Our analysis is depicted in the graph below, with each of the indices rebased to Silvercorp’s share price following the announcement of the amended SID in order to illustrate the relative performance of the indices and Silvercorp.



Source: Bloomberg and BDO analysis

We note the performance of the TSX Composite Index and the S&P/TSX Global Mining Index has remained relatively stable over the period following the announcement of the amended SID. Therefore, we consider there to be indication that the Silvercorp share price has been affected by market conditions outside the operations of Silvercorp in the period following the announcement of the amended SID.

Based on the above analysis, we consider there to be sufficient liquidity in Silvercorp's shares in order to utilise post-announcement pricing as an approach to valuing the Offer Consideration. We also note the high volatility in the Silvercorp share price over the post-announcement period may indicate uncertainty in the market about the potential effect of the amended SID on the valuation of Silvercorp as a proxy for the Merged Group.

Our assessment of QMP valuation for Silvercorp's shares based on post-announcement market pricing is between C\$3.150 and C\$3.500. Based on our assumed USD/CAD exchange rate of 1.340, our assessment of QMP valuation for Silvercorp's shares based on post-announcement market pricing is between US\$2.350 and US\$2.610.

12.3 Assessment of the value of a Merged Group share following the Takeover

The results of the valuations performed are summarised in the table below:

	Ref	Low US\$	Preferred US\$	High US\$
Sum-of-Parts (minority, diluted basis)	12.1.17	1.810	2.385	2.998
QMP	12.2	2.350	2.480	2.610

Source: BDO analysis

We consider the Sum-of-Parts approach to be the most appropriate methodology to value the Merged Group as the core value lies in its interest in the Nyanzaga Project, the Ying Mine and the GC Mine, which have been valued using the DCF methodology, and the Residual Resources and exploration potential of the mineral assets not included in the DCF valuation, which have been independently valued by SRK, an independent technical specialist in accordance with VALMIN. Notwithstanding this, we consider the QMP approach to be relevant for the purposes of a broad cross-check to our valuation under the Sum-of-Parts approach. Based on the values above, we consider the valuation under the QMP approach to be broadly supportive of the valuation under the Sum-of-Parts approach.

The different results of our valuation approaches are explained by the technical assumptions made by SRK in assessing the value of the Nyanzaga Project, the Ying Mine and the GC Mine and the Residual Resources and exploration potential of the mineral assets not included in the DCF valuation may be more optimistic than those made by the market.

Based on the results above we consider the value of a Merged Group share following the Takeover (on a minority interest and diluted basis) to be in the range of US\$1.810 to US\$2.998, with a preferred value of US\$2.385.

Based on the value of a Merged Group share following the Takeover (on a minority interest and diluted basis), we have set out the value of the Offer Consideration below.

Value of the Offer Consideration	Units	Low	Preferred	High
Value of 1 share in the Merged Group (minority, diluted)	US\$	1.810	2.385	2.998
Value of 0.0967 shares in the Merged Group (minority, diluted)	US\$	0.175	0.231	0.290
AUD/USD exchange rate assumed	rate	0.670	0.670	0.670
Value of 0.0967 shares in the Merged Group (minority, diluted)	A\$/share	0.261	0.344	0.433
Value of A\$0.19 cash per OreCorp share	A\$/share	0.190	0.190	0.190
Value of the Offer Consideration	A\$/share	0.451	0.534	0.623

Source: BDO analysis

We note from the table above that, compared to the Perseus Offer’s cash consideration of A\$0.55 per OreCorp share, at the high end of our valuation range the Offer Consideration provides greater upside in value (albeit without the certainty of the Perseus Offer) whereas at the low and preferred valuation points, the Perseus Offer provides greater value to Shareholders. The valuation range derived for the Offer Consideration is driven by the valuation range for the 0.0967 shares in the Merged Group (on a minority and diluted basis) which itself is based on the sum-of-parts method. Having consideration to the above as well as the other factors pertinent to the Perseus Offer as outlined in Section 14.3, we do not consider the Perseus Offer to be superior to the Takeover Offer by Silvercorp.

13. Is the Offer fair?

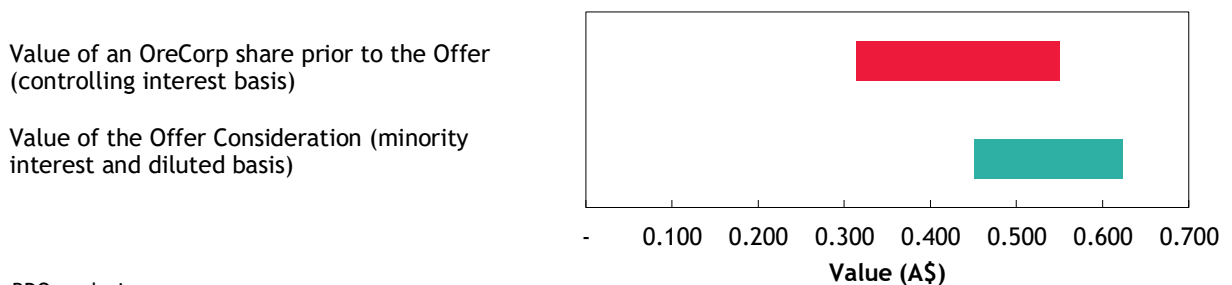
The value of an OreCorp share prior to the Offer on a controlling interest basis and the value of the Offer Consideration, comprising A\$0.19 cash and 0.0967 shares in the Merged Group on a minority interest and diluted basis, are compared below:

Fairness assessment	Ref	Low A\$/share	Preferred A\$/share	High A\$/share
Value of an OreCorp share prior to the Offer (controlling interest basis)	11.4	0.313	0.390	0.550
Value of the Offer Consideration				
Value of Scrip Offer Consideration (minority interest and diluted basis)	12.3	0.261	0.344	0.433
Value of Cash Offer Consideration	4	0.190	0.190	0.190
Total value of the Offer Consideration		0.451	0.534	0.623

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information and a superior offer, the Offer is fair for Shareholders. We consider the Offer to be fair for Shareholders because the value of the Offer Consideration on a minority interest and diluted basis is greater than the value of an OreCorp share prior to the Offer on a controlling interest basis, when a direct comparison is made between the corresponding low, preferred and high values. Therefore, we consider that the Offer is fair for Shareholders.

We have also assessed the value of the Offer Consideration under the scenario where Silvercorp holds a relevant interest in 50.1% of OreCorp's shares at the end of the Offer Period, being the minimum acceptance condition pursuant to the BID. We note that this does not have a material impact on our valuation and therefore, we consider that the Offer is also fair for Shareholders in the event that Silvercorp holds the minimum relevant interest of 50.1% of OreCorp's shares at the end of the Offer Period.

14. Is the Offer reasonable?

14.1 Advantages of accepting the Offer

We have considered the following advantages when assessing whether the Offer is reasonable.

14.1.1. The Offer is fair

As set out in Section 13, the Offer is fair. RG 111.12 states that an offer is reasonable if it is fair.

14.1.2. Silvercorp's strong balance sheet can provide funding to start the Nyanzaga Project development immediately

Silvercorp currently has no debt on its balance sheet and has cash reserves (including bonds and money market instruments) in excess of US\$200 million.

Following implementation of the Takeover (and payment of Cash Offer Consideration to OreCorp Shareholders), Silvercorp will have approximately US\$136 million of cash reserves that can be immediately deployed to start the development of the Nyanzaga Project. Our estimate of the Merged Group's available funding is set out in Section 12.1.1 of our Report. This will enable the Merged Group to start development of the Nyanzaga Project while continuing to finalise the specific details of future funding requirements of the Nyanzaga Project, fast tracking the Nyanzaga Project into production sooner than is possible under OreCorp's sole ownership of the Nyanzaga Project.

As detailed in Section 12.2.1, the DCF valuation of the Merged Group's interest in the Nyanzaga Project following the implementation of the Takeover (preferred value of US\$153 million) is greater than the DCF valuation of OreCorp's interest in the Nyanzaga Project in the absence of the Takeover (preferred value of US\$128 million). We note that this is due the fast tracking of the Nyanzaga Project into production sooner than is possible in the absence of the Takeover. Therefore, if the Takeover is implemented, the accelerated construction commencement date will increase the net present value of the Nyanzaga Project and in turn be value accretive to Shareholders.

14.1.3. Silvercorp's strong technical team has expertise to develop the Nyanzaga Project and pursue opportunities for optimisation

Silvercorp's management team has technical expertise in the successful development and mining of mineral assets in relatively higher risk emerging jurisdictions. This is evidenced by Silvercorp's experience

with their current Ying and GC Mines which are mature, multi-commodity mining projects operating profitability in China. Importantly, Silvercorp's expertise further includes environmental, social and governance ('ESG') initiatives that will continue to gain traction as modern societal demands prioritise and highlight the importance of robust ESG performance and reporting.

The Merged Group is well placed to utilise Silvercorp's technical expertise in emerging markets, formulated at its Ying and GC Mines in China, at the Nyanzaga Project to de-risk the project through development and into the production phase. We consider the ability to successfully navigate the challenges of developing and operating mineral assets in emerging markets such as China, and now Tanzania, to be advantageous.

14.1.4. Silvercorp's ability to access cash reserves, debt funding and cash generating operations will reduce potential dilution from equity fund raisings

Silvercorp is planning to fund the development of the Nyanzaga Project using the following sources:

- existing cash reserves;
- available cash generated from its current mining operations in China; and
- debt facilities.

Silvercorp has mature mining operations at the Ying and GC Mines with a recent history for cash generating profitability. Silvercorp also has the expertise and a track record for successful development of mining assets in emerging markets that can be utilised to develop the Nyanzaga Project. These strengths can be leveraged to source significant debt finance to fund the shortfall required to develop the Nyanzaga Project without the need to source equity funding. The ability of the Merged Group to avoid sourcing required funds through equity markets will mitigate the effects of potential dilution.

14.1.5. Creation of an enlarged, diversified group and potential re-rating for the Merged Group will enhance capital market relevance

Based on the pre-Scheme market capitalisations of both OreCorp and Silvercorp, following the Takeover, the Merged Group will have a market capitalisation of approximately A\$950 million (adding the pre-announcement market capitalisations of OreCorp and Silvercorp together).

Following the Takeover, the Merged Group will become a diversified exploration, development and mining business with exposure to emerging and mining-friendly jurisdictions, China and Tanzania, across multiple commodities, namely gold, silver, zinc and lead.

The immediate uplift in value may increase the Merged Group's likelihood of the company being included in certain indices which may create demand for the Merged Group's shares with investors re-balancing their portfolios to include those constituents of an index, as well as creating increased buying support from Exchange Traded Funds. These types of investors often transact in high values relative to retail shareholders, which may create upward pressure on the Merged Group's share price as well as improving liquidity.

Further, the creation of an enlarged and more diversified group may improve the Merged Group's ability to raise funds, both debt and equity, on terms potentially more favourable than either of OreCorp or Silvercorp could have raised in the absence of the Offer. This may fast track the development of the Nyanzaga Project, or could allow the Merged Group to accelerate Silvercorp's current strategy to pursue regional merger and acquisition opportunities.

14.1.6. The Cash Offer Consideration provides certainty of value for Shareholders

As detailed in Section 4 of our Report, the Cash Offer Consideration comprises A\$0.19 per OreCorp share. As such, the Cash Offer Consideration provides shareholders with certainty in terms of part of the value that they are receiving as consideration for their OreCorp shares.

14.1.7. Shareholders will gain exposure to a company that has historically paid dividends

Silvercorp has a history of paying dividends, having paid dividends to its shareholders in each of its past five financial years (and beyond). It has been able to do this through funds generated by its producing Chinese mines. In contrast, OreCorp does not have a history of paying dividends and given the Nyanzaga Project's current stage of development, is unlikely to consider paying dividends until production is achieved. Following the Takeover, Shareholders will hold investments in a company that has a history of paying dividends and therefore will be more likely to receive one in the near future, compared to their current investment in OreCorp.

14.2 Disadvantages of accepting the Offer

If the Offer is accepted, in our opinion, the potential disadvantages to Shareholders include those set out below:

14.2.1. Dilution of Shareholders' exposure to the potential value upside of the Nyanzaga Project

If the Offer is accepted, Shareholders' interest will be diluted from holding 84% of the issued capital of OreCorp (based on Silvercorp's holding prior to the bid), to collectively holding up to 17.91% of the Merged Group. Therefore, Shareholders will go from having a majority of the exposure to any upside in value that may be generated by OreCorp, to sharing that upside with other shareholders of the Merged Group, should it materialise.

14.2.2. The exact value of the Scrip Offer Consideration is not certain

Although the Offer Consideration includes a cash component of A\$0.19 per OreCorp share, the bulk of the value of the Offer Consideration is in the form of shares in the Merged Group. An Offer Consideration entirely in cash would have offered more certainty in value. Notwithstanding the current Offer Consideration allows Shareholders to continue to be exposed to the Nyanzaga Project via the Scrip Offer Consideration, the final value of the Offer Consideration will be dependent on the price at which Silvercorp's shares trade on the public markets (which includes the TSX, NYSE American and potentially the ASX if a CDI quotation is approved) following the Takeover. Shareholders will receive shares in the Merged Group, the value of which will fluctuate as it will continue to trade on public markets .

We note that Shareholders will be able to sell their shares in the Merged Group to realise cash, should they wish to do so (nothing there will be tax implications as detailed in section 11 of the Bidder's Statement).

14.3 Alternative Proposal

The Perseus Offer with a cash consideration of A\$0.55 for each OreCorp share was announced on 22 January 2024. The conditions of the Perseus Offer are materially the same as those of the Takeover by

Silvercorp, including being conditional on Perseus acquiring 50.1% of OreCorp ordinary shares. We note that, unlike the Offer Consideration from Silvercorp, the cash consideration under the Perseus Offer will offer Shareholders a greater level of certainty. This may appeal to certain Shareholders who no longer wish to be exposed to the future of OreCorp's (and Silvercorp's) assets, and who want the certainty offered by the cash consideration under the Perseus Offer. However, we also note that as at 31 January 2024, the price of an OreCorp share closed at \$0.575. This means that Shareholders could potentially (depending on transaction costs), realise a higher value than the Perseus Offer by selling on market.

Another factor for Shareholders to consider is the approval for a change of control transaction from Tanzania's FCC. In this respect, the Silvercorp transaction is more advanced, with the relevant parties having held discussions since Silvercorp initially announced the Scheme transaction, and the FCC approving the initial Scheme in early November 2023. Although the current Silvercorp Takeover may require renewed approval from the FCC, given this prior approval and based on discussions between OreCorp and the relevant Tanzanian authorities, OreCorp anticipates that Silvercorp is well positioned to receive approval from the FCC within an expedited timeframe, currently estimated in mid-February 2024. Perseus on the other hand, has only just begun discussions with the FCC on obtaining such approval, and does not have the benefit of a prior approval that would assist and expedite the process.

Furthermore, as outlined in Section 12.3, given the scrip and cash nature of the Offer Consideration from Silvercorp, when compared against the A\$0.55/share Perseus Offer, the valuation range of the Offer Consideration is wider and encompasses the A\$0.55/share Perseus Offer. At the high end of our valuation range, the Offer Consideration is greater than A\$0.55/share, but at the lower and preferred valuation points, it is less than this value. On balance, we do not consider the Perseus Offer to be superior to the Takeover from Silvercorp.

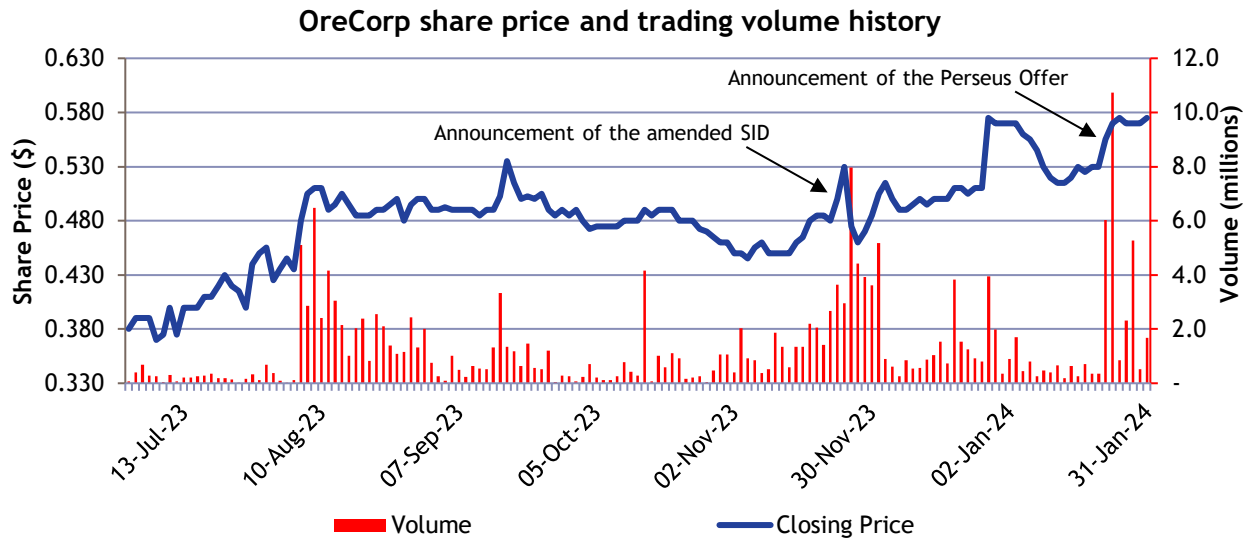
We are unaware of any other alternative proposal that might offer the Shareholders of OreCorp a premium over the value resulting from the Offer.

14.4 Consequences of not accepting the Offer

14.4.1. Potential decline in OreCorp's share price

As outlined in Section 12.2 of our Report, the Offer Consideration is identical to the cash and scrip consideration offered under the amended SID as announced on the ASX on 23 November 2023. Therefore, we consider the market pricing of OreCorp following the announcement of the amended SID to be a relevant indicator of value of OreCorp shares following the Offer. Notwithstanding, given the different nature between a scheme of arrangement and a takeover, we note that the market pricing of OreCorp shares may change following the announcement of the Offer.

We have analysed movements in OreCorp's share price since the amended SID was announced. A graph of OreCorp's share price and trading volume leading up to, and following the announcement of the amended SID is set out below. For a longer historical period, refer to Section 11.2 of our Report.



Source: Bloomberg

The closing price of a OreCorp share from 3 July 2023 to 31 January 2024 ranged from a low of A\$0.370 on 7 July 2023 to a high of A\$0.575 on 27 December 2023, 24 January 2024 and 31 January 2024.

The amended SID was announced on 23 November 2023. On the date that the amended SID was announced, the share price closed at A\$0.500, up from a closing price of A\$0.480 on the previous trading day. On that day, 3,648,986 shares were traded, representing approximately 0.78% of OreCorp's current issued capital. Following the announcement of the amended SID, the share price of OreCorp has fluctuated from a low of A\$0.460 on 28 November 2023, to a high of A\$0.575 on 27 December 2023, 24 January 2024 and 31 January 2024.

Given the above analysis, it is possible that if the Takeover does not proceed, then OreCorp's share price may decline to a level prior to the announcement of the Scheme and amended SID.

14.4.2. Transaction costs will be incurred by OreCorp and break fee may be payable to Silvercorp

If the Takeover does not complete, transaction costs of approximately A\$0.50 million will be borne by OreCorp with no achieved outcome. In addition to this, there is a potential break fee of A\$2.84 million that may be payable to Silvercorp, depending on the circumstances under which the Takeover does not proceed.

The circumstances under which the break fee is payable by OreCorp are set out in Section 4 of our Report and are detailed in the BID.

14.4.3. OreCorp will need additional time to source funding for the development of the Nyanzaga Project

Through discussion with OreCorp management, we consider development of the Nyanzaga Project could be delayed if the Takeover does not complete.

OreCorp management has worked with many potential funding partners, prior to the Offer, that have been put on hold due to the Scheme and Takeover processes. We consider these proposed funding partners and

funding mechanisms would require significant updating and review to bring them back to readiness for market delivery, which may take several months following an unsuccessful takeover.

14.4.4. Shareholders who reject the Offer could become minority Shareholders in a company in which Silvercorp would have a controlling interest

Shareholders who reject the Offer may potentially be left holding a minority interest shareholding in a company in which Silvercorp has a controlling interest.

The implications of the various levels of control that Silvercorp may obtain as a result of the Offer is outlined below:

Controlling Interest	Company Influence
>5%	Ability to requisition a general meeting of the Company
>10%	Ability to prevent a compulsory acquisition
>25%	Ability to block special resolutions
>50%	Ability to block and pass general resolutions
>75%	Ability to pass special resolutions
>90%	Ability to initiate a compulsory takeover

Per the Bidder's Statement, upon Silvercorp acquiring a relevant interest in 50.1% or more, but less than 90% of OreCorp shares, Silvercorp intends to procure the appointment of a majority of Silvercorp nominees to the board of OreCorp. The identity of such nominee directors has not yet been finally determined.

Furthermore, depending on the final level of ownership, it may seek to procure the removal of ASX quotation of OreCorp shares from the official list of the ASX. Therefore, if Silvercorp gains control, those Shareholders who did not accept the Offer face the risk of holding shares in an unlisted company which is controlled by Silvercorp.

If Silvercorp obtains an interest great than 90% it has stated that it will proceed with the compulsory acquisition of the outstanding OreCorp shares. In this case Shareholders who do not accept the Offer will receive the offer consideration at a later date.

14.5 Other considerations

14.5.1. Holding shares in Silvercorp may not align with Shareholders' risk preferences

If the Offer is accepted, Shareholders will go from holding shares in a gold exploration and development company with a primary gold asset in Tanzania, to holding shares in a diversified mining company that has significant exposure to operating multi-commodity mines in China. In addition to gold commodity risks, Shareholders would also gain exposure to silver, zinc and lead commodity risks as well from their investment in the Merged Group.

The economic analysis of China, where Silvercorp operates mining projects, provides context for the different risk profile attached to operating in China compared to Africa. However, it is worth noting that this adjusted risk may facilitate greater returns for Shareholders. Further, the diversification provided by exposure to sovereign risk in China may be seen as complementary to Shareholders' current exposure to sovereign risk in Tanzania.

We have presented this as another consideration as it will depend on Shareholders' individual risk preferences as to whether this is considered an advantage or a disadvantage.

14.5.2. Legal implications

If the Offer is accepted, Shareholders will hold shares in a Canadian incorporated Company and will be subject to the laws of the Province of British Columbia and applicable Canadian federal laws. There are differences between the laws and regimes of Australia and Canada, which are detailed in the Target's Statement. These differences may either be advantageous or disadvantageous to Shareholders.

14.5.3. Tax implications

Shareholders are directed to section 11 of the Bidder's Statement for a detailed explanation of the tax implications of the Offer for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

15. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Offer is fair and reasonable to Shareholders.

16. Sources of information

This report has been based on the following information:

- Draft Target's Statement on or about the date of this report;
- ASX announcement of the Offer on 27 December 2023 including the Bid Implementation Deed;
- ASX announcement of the original Bidder's Statement on 27 December 2023, supplementary Bidder's Statement on 5 January 2024 and replacement Bidder's Statement on 16 January 2024;
- ASX announcement of the Perseus Offer on 22 January 2024;
- Audited financial statements of OreCorp for the years ended 30 June 2023, 2022 and 2021;
- Unaudited financial statements of OreCorp for the period ended 30 November 2023;
- Audited financial statements of Silvercorp for the years ended 31 March 2023, 2022 and 2021;
- Unaudited financial statements of Silvercorp for the quarter ended 30 September 2023;
- The Nyanzaga Model provided by OreCorp;
- The Ying Model provided by Silvercorp;
- The GC Model provided by Silvercorp;
- OreCorp's August 2023 Internal Board Presentation on the Scheme;
- OreCorp's internal analysis of funding options for the Nyanzaga Project, including indicative terms of funding;
- Workings for estimated Tanzanian capital gains tax payable upon completion of the Takeover prepared by OreCorp in discussions with its tax advisors;
- August 2023 Joint Presentation by Silvercorp and OreCorp announced on the ASX on 7 August 2023;
- Independent Specialist Report of OreCorp's and Silvercorp's mineral assets dated 15 January 2024 performed by SRK;

- ASX announcement of the Scheme on 7 August 2023 including the Scheme Implementation Deed;
- Share registry information provided by OreCorp and Silvercorp;
- Bloomberg;
- S&P Capital IQ;
- Reserve Bank of Australia;
- Bank of Canada;
- International Monetary Fund;
- The World Bank;
- IBISWorld;
- United States Geological Survey;
- Consensus forecasts;
- Information in the public domain; and
- Discussions with Directors and Management of OreCorp and Silvercorp.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$65,000 (excluding GST and reimbursement of out-of-pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by OreCorp in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the OreCorp, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to OreCorp and Silvercorp and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of OreCorp, Silvercorp and their respective associates.

A draft of this report was provided to OreCorp and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of OreCorp for inclusion in the Target's Statement which will be sent to all OreCorp Shareholders. OreCorp engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider Silvercorp's off-market takeover bid to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Target's Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Target's Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Silvercorp. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by OreCorp, Silvercorp and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO

Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications, it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of OreCorp, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by OreCorp and Silvercorp. The valuer engaged for the mineral asset valuation, SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
A\$, AUD	Australian Dollars
Act	The Corporations Act 2001 Cth
ADBG	African Development Bank Group
Adjusted GC Model	BDO adjusted forecast cash flow model of the GC Model
Adjusted Nyanzaga Model	BDO adjusted forecast cash flow model of the Nyanzaga Project
Adjusted Ying Model	BDO adjusted forecast cash flow model of the Ying Model
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Quotation	Silvercorp using reasonable endeavours to apply for admission of Silvercorp to the official list of the ASX
Auramet	Auramet International LLC
BDO	BDO Corporate Finance (WA) Pty Ltd
BID	The Bid Implementation Deed between OreCorp and Silvercorp
Bidder	Silvercorp Metals Inc.
Bidder's Statement	The replacement Bidder's Statement prepared by Silvercorp which was announced on 16 January 2024
BVI	British Virgin Islands
BYP Project	Yunxiang's BYP gold, lead and zinc mine
C\$, CAD	Canadian Dollars
CapEx	Capital expenditure

Reference	Definition
Cash Offer Consideration	A\$0.19 cash
CDIs	CHESS depository interests
Celsius	Celsius Resources Limited
Company	OreCorp Limited
CPI	Consumer Price Index
DCF	Discounted Future Cash Flows
DCG Mine	Silvercorp's development project in Dong Cao Gou
DFS	Definitive feasibility study
ECI	Early contractor involvement
EPCM	Engineering, procurement and construction management phase
ESG	Environmental, social and governance
FCC	Tanzanian Fair Competition Commission
FIRB	Foreign Investment Review Board
FME	Future Maintainable Earnings
Fortune	Fortune Mining Limited
FSG	Financial Services Guide
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FY	Financial year
g/t	Grams per tonne
GC Mine	Silvercorp's silver-lead-zinc exploration mine in Gaocheng inn the Guangdong Province
GC Model	Detailed cash flow model for the GC Mine prepared by Silvercorp's management

Reference	Definition
GDP	Gross Domestic Product
Guangdong Found	Guangdong Found Mining Co. Limited
Henan Found	Henan Found Mining Co. Ltd
Henan Huawei	Henan Huawei Mining Co. Ltd
HPG Mine	Silvercorp's silver-gold-lead mine in Haopinggou
HZG Mine	Ying Property's satellite silver-lead mine
IPOs	Initial Public Offerings
IS 214	Information Sheet 214 Mining and resources: Forward-looking statements
km	Kilometres
km ²	Square kilometres
Koz	Thousand ounces
ktpa	Kilo-tonnes per annum
Kuanping Project	Silvercorp's Kuanping silver-lead-zinc-gold project
La Yesca Project	Silvercorp's La Yesca silver project
LME Mine	Silvercorp's silver-lead-zinc mine in Longmen East
LMW Mine	Silvercorp's silver-lead-zinc mine in Longmen West
LOM	Life of mine
m	Metres
M&A	Merger and acquisition
m ³	Cubic metres
Merged Group	The enlarged group of Silvercorp and OreCorp following the implementation of the Offer
Mlb	Million pounds

Reference	Definition
Moz	Million ounces
MRL	Chinese Mineral Resource Law
Mtpa	Million tonnes per annum
NAV	Net Asset Value
New Infini	New Infini Silver Inc.
New Pacific	New Pacific Metals Corp.
NPV	Net present value
Nyanzaga Model	Forecast cash flow model of the Nyanzaga Project
Nyanzaga Project	Nyanzaga Gold Project
NYSE American	New York Stock Exchange American
Offer	Silvercorp's off market takeover bid to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own
Offer Consideration	A\$0.19 cash and 0.067 shares in Silvercorp
Offer Consideration	Under the terms of the Offer, each OreCorp shareholder will receive A\$0.19 cash plus 0.0967 Silvercorp common shares for each OreCorp share
Offer Period	16 January 2024 to 23 February 2024
OP Mining Costs	Open pit mining costs
OpEx	Operating expenditure
OreCorp	OreCorp Limited
OreCorp Options	OreCorp options
OreCorp Performance Rights	OreCorp performance rights
our Report	This Independent Expert's Report prepared by BDO
oz	Ounces
pa	per annum

Reference	Definition
Perseus	Perseus Mining Limited
Perseus Offer	The indicative off-market takeover offer for the OreCorp shares which Perseus does not already own for a cash consideration of A\$0.55 per OreCorp share, as announced on 22 January 2024
Placement Agreement	Placement agreement between OreCorp and Silvercorp for the issue of 70,411,334 new fully paid ordinary OreCorp shares to Silvercorp at a price of A\$0.40 per share
PPE	Property, plant and equipment
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Prospective Financial Information
RMB	Chinese Yuan
Scheme	The scheme of arrangement between OreCorp and Silvercorp under the Corporations Act 2001 (Cth) as announced on the ASX on 7 August 2023
Scheme IER	The independent expert's report prepared by BDO expressing an opinion as to whether the Scheme was fair and reasonable and in the best interests of the shareholders of OreCorp, as announced on the ASX on 3 November 2023
Scheme Meeting	The meeting of OreCorp shareholders to consider and vote on the Scheme, which was scheduled to be held on 8 December 2023
Scrip Offer Consideration	0.0967 Silvercorp common shares
SGX Mine	Ying Property's silver-lead-zinc project
Shareholders	Shareholders of OreCorp
SID	Scheme Implementation Deed between OreCorp and Silvercorp
Silvercorp	Silvercorp Metals Inc.
Silvercorp Placement	Placement between OreCorp and Silvercorp for the issue of 70,411,334 new fully paid ordinary OreCorp shares to Silvercorp at a price of A\$0.40 per share
SLR	SLR Consulting Limited
SMCL	Sotta Mining Corporation Limited

Reference	Definition
SML	Special mining licence
Sum-of-Parts	Sum-of-Parts valuation
t	Tonne
Takeover	Silvercorp's off market takeover bid to acquire the remaining fully paid ordinary shares on issue in OreCorp which it does not already own
Target	OreCorp Limited
Target's Statement	The Target's Statement prepared by OreCorp dated on or about 3 January 2024
Tincorp	Tincorp Metals Inc.
TLP Mine	Silvercorp's silver-lead mine in Tieluping
tpd	Tonnes per day
TSX	Toronto Stock Exchange
UG Mining Costs	Underground mining costs
US\$, USD	United States Dollars
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition)
Victor Mining	Victor Mining Limited
Victor Resources	Victor Resources Limited
WA	Western Australia
WACC	Weighted average cost of capital
Yangtze Mining	Yangtze Mining Limited
Yangtze Mining HK	Yangtze Mining H.K. Limited
Ying Mines	Silvercorp's silver-lead-zinc mine located in the Ying Mining District in Henan Province, China
Ying Model	Detailed cash flow model for the Ying Mines prepared by management of Silvercorp
Ying Technical Report	Silvercorp's National Instrument 43-101 Technical Report on the Mineral Resources and Mineral Reserves for the Ying Mines

Reference	Definition
Yunxiang	Xinshao Yun Xiang Mining Co. Ltd

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset-based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a startup phase, or experience irregular cash flows.

5 Market Based Assessment

The market-based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market-based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 - Discount Rate for the Nyanzaga Project

Assessing the correct risk-adjusted discount rate (also referred to as the cost of capital), for an asset or business requires consideration of factors that affect the returns and risks of the business, as well as the application of accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

When considering the Nyanzaga Project, both prior to and following the Takeover, we consider the most appropriate discount rate to be the post-tax nominal weighted average cost of capital ('WACC'). The WACC is built up from the cost of debt and cost of equity for the asset or business. We select the WACC as the appropriate discount rate because the cash flows considered in the Adjusted Nyanzaga Model are assessed at the project level, on a pre-financing basis. Local taxation considerations were considered in the Models; therefore, a post-tax discount rate was used.

As detailed further below, the differences between the discount rate for the Nyanzaga Project prior to and following the Takeover is purely from a financing perspective - i.e. the level of gearing (which impacts the geared beta and hence cost of equity) and the cost of debt. The underlying risk associated with the project does not change as a result of the Takeover, as reflected by the same ungeared beta adopted both scenarios.

Cost of Equity and Capital Asset Pricing Model

For the cost of equity component of the WACC, we consider the capital asset pricing model ('CAPM'), which is a commonly used methodology in determining the required market rate of return on equity investments. CAPM is based on the theory that a rational investor would price an asset so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes investors are risk averse and demand a higher return for accepting a higher level of risk. The calculation for the cost of equity, based on CAPM, is set out in the table below.

CAPM	
K_e	$= R_f + \beta \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
β	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk-free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received. The Adjusted Nyanzaga Model forecasts cash flows generated in USD terms over

a period of approximately 10 years, measured from the valuation date of 30 September 2023. We have considered the ten-year US Treasury yield around the valuation date of 30 September 2023, as well as analyst projections for this rate going forward, as a proxy for our risk free rate over the forecast period. Based on this analysis, we have adopted a risk-free rate in the range of 3.00% to 4.00%.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have considered the market returns of the selected benchmarks that we have used in our beta regression, against the US risk free rate. Based on our analysis of historical risk premiums of developed markets such as Australia, Canada and the United States, and applying our professional judgment, we adopt an equity market risk premium of 6% for the Nyanzaga Discount Rate. This is further supported by market evidence across valuers and regulators.

Selected Beta (β)

In order to assess the appropriate equity beta for the Nyanzaga Project, we considered the equity betas of other ASX-listed companies. The ASX-listed companies identified are gold producing companies with operations in Australia. The betas below have been assessed over a two-year period, against the S&P/ASX All Ordinaries Index, in USD terms. The list of comparable companies we selected for the Nyanzaga Project are set out below, with a brief description of each company provided at the end of this section.

Company	Market Capitalisation 30-Sep-23 (US\$m)	Gearred Beta (β)	Gross Debt/Equity (%)	Ungearred Beta (β_a)	R^2
Regis Resources Ltd (ASX:RRL)	724.91	1.21	0.25	1.03	0.14
Ramelius Resources Ltd (ASX:RMS)	1,034.99	1.30	0.03	1.27	0.16
Silver Lake Resources Ltd (ASX:SLR)	508.75	1.24	0.04	1.20	0.16
Westgold Resources Ltd (ASX:WGX)	517.08	1.26	0.05	1.22	0.14
Pantoro Ltd (ASX:PNR)	124.02	0.95	-	0.95	0.05
Dacian Gold Ltd (ASX:DCN)	82.29	0.88	0.12	0.81	0.04
Mean	498.67	1.14	0.08	1.08	0.12
Median	512.91	1.22	0.04	1.11	0.14
Adjusted Mean				1.18	
Adjusted Median				1.21	

Source: Bloomberg and BDO analysis

In selecting an appropriate beta for the Nyanzaga Project, we have considered the similarities and differences between the project and the set of comparable companies as set out above. We set out our considerations as follows:

- The comparable companies are listed on the ASX similar to OreCorp.
- Notwithstanding the comparable companies are gold producers with operations based in Australia, they face similar industry-wide risks to the Nyanzaga Project, including but not limited to gold price risk.

- Because the comparable companies are producers with assets based in Australia, they are subject to a lower risk-profile when compared to the Nyanzaga Project, which is in late-stage development and located in Tanzania.
- The comparable companies have variable risk profiles depending on the number of operating mines they hold, the assets maturity, stage of production and location. We note that the majority of the companies operate more than one mine.
- Although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.
- Since our Scheme IER, the R^2 for Pantoro Limited and Dacian Gold Limited has decreased, and as a result, the ungeared betas for these comparable companies have become less reliable. Consequently, we have excluded Pantoro Limited and Dacian Gold Limited from our assessment, as presented by the adjusted mean and median above.

In selecting an appropriate ungeared beta for the Nyanzaga Project, we have considered the ungeared betas of the companies listed above along with the aforementioned factors. As set out in the table above, the ungeared beta for the list of comparable companies, based on the returns over a two-year period, ranges from 1.03 to 1.27 with a median of 1.21.

On the basis that the comparable companies selected have a lower risk profile compared to the Nyanzaga Project, we consider a beta that is higher than the median reported for our comparable company set to be appropriate. Specifically, we adjust for the increased risks from the Nyanzaga Project being located in an emerging jurisdiction such as Tanzania, having yet achieved production status and it being a single mine project. Having regard to these factors and based on our analysis, we consider an appropriate ungeared beta for the Nyanzaga Model to be in the range of 1.30 to 1.50.

Nyanzaga Discount Rate prior to the Takeover

Gearing

The discount rate assessment requires an assessment of the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period. For the gearing of the Nyanzaga Project prior to the Takeover, we have assessed the level of debt to equity over the life of the project, based on the notional funding available for the Nyanzaga Project prior to the Takeover as detailed in Section 11.1.2 of our Report. Based on our analysis, the average debt to equity over the life of the Nyanzaga Project prior to the Takeover is approximately 20% which we have adopted for the purposes of our discount rate assessment.

Regeared beta

Applying the above 20% debt-to-equity ratio to the ungeared beta range calculated previously results in a regeared beta range of between 1.48 and 1.71.

Cost of Equity

We have assessed the cost of equity for the Nyanzaga Model to be in the range shown in the table below.

Input	Value adopted	
	Low	High
Risk free rate of return	3.00%	4.00%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	1.48	1.71
Cost of Equity	11.89%	14.26%

Source: Bloomberg and BDO analysis

Tax rate

We have adopted a tax rate of 30% based on Tanzania's corporate tax rate.

WACC (Post-Tax)

The WACC represents the market rate of return on total assets required by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e. pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is set out in the table below.

WACC	
WACC	$= \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1-t)$
Where:	
K_e	= expected return or discount rate on equity
K_d	= interest rate on debt (pre-tax)
t	= corporate tax rate
E	= market value of equity
D	= market value of debt
$(1-t)$	= tax adjustment

Cost of Debt

OreCorp has advised that it has received non-binding indicative proposals relating to debt financing for the Nyanzaga Project. Based on our discussions with management, we consider it reasonable to assume the development of the Nyanzaga Project would be able to be funded by a combination of debt and equity. We have not disclosed specific terms of any potential debt financing given the confidential nature of such discussions, however based on our understanding of current discussions and our assessment of comparable companies' cost of debt, we consider a reasonable pre-tax cost of debt to fall within the range of 9.00% and 11.00% (equivalent to 6.30% and 7.70% on a post-tax basis respectively, assuming the statutory 30% Tanzanian corporate tax rate).

Discount Rate Conclusion - Nyanzaga Discount Rate prior to the Takeover

Using the inputs discussed above, we have calculated the WACC for the Nyanzaga Project prior to the Takeover as set out in the table below. We have assessed the WACC to be in the range of 10.96% to 13.17%, with a rounded midpoint of 12.0% (rounded to the nearest 0.5%).

Nyanzaga Model WACC	Value Adopted	
	Low	High
Cost of Equity (Ke)	11.89%	14.26%
After-tax cost of debt (Kd) (1-t)	6.30%	7.70%
Proportion of Equity (E/(E+D))	83.33%	83.33
Proportion of Debt (D/(E+D))	16.67%	16.67%
WACC	10.96%	13.17%

Source: Bloomberg, BDO analysis

We note that our assessed WACC is quoted on a nominal basis and is applied to cash flows after the payment of tax at the Tanzanian tax rate. As such we consider it appropriate to apply a post-tax discount rate.

Comparable companies for the Nyanzaga Discount Rate (Beta)

Set out below are the business descriptions of the companies we considered in our comparable company analysis when forming an assessment of the beta to apply for the Nyanzaga Discount Rate.

Company	Business Description
Dacian Gold Limited (ASX:DCN)	Dacian Gold Limited engages in the exploration, mining, and processing of gold properties in Australia. The company holds interest in Mt Morgans and the Redcliffe gold project located in Leonora-Laverton, Western Australia. Dacian Gold Limited was incorporated in 2011 and is based in Perth, Australia. Dacian Gold Limited operates as a subsidiary of Genesis Minerals Limited.
Kaiser Reef Limited (ASX:KAU)	Kaiser Reef Limited engages in the exploration, development, and production of gold projects in Australia. The company holds a 100% interest in the Stuart Town project; and Macquarie North project located in the Lachlan Fold Belt, New South Wales. It also holds a 100% interest in the Maldon Goldfield located within the central portion of the Bendigo-Ballarat zone of the Lachlan Fold Belt; and the A1 Gold Mine located in Eastern Victoria. Kaiser Reef Limited was incorporated in 2019 and is based in Subiaco, Australia.
Pantoro Limited (ASX:PNR)	Pantoro Limited, together with its subsidiaries, engages in the gold mining, processing, and exploration activities in Western Australia. The company explores for gold and silver deposits. Its flagship property is the Nicolsons Project located in the Kimberley Region of Western Australia. The company was formerly known as Pacific Niugini Limited and changed its name to Pantoro Limited in December 2015. Pantoro Limited was incorporated in 1986 and is based in West Perth, Australia.
Ramelius Resources Limited (ASX:RMS)	Ramelius Resources Limited, together with its subsidiaries, engages in the exploration, mine development and operation, production, and sale of gold in Australia. It operates through three segments: Mt Magnet, Edna May, and Exploration. The company owns and operates the Mt Magnet, the Edna May, the Vivien, the Marda, the Tampia, the Rebecca, and the Penny gold mines located in Western Australia. It also develops Symes' Find prospect located in the Southern Cross Province of the Eastern Goldfields. The company was incorporated in 1979 and is headquartered in East Perth, Australia.

Company	Business Description
Regis Resources Limited (ASX:RRL)	Regis Resources Limited, together with its subsidiaries, engages in the exploration, evaluation, and development of gold projects in Australia. It owns 100% interests in the Duketon gold project located in the North Eastern Goldfields of Western Australia; and the McPhillamys gold project situated in the Central Western region of New South Wales, as well as holds 30% interest in Tropicana Gold Project. Regis Resources Limited was incorporated in 1986 and is based in Subiaco, Australia.
Silver Lake Resources Limited (ASX:SLR)	Silver Lake Resources Limited, together with its subsidiaries, engages in the exploration, mine development, mine operation, and sale of gold and copper concentrates in Australia and Canada. The company holds interest in the Deflector operations that produce gold bullion and gold-copper concentrates located in the Southern Murchison region of Western Australia; and Mount Monger operations, which produce gold bullion located within the Kalgoorlie terrane subdivision of the Eastern Goldfields Province. It also holds interest in the Sugar Zone operations that produce gold bullion and gold concentrates located in Northern Ontario, Canada. The company was incorporated in 2004 and is headquartered in South Perth, Australia.
Westgold Resources Limited (ASX:WGX)	Westgold Resources Limited engages in the exploration, operation, development, mining, and treatment of gold assets primarily in Western Australia. The company's assets include Bryah Operations, Murchison Operations, Meekatharra Gold Operations, and Cue Gold Operations that comprise various mining titles covering 1,300 square kilometers in the Murchison region. Westgold Resources Limited is based in Perth, Australia.

Source: S&P Capital IQ and BDO analysis

Nyanzaga Discount Rate following the Takeover

Gearing

The discount rate assessment requires an assessment of the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period. As mentioned previously, one of the main changes in the Nyanzaga Discount Rate following the Takeover is the level of gearing adopted. This is because while OreCorp has had discussions with potential financiers for its Nyanzaga Project (which we have considered in our gearing assessment prior to the Takeover), following the Takeover, the size and types of funding available to the enlarged Merged Group may be different.

As outlined in our Report, we have considered the level of funding required by the Merged Group for the development of the Nyanzaga Project following the Takeover, and have concluded that it would be able to fund the project with a combination of internally generated funds from its operating mines in China, existing cash reserves and debt funding. Based on the assessed level of debt funding required by the Merged Group, we have calculated the average debt to equity over the life of the Nyanzaga Project following the Takeover to be approximately 10%.

As a cross-check, we have also considered the gearing of other gold producers in Africa and found our adopted gearing value to be reasonable. The comparable companies that we have considered for the purposes of identifying an appropriate level of gearing are set out in the table below. A description of each company is set out at the end of this section.

Company	Market Capitalisation 30-Sep-23 (US\$m)	Gross Debt/Equity (%)
AngloGold Ashanti Limited (JSE:ANG)	8,849.87	51%
Barrick Gold Corporation (TSX:ABX)	29,719.05	15%
Gold Fields Limited (JSE:GFI)	12,433.71	21%
Harmony Gold Mining Company Limited (JSE:HAR)	2,605.08	16%
Kinross Gold Corporation (TSX:K)	5,855.48	41%
Newmont Corporation (NYSE:NEM)	33,903.23	31%
Resolute Mining Limited (ASX:RSG)	553.74	22%
Shanta Gold Limited (AIM:SHG)	121.00	18%
Sibanye Stillwater Limited (JSE:SSW)	4,365.70	26%
Mean	10,934.09	27%
Median	5,855.48	22%

Source: Bloomberg, BDO analysis

Regeared beta

Based on the calculated average debt to equity over the life of the Nyanzaga Project following the Takeover and the gearing of other gold producers in Africa, we have applied a 20% debt-to-equity ratio to the ungeared beta range calculated previously results in a regeared beta range of between 1.48 and 1.71.

Cost of Equity

We have assessed the cost of equity for the Adjusted Nyanzaga Model to be in the range shown in the table below with our preferred value being a rounded midpoint of 13.1%.

Input	Value adopted	
	Low	High
Risk free rate of return	3.00%	4.00%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	1.48	1.71
Cost of Equity	11.89%	14.26%

Source: Bloomberg and BDO analysis

Cost of Debt

As discussed in the Nyanzaga Discount Rate prior to the Takeover, we estimate that a reasonable cost of debt that OreCorp would be able to obtain as a standalone entity would be in the range of 9.00% to 11.00%. Following the Takeover however, the Merged Group would be a larger entity with multiple producing assets and a balance sheet with significant levels of cash and other liquid investments. It is therefore reasonable to assume that the Merged Group would be able to obtain debt financing at lower rates. Based on our understanding of the industry and our assessment of the Merged Group's comparable companies' cost of debt, we consider a reasonable pre-tax cost of debt to fall within the range of 7.00% and 9.00% (equivalent to 4.90% and 6.30% on a post-tax basis respectively, assuming the statutory 30% Tanzanian corporate tax rate).

Tax rate

We have adopted a tax rate of 30% based on Tanzania's corporate tax rate.

Discount Rate Conclusion - Nyanzaga Discount Rate following the Takeover

Using the WACC formula discussed previously, we have calculated the WACC for the Adjusted Nyanzaga Model as set out in the table below. We have assessed the WACC of the Nyanzaga Project following the Transaction to be in the range of 10.73% to 12.93%, with a rounded midpoint of 12.0% (rounded to the nearest 0.5%).

Nyanzaga Model WACC	Value Adopted	
	Low	High
Cost of Equity (Ke)	11.89%	14.26%
After-tax cost of debt (Kd) (1-t)	4.90%	6.30%
Proportion of Equity (E/(E+D))	83.33%	83.33%
Proportion of Debt (D/(E+D))	16.67%	16.67%
WACC	10.73%	12.93%

Source: Bloomberg, BDO analysis

We note that our assessed WACC is quoted on a nominal basis and is applied to cash flows after the payment of tax at the Tanzanian tax rate. As such we consider it appropriate to apply a post-tax discount rate.

Comparable companies for the Nyanzaga Discount Rate (Gearing)

Set out below are the descriptions of the companies we considered in our assessment of a reasonable level of gearing to adopt for the Nyanzaga Discount Rate, following the Takeover.

Company	Business Description
AngloGold Ashanti Limited (JSE:ANG)	AngloGold Ashanti Limited operates as a gold mining company in Africa, the Americas, and Australia. The company explores for gold. Its flagship property is a 100% owned Geita project located in the Lake Victoria goldfields of the Mwanza region in north-western Tanzania. The company also owns 100% interest in the Iduapriem mine which covers 137 square kilometers located in the western region of Ghana; Obuasi project located in Ghana; AGA Mineração in Brazil; Serra Grande located in central Brazil in the state of Goiás; Greenfield Projects in the Beatty district in Nevada; and Sunrise Dam in Australia. It also holds 92.5% interest in the Cerro Vanguardia project situated in Argentina; 70% interest in the Tropicana property in Australia; and 85% interest in the Siguri project in Guinea. The company also explores for silver and sulphuric acid. AngloGold Ashanti Limited was incorporated in 1944 and is headquartered in Johannesburg, South Africa.
Barrick Gold Corporation (TSX:ABX)	Barrick Gold Corporation engages in the exploration, mine development, production, and sale of gold and copper properties. It has ownership interests in producing gold mines that are located in Argentina, Canada, Côte d'Ivoire, the Democratic Republic of Congo, the Dominican Republic, Mali, Tanzania, and the United States. The company also has ownership interests in producing copper mines located in Chile, Saudi Arabia, and Zambia; and various other projects located throughout the Americas, Asia, and Africa. Barrick Gold Corporation was founded in 1983 and is headquartered in Toronto, Canada.
Gold Fields Limited (JSE:GFI)	Gold Fields Limited operates as a gold producer with reserves and resources in Chile, South Africa, Ghana, West Africa, Australia, and Peru. The company also explores for copper deposits. It holds interests in nine operating mines, as well as gold mineral reserves and mineral resources. The company was founded in 1887 and is based in Sandton, South Africa.

Company	Business Description
<p>Harmony Gold Mining Company Limited (JSE:HAR)</p>	<p>Harmony Gold Mining Company Limited engages in the exploration, extraction, and processing of gold. The company also explores for uranium, silver, copper, and molybdenum deposits. It has eight underground operations in the Witwatersrand Basin; an open-pit mine on the Kraaipan Greenstone Belt; and various surface source operations in South Africa. The company also owns interests in the Hidden Valley, an open-pit gold and silver mine; and the Wafi-Golpu project located in Morobe Province in Papua New Guinea. Harmony Gold Mining Company Limited was incorporated in 1950 and is headquartered in Randfontein, South Africa.</p>
<p>Kinross Gold Corporation (TSX:K)</p>	<p>Kinross Gold Corporation, together with its subsidiaries, engages in the acquisition, exploration, and development of gold properties principally in the United States, Brazil, Chile, Canada, and Mauritania. It is also involved in the extraction and processing of gold-containing ores; reclamation of gold mining properties; and production and sale of silver. Kinross Gold Corporation was founded in 1993 and is headquartered in Toronto, Canada.</p>
<p>Newmont Corporation (NYSE:NEM)</p>	<p>Newmont Corporation engages in the production and exploration of gold. It also explores for copper, silver, zinc, and lead. The company has operations and/or assets in the United States, Canada, Mexico, Dominican Republic, Peru, Suriname, Argentina, Chile, Australia, and Ghana. As of December 31, 2022, it had proven and probable gold reserves of 96.1 million ounces and land position of 61,500 square kilometers. The company was founded in 1916 and is headquartered in Denver, Colorado.</p>
<p>Resolute Mining Limited (ASX:RSG)</p>	<p>Resolute Mining Limited engages in gold mining, and prospecting and exploration for minerals in Africa, the United Kingdom, and Australia. The company's flagship project is the Syama Gold Mine located in Mali, West Africa. It also owns Mako Gold Mine in Senegal, West Africa. The company was incorporated in 2001 and is based in Perth, Australia.</p>
<p>Shanta Gold Limited (AIM:SHG)</p>	<p>Shanta Gold Limited, together with its subsidiaries, engages in the exploration, development, and production of gold in East Africa. It holds a 100% interest in the New Luika gold mine property located in Songwe district of Southwestern Tanzania. The company also owns the Singida gold mine located in the Ikungi region of Central Tanzania; and the West Kenya Project in Kenya. The company was incorporated in 2005 and is based in Saint Peter Port, Guernsey.</p>
<p>Sibanye Stillwater Limited (JSE:SSW)</p>	<p>Sibanye Stillwater Limited, together with its subsidiaries, operates as a precious metals mining company in South Africa, the United States, Europe, and Australia. The company produces gold; platinum group metals (PGMs), including palladium, platinum, rhodium, iridium, and ruthenium; chrome; nickel; and silver, cobalt, and copper. It owns the East Boulder and Stillwater mines located in Montana, the United States; and Columbus metallurgical complex, which smelts the material mined to produce PGM-rich filter cake, as well as conducts PGM recycling activities. The company also involved in the Kroondal, Rustenburg, Marikana, and Platinum Mile operations situated in South Africa; Mimosa located on the southern portion in Zimbabwe; the Driefontein, Kloof, Rand Refinery, and Cooke surface operations located on the West Rand of the Witwatersrand Basin; and the Beatrix situated in the southern Free State. In addition, it owns an interest in surface tailings retreatment facilities; the Marathon PGM project in Ontario, Canada; the Altar and Rio Grande copper gold projects in the Andes in north-west Argentina; the Hoedspruit; and the Burnstone and southern Free State gold projects in South Africa. Sibanye Stillwater Limited was founded in 2013 and is headquartered in Weltevreden Park, South Africa.</p>

Appendix 4 - Discount Rate for the Ying and GC Mines

Assessing the correct risk-adjusted discount rate (also referred to as the cost of capital), for an asset or business requires consideration of factors that affect the returns of the asset or business, as well as the application of accepted methodologies for determining the underlying discount rate.

When considering the Ying Mines and the GC Mines, we consider the most appropriate discount rate to be the nominal post-tax cost of equity. This is because both projects are self-funding and the cash flows of both the Adjusted Ying Model and the Adjusted GC Model (collectively ‘the Adjusted Silvercorp Models’) do not contemplate any financing cash flows as none are required. Our assessment of the WACC for both the Ying and GC Mines are therefore equivalent to their cost of equity. Local taxation considerations were contemplated in the models; therefore, a post-tax discount rate is applied. We consider the Ying and GC Mines to have a similar level of risk and therefore adopted the same discount rate for both.

Cost of Equity and Capital Asset Pricing Model

For the cost of equity, we consider the CAPM, which was previously outlined in the section for our discount rate for the Nyanzaga Project. The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The Adjusted Silvercorp Models forecasts cash flows generated in USD terms over a period exceeding 10 years, measured from the valuation date of 30 September 2023. Consistent with the Nyanzaga Discount Rate, we have adopted a risk-free rate in the range of 3.00% to 4.00% which is based on the ten-year US Treasury yield as outlined previously.

Market Risk Premium ($R_m - R_f$)

Consistent with the Nyanzaga Discount Rate, we have adopted an equity market risk premium of 6% for the Adjusted Silvercorp Models. This reflects the market risk premium for developed markets given Silvercorp’s listing in Canada and the US.

Selected Beta (β)

In order to assess the appropriate equity beta for the Adjusted Silvercorp Models, we considered the equity betas of other companies listed on stock exchanges in developed markets. The listed companies identified are multi-commodity producers with operations in developing countries. The betas below have been assessed over a three-year period against the MSCI World Index (a broad, developed markets equity index), as this periodicity provided higher R^2 values, indicating a more meaningful regression. The list of comparable companies we selected for this analysis are set out in the table below.

Company	Market Capitalisation 30-Sep-23 (US\$m)	Gear Beta (β)	Gross Debt/Equity (%)	Ungear Beta (β_a)	R^2
Aya Gold & Silver Inc. (TSX:AYA)	629.43	0.85	0.3%	0.85	0.04
Coeur Mining, Inc. (NYSE:CDE)	784.02	1.34	47.5%	0.99	0.18
Endeavour Silver Corp. (TSX:EDR)	488.15	1.27	3.9%	1.23	0.14

Company	Market Capitalisation 30-Sep-23 (US\$m)	Gear Beta (B)	Gross Debt/Equity (%)	Ungear Beta (Ba)	R ²
Fortuna Silver Mines Inc. (TSX:FVI)	837.14	1.25	26.0%	1.05	0.17
Hochschild Mining plc (LSE:HOC)	522.45	1.31	46.0%	0.98	0.19
Mean	652.24	1.20	25%	1.02	0.15
Median	629.43	1.27	26%	0.99	0.17

Source: Bloomberg and BDO analysis

In selecting an appropriate beta for the Ying and Mines, we have considered the similarities and differences between the project and the set of comparable companies as set out above. The comparable similarities and differences noted are:

- The comparable companies are listed on the exchanges of developed markets, similar to Silvercorp which is listed on the TSX and NYSE American.
- The comparable companies are multi-commodity producers in gold, silver, zinc and lead, which are the same metals produced by the Ying and GC Mines, and therefore face similar commodity and industry-wide risks.
- Although the comparable companies' assets are not located in China, they are situated in regions or developing countries facing similar types and levels of geopolitical risks.
- The comparable companies have variable risk profiles depending on the number of operating mines they hold, the assets maturity, stage of production and location; and
- Although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for the Ying and GC Mines, we have considered the ungeared betas of the companies listed above along with the aforementioned factors. As set out in the table above, the ungeared beta for the list of comparable companies, based on the returns over a three-year period, ranges from 0.85 to 1.23 with a mean of 1.02. Based on our analysis, we consider an appropriate ungeared beta for Ying and GC to be in the range of 1.00 to 1.20.

Gearing

The discount rate assessment requires an assessment of the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period. Both Ying and GC are fully funded by equity in the Adjusted Silvercorp Models. As such we consider an appropriate debt to equity ratio to be 0%.

Regeared beta

Given no debt is used for the operations of the Ying and GC Mines, the regeared beta range is the same as the ungeared beta range calculated previously.

Cost of Equity

We have assessed the cost of equity for the Adjusted Silvercorp Models to be in the range shown in the table below with our preferred value being a rounded midpoint of 10.0% (rounded to the nearest 0.5%).

Input	Value adopted	
	Low	High
Risk free rate of return	3.00%	4.00%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	1.00	1.20
Cost of Equity	9.00%	11.20%

Source: Bloomberg and BDO analysis

Comparable companies for the Ying and GC Mines

Set out below are the company descriptions of the comparable companies to the Ying and GC Mines.

Company	Business Description
Aya Gold & Silver Inc. (TSX:AYA)	Aya Gold & Silver Inc., together with its subsidiaries, engages in the acquisition, exploration, evaluation, and development of precious metal properties in Morocco. The company primarily explores for gold, silver, zinc, lead, tungsten, molybdenum, uranium, and copper deposits. Its flagship project is the Zgounder property located approximately 265 kms east of Agadir in the Proterozoic Siroua Massif of the Anti-Atlas Range, Morocco. The company was incorporated in 2007 and is based in Montreal, Canada.
Coeur Mining, Inc. (NYSE:CDE)	Coeur Mining, Inc. explores for precious metals in the United States, Canada, and Mexico. It primarily explores for gold, silver, zinc, and lead properties. The company holds 100% interests in the Palmarejo gold and silver mine covering an area of approximately 67,279 net acres located in the State of Chihuahua in Northern Mexico; the Rochester silver and gold mine that covers an area of approximately 43,441 net acres situated in northwestern Nevada; the Kensington gold mine comprising 3,972 net acres located to the north of Juneau, Alaska; the Wharf gold mine covering an area of approximately 3,243 net acres situated in the northern Black Hills of western South Dakota; and the Silvertip silver-zinc-lead mine comprising 97,298 net acres located in northern British Columbia, Canada. Further, it markets and sells its concentrates to third-party customers, smelters, under off-take agreements. The company was formerly known as Coeur d'Alene Mines Corporation and changed its name to Coeur Mining, Inc. in May 2013. Coeur Mining, Inc. was incorporated in 1928 and is headquartered in Chicago, Illinois.
Endeavour Silver Corp. (TSX:EDR)	Endeavour Silver Corp., a silver mining company, engages in the acquisition, exploration, development, extraction, processing, refining, and reclamation of mineral properties in Mexico and Chile. The company explores for gold and silver deposits, and precious metals. The company was formerly known as Endeavour Gold Corp. and changed its name to Endeavour Silver Corp. in September 2004. Endeavour Silver Corp. was incorporated in 1981 and is headquartered in Vancouver, Canada.
Fortuna Silver Mines Inc. (TSX:FVI)	Fortuna Silver Mines Inc. engages in the precious and base metal mining in Argentina, Burkina Faso, Mexico, Peru, and Côte d'Ivoire. It holds interest in the Caylloma silver, lead, and zinc mine located in southern Peru; the San Jose silver and gold mine located in southern Mexico; the Lindero gold project located in Northern Argentina; Yaramoko gold mine located in south western Burkina Faso; and Séguéla gold mine located in south western Côte d'Ivoire. The company was formerly known as Fortuna Ventures Inc. and changed its name to Fortuna Silver Mines Inc. in June 2005. Fortuna Silver Mines Inc. was incorporated in 1990 and is based in Vancouver, Canada.

Company	Business Description
Hochschild Mining plc (LSE:HOC)	Hochschild Mining plc, a precious metals company, engages in the exploration, mining, processing, and sale of gold and silver in the Americas. The company holds 100% interests in the Inmaculada gold/silver underground operation and Pallancata silver/gold property, which are located in the Department of Ayacucho in southern Peru. It also holds a 51% interest in the San Jose silver/gold mine located in Argentina. In addition, the company has a portfolio of projects located across Peru, Argentina, Mexico, United States, Canada, Brazil, and Chile. Further, it is involved in the power generation business. Hochschild Mining plc was founded in 1911 and is based in London, the United Kingdom.

Source: S&P Capital IQ and BDO analysis

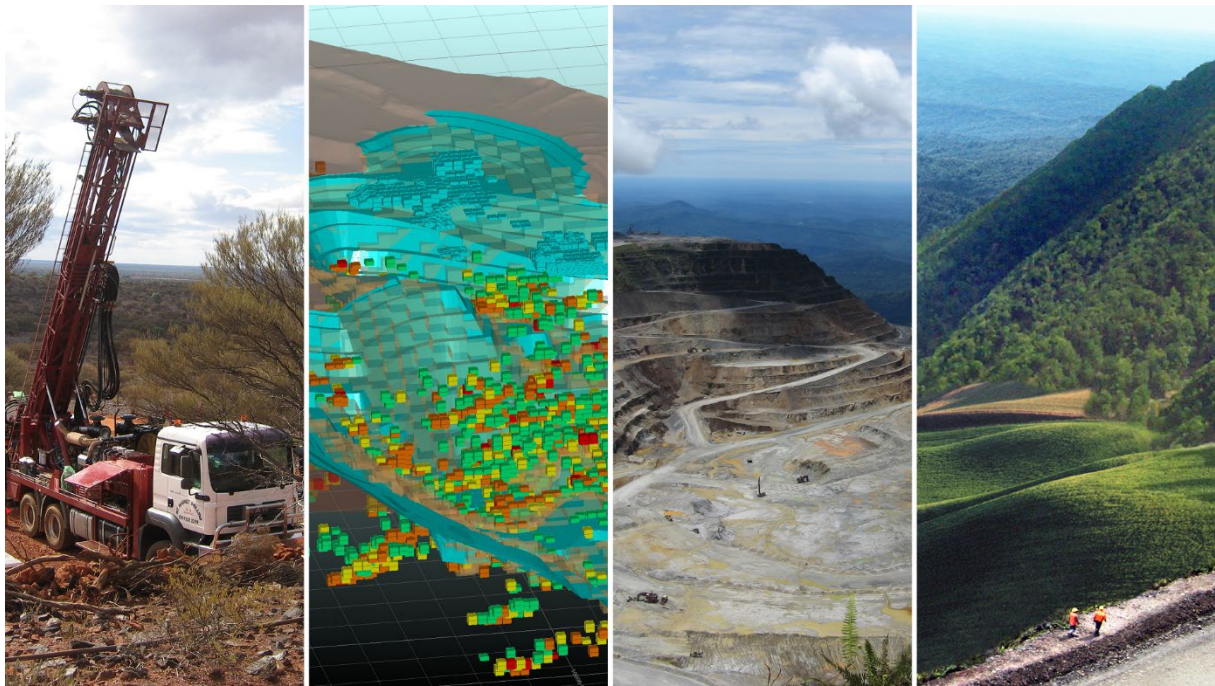


Appendix 5 - Independent Specialist Report

FINAL

Independent Specialist Report – Mineral Assets of OreCorp Limited and Silvercorp Metals Inc.

BDO Corporate Finance (WA) Pty Ltd



SRK Consulting (Australasia) Pty Ltd ■ BDO026 ■ 15 January 2024

FINAL

Independent Specialist Report – Mineral Assets of OreCorp Limited and Silvercorp Metals Inc.

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Contents

Useful definitions	xiii
Executive summary	xvi
1 Introduction	1
1.1 Scope.....	1
1.2 Reporting standard	1
1.3 Legal matters	3
1.4 Valuation date.....	3
1.5 Project team	3
1.6 Limitations, independence, indemnities and consent.....	6
1.6.1 Limitations and reliance	6
1.6.2 Statement of SRK independence.....	6
1.6.3 Indemnities	6
1.6.4 Consent.....	7
1.6.5 Consulting fees	7
1.7 Structure of the report.....	7
2 Context to the Transaction	8
2.1 Introduction.....	8
Part A: Mineral Assets of OreCorp	9
3 Nyanzaga Gold Project.....	10
3.1 Overview.....	10
3.1.1 Location, access and climate.....	10
3.1.2 Tenure and land use	12
3.1.3 Agreements, contracts and taxes	15
3.1.4 Project history	16
3.2 Geology and Mineral Resources	17
3.2.1 Site visit.....	17
3.2.2 Regional setting and local mineralisation.....	17
3.2.3 Resource estimation	21
3.3 Mining and Ore Reserves.....	32
3.3.1 Methods and design.....	32
3.3.2 Ore Reserves	35
3.3.3 Production schedule.....	35
3.3.4 Mining operating and capital costs.....	37
3.4 Metallurgical testwork and process design.....	39
3.4.1 Process flowsheet	39
3.4.2 Supporting testwork	40
3.4.3 Processing operating and capital costs	43
3.5 Environment and social	44
3.5.1 Integration in DFS	44
3.5.2 Environmental and social factors	45
3.5.3 Environmental and social management system	47
3.5.4 Environmental and social management plan	48
3.5.5 Tailings and water management.....	48
3.5.6 Monitoring	49
3.5.7 Permitting	49

3.5.8	Social factors.....	50
3.5.9	Environmental and social risks	51
3.5.10	Summary of the review findings.....	51
3.5.11	Mine closure plan	52
3.5.12	Closure costing	52
4	Other Mineral Assets	53
Part B: Mineral Assets of Silvercorp		54
5	Ying Mine.....	55
5.1	Overview.....	55
5.1.1	Location, access and climate.....	55
5.1.2	Ownership, tenure and land use	57
5.1.3	Agreements, contracts and taxes	60
5.1.4	Project history	61
5.2	Geology and Resources	64
5.2.1	Site visit.....	64
5.2.2	Regional setting and local mineralisation.....	67
5.2.3	Data collection.....	76
5.2.4	Resource estimation	77
5.2.5	Risks and opportunities.....	82
5.2.6	Prospectivity.....	83
5.2.7	SRK comments	83
5.3	Mining and Ore Reserves.....	85
5.3.1	Methods and design.....	86
5.3.2	Ore Reserves	93
5.3.3	Production schedule.....	98
5.3.4	SRK comments	99
5.3.5	Mining operating and capital costs.....	101
5.4	Metallurgical testwork and process design.....	109
5.4.1	Process flowsheet	109
5.4.2	Supporting testwork	114
5.4.3	Process throughput and metallurgical recovery.....	116
5.4.4	Processing operating and capital costs	121
5.5	Environment and Social.....	121
5.5.1	Permitting	121
5.5.2	Environmental management and compliance.....	122
5.5.3	Environmental considerations	124
5.5.4	Social considerations	125
5.5.5	Mine Closure Plan.....	126
6	GC Mine.....	127
6.1	Overview.....	127
6.1.1	Location, access and climate.....	127
6.1.2	Tenure and land use	129
6.1.3	Agreements, contracts and taxes	130
6.1.4	Project history	130
6.2	Geology and Resources	133
6.2.1	Regional setting and local mineralisation.....	133
6.2.2	Data collection.....	137
6.2.3	Mineral Resource estimation	139
6.2.4	Risks and opportunities.....	143

6.2.5	Prospectivity	144
6.2.6	SRK comments	144
6.3	Mining and Ore Reserves	144
6.3.1	Methods and design	145
6.3.2	Ore Reserves	151
6.3.3	Production schedule	154
6.3.4	SRK comments	155
6.3.5	Mining operating and capital costs	156
6.4	Metallurgical testwork and process design	161
6.4.1	Process flowsheet	161
6.4.2	Supporting testwork	169
6.4.3	Process throughput and metallurgical recovery	170
6.4.4	Processing operating and capital costs	171
6.5	Environment and Social	173
6.5.1	Permitting	173
6.5.2	Environmental Impact Assessment	174
6.5.3	Environmental considerations	175
6.5.4	Social considerations	175
6.5.5	Mine Closure Plan	176
7	BYP Mine	177
7.1	Overview	177
7.1.1	Location, access and climate	177
7.1.2	Tenure and land use	180
7.1.3	Agreements, contracts and taxes	182
7.1.4	Project history	182
7.2	Geology and Resources	184
7.2.1	Regional setting and local mineralisation	184
7.2.2	Data collection	185
7.2.3	Mineral Resource Estimation	187
7.2.4	Risks and opportunities	192
7.2.5	Prospectivity	193
7.2.6	SRK comments	193
7.3	Mining and Ore Reserves	193
7.4	Metallurgical testwork and Process design	193
7.5	Environment and Social	193
7.5.1	Permitting	193
7.5.2	Environmental management and compliance	194
8	Other Mineral Assets	195
8.1	Kuanping	195
8.2	La Yesca	197
	Part C: Valuation	200
9	Other considerations	201
9.1	Commodity prices	201
9.1.1	Gold	201
9.1.2	Silver	202
9.2	Previous valuations	202
10	Valuation	203
10.1	Valuation basis	205

10.2	SRK’s valuation technique.....	206
10.3	Reasonableness of technical inputs to the Models	207
10.3.1	Adjustments to the LOM Plan to align with VALMIN Code requirements.....	207
10.3.2	SRK’s LOM Plan recommendations	208
10.4	Resources external to mine plan.....	219
10.4.1	Introduction	219
10.4.2	Actual transactions.....	221
10.4.3	Comparable market transactions	223
10.4.4	Industry Yardstick crosscheck	231
10.4.5	Summary – residual Resource Valuation.....	234
10.5	Exploration Potential.....	235
10.5.1	Introduction	235
10.5.2	Comparable transactions – African gold	235
10.5.3	Geoscientific Rating	239
10.5.4	Summary – Exploration Potential Valuation.....	242
11	Valuation summary.....	244
	References.....	247

Tables

Table 1-1: Details of the qualifications and experience of the consultants	3
Table 3-1: Project licence status	14
Table 3-2: Prospecting licence application	14
Table 3-3: Taxes applicable to the Nyanzaga Gold Project	16
Table 3-4: Mineral Resource Statement as declared by CSA Global	27
Table 3-5: Exploration Target as declared by OreCorp (November, 2022)	28
Table 3-6: Ore Reserves in the schedule	35
Table 3-7: Operating cost summary	37
Table 3-8: Costs	37
Table 3-9: Total mining capital cost for the Nyanzaga Gold Project	38
Table 3-10: Laboratory testwork	41
Table 3-11: Metallurgical samples	41
Table 3-12: Diagnostic leach results	42
Table 3-13: Ore types and feed blends	44
Table 3-14: DFS chapter featuring environmental and social aspects	45
Table 3-15: Environmental and social factors	46
Table 5-1: Mining licences	59
Table 5-2: Exploration licences	59
Table 5-3: Recent production and cost summary	63
Table 5-4: Summary of the database for the Ying Mine	77
Table 5-5: Mineral Resources of Ying Mine, as of 31 December 2021	78
Table 5-6: Key parameters of Mineral Resources Estimate (Ying Mine)	79
Table 5-7: Grade capping summary at Ying Mine	81
Table 5-8: 'Residual' Mineral Resource Statement, as at 30 September 2023	84
Table 5-9: Summary of the mines at the Ying Mine Complex	85
Table 5-10: Parameters for the mining methods	89
Table 5-11: Ore (Mineral) Reserve Statement for Ying Mine summary, as at 31 December 2021	94
Table 5-12: Average dilution parameters by mine and method	96
Table 5-13: 'Depleted' Ore Reserves at Ying Mine, as at 30 September 2023	98
Table 5-14: Revised silver, lead and zinc grades for TLP Mine	101
Table 5-15: Mining costs for each mining section of Ying Mine	102
Table 5-16: Mining costs for each mining section of Ying Mine (continued)	103
Table 5-17: Mining costs for each mining section of Ying Mine (continued)	104
Table 5-18: Average labour, reclamation and environmental management costs of Ying Mine	105
Table 5-19: G&A costs of Ying Mine	105
Table 5-20: The inputs for various parameters SRK recommends to using in the Ying Mine model (RMB)	106
Table 5-21: Previous CAPEX into Ying Mine as on 31 December 2022 (RMB)	107
Table 5-22: Previous CAPEX into Ying Mine as on 30 September 2023 (RMB)	107
Table 5-23: New CAPEX needed in the Silvercorp NPV models (US\$)	108
Table 5-24: The historical testwork for the Ying Mine project	114
Table 5-25: Test results from HNMRI testwork (SGX)	115
Table 5-26: Test results from CCGRI testwork (HPG)	115
Table 5-27: Ore feed to Plant 1 (FY2023)	116
Table 5-28: Ore feed to Plant 2 (FY2023)	116
Table 5-29: Concentrate quality of Plant 1 and Plant 2 (FY2023)	117
Table 5-30: Overall metal recovery and SRK recommendations	118
Table 5-31: Milling costs of Ying Mine	121
Table 5-32: Details of the safety production permits for Ying Mine	121
Table 5-33: Details of the water use permit for Ying Mine	122
Table 5-34: Details of the EIA reports and approvals for Ying Mine	123
Table 5-35: Details of the reclamation cost for Ying Mine	126

Table 6-1: Mining Permit coordinates.....	129
Table 6-2: GC Mine mining licence	130
Table 6-3: Recent production and cost summary.....	133
Table 6-4: Summary of database used	139
Table 6-5: Mineral Resource Statement, as of 31 December 2020	140
Table 6-6: Key parameters of the Mineral Resources estimate (GC Mine)	140
Table 6-7: 'Residual' Mineral Resource Statement, as at 30 September 2023	144
Table 6-8: GC Mine production from FY2015 to FY 2021 (Q1 to Q3).....	145
Table 6-9: Mining equipment fleet as of December 2021	149
Table 6-10: Ore (Mineral) Reserve Statement for GC Mine summary, as at 31 December 2020	152
Table 6-11: Average dilution by mine and method.....	153
Table 6-12: 'Depleted' Ore Reserves for GC Mine, as at 30 September 2023.....	154
Table 6-13: Mining costs of GC Mine	157
Table 6-14: G&A costs of GC Mine	157
Table 6-15: The inputs for various parameters SRK recommends using in the GC Mine model (RMB).....	158
Table 6-16: Previous CAPEX into GC Mine as on 31 December 2022 (RMB).....	159
Table 6-17: Previous CAPEX into GC Mine as at 30 September 2023 (RMB).....	159
Table 6-18: New CAPEX needed in the Silvercorp's NPV models (US\$).....	160
Table 6-19: Closed circuit flotation test results of GC Mine	169
Table 6-20: Historical Production Index of GC Mine Processing Plant.....	170
Table 6-21: SRK recommendations on the product recovery	171
Table 6-22: Milling costs of GC mine.....	172
Table 6-23: Previous CAPEX into GC Mine as on 31 December 2022 (RMB).....	172
Table 6-24: Previous CAPEX into GC Mine as at 30 September 2023 (US\$).....	173
Table 6-25: Details of the safety production permits for the GC Mine	174
Table 6-26: Details of the water use permit for the GC Mine	174
Table 7-1: Yunxiang Mining, mining permit	180
Table 7-2: Mining Permit Gauss coordinates	181
Table 7-3: Mineral Resources for gold zones as of December 2011	183
Table 7-4: Mineral Resources for lead and zinc zones as of December 2011	183
Table 7-5: Historical Metallurgy and Production (2011)	184
Table 7-6: Historical exploration work summary	186
Table 7-7: Bulk Density Summary	186
Table 7-8: Summary of database of BYP Mine in the Mineral Resource Estimate.....	187
Table 7-9: BYP Mine Mineral Resource Estimate as at 30 November 2018	187
Table 7-10: Key parameters of the Mineral Resources estimate (BYP Mine)	190
Table 7-11: Details of the safety production permit for the BYP Mine	194
Table 8-1: Kuanping Chinese resource evaluation	196
Table 10-1: Suggested valuation approaches according to development status.....	203
Table 10-2: SRK's adopted valuation basis	206
Table 10-3: Life of Mine Plan – production sequencing	207
Table 10-4: SRK's recommendations regarding the Nyanzaga model	209
Table 10-5: SRK's recommendations regarding the Ying Model	212
Table 10-6: SRK's recommendations regarding the GC Model	216
Table 10-7: Interest in each project held by OreCorp and Silvercorp	219
Table 10-8: Summary of the residual Resources, and Exploration Target valued at Nyanzaga	219
Table 10-9: Summary of the residual Resources at Silvercorp's operations in silver equivalent as at 1 December 2023.....	220
Table 10-10: Summary of the Mineral Resources in gold equivalent.....	221
Table 10-11: Resource-based transaction multiple analysis.....	224
Table 10-12: Comparable transaction valuation of Resources and residual Resources on a 100% and an attributable basis	227

Table 10-13:Resource-based silver transaction multiple analysis	228
Table 10-14:China Resource-based gold transaction multiple analysis	229
Table 10-15:Comparable Transaction Valuation of residual Resources and Mineral Resources	230
Table 10-16:Yardstick factors value range	231
Table 10-17:Yardstick Valuation of residual Resources and Exploration Target	232
Table 10-18:Yardstick factors value range (silver)	232
Table 10-19:Yardstick Valuation of residual Resources (Ying and GC)	233
Table 10-20:Yardstick Valuation of BYP Mineral Resources	233
Table 10-21:Summary of SRK’s Valuation of OreCorp’s residual Resources and Exploration Target on an attributable basis.	234
Table 10-22:Summary of SRK’s Valuation of residual Resources and Mineral Resources.....	234
Table 10-23:Area-based transaction multiple analysis.....	237
Table 10-24:Exploration Potential Value using Transaction Analysis – net attributable basis	238
Table 10-25:BAC cost calculation PL/EL	239
Table 10-26:BAC cost calculation SML.....	240
Table 10-27:Modified property rating criteria.....	241
Table 10-28:Summary of Exploration Potential Value using the Geoscientific (Kilburn) Method – net attributable basis	242
Table 10-29:Valuation summary – exploration potential	243
Table 11-1: Summary of the Market Value of the Mineral Assets.....	245

Figures

Figure 3-1: Geographic location (left) and access to (right) the Nyanzaga Gold Project	10
Figure 3-2: Aerial view of the project site (looking west)	11
Figure 3-3: Nyanzaga SML and prospecting rights	13
Figure 3-4: Oblique view (looking north) of HG mineralised unit and TOFR (in grey).....	19
Figure 3-5: Plan view of Kilimani grade estimate (grey) and mineralised drill hole intercepts (red)	20
Figure 3-6: Section view of Kilimani grade estimate (grey) and mineralised drill hole intercepts (red).....	20
Figure 3-7: Log normal distribution of Kilimani gold (capped) composite dataset.....	22
Figure 3-8: Log normal distribution of Nyanzaga gold (capped) composite dataset	23
Figure 3-9: Oblique view showing footprint of only Measured Mineral Resources displayed using a SoR legend.....	25
Figure 3-10: Aircore drilling in the western areas of the Nyanzaga SML	30
Figure 3-11: Geophysical interpretation across OreCorp’s permit areas	31
Figure 3-12: Nyanzaga Special Mining Licence area and site layout.....	32
Figure 3-13: Typical resultant pit	33
Figure 3-14: Resultant underground layout	34
Figure 3-15: Production schedule	36
Figure 3-16: Nyanzaga process flowsheet	39
Figure 3-17: Metallurgical sample location	41
Figure 3-18: Leach testwork results.....	42
Figure 5-1: Location of Ying Mining Complex.....	56
Figure 5-2: Ying Mine and mill locations.....	57
Figure 5-3: Location of the approved mining licences forming the Ying Mine.....	58
Figure 5-4: SGX drill core store	65
Figure 5-5: Core splitting machine at TLP	65
Figure 5-6: Core catalogue room at LMW	66
Figure 5-7: Sample preparation room of SGS	66
Figure 5-8: Ying laboratory	67
Figure 5-9: Geology of Western Henan Province and location of the Ying property.....	69
Figure 5-10: Tunnels and veins in the SGX area	70
Figure 5-11: Tunnels and veins in the HZG area	72
Figure 5-12: Tunnels and veins in the HPG area	73
Figure 5-13: Distribution of mineralised veins in the TLP-LM area	74
Figure 5-14: Tunnels and veins in the HPG area	75
Figure 5-15: Mineral Resource classification longitudinal projection SGX mine: Vein S19	81
Figure 5-16: Local view of block model for Vein S14-1 – SGX	82
Figure 5-17: An orthogonal view of the SGX mine design	87
Figure 5-18: Underground access and level drive at the TLP and LMW mines	87
Figure 5-19: Typical resue stoping method	88
Figure 5-20: Typical shrinkage stoping method.....	89
Figure 5-21: Typical resuing stope condition at the TLP Mine	90
Figure 5-22: Typical underground conditions	91
Figure 5-23: Backfill plant at LMW.....	92
Figure 5-24: Dilution planned for stopes at SGX Mine	97
Figure 5-25: Waste dump in TLP and aggregate factory typical shrinkage stoping method.....	101
Figure 6-1: GC Mine location.....	128
Figure 6-2: Regional geology map.....	135
Figure 6-3: Local geology map of GC Mine.....	136
Figure 6-4: Plan view of veins at GC Mine	137
Figure 6-5: View of GC drill holes and channel sampling.....	139
Figure 6-6: Local view of block model for Vein NV10.....	142
Figure 6-7: Drill core store of GC Mine	143

Figure 6-8: Site laboratory of GC Mine.....	143
Figure 6-9: An orthogonal view of the GC Mine design.....	146
Figure 6-10: Underground access and level drive of GC Mine	147
Figure 6-11: Operation of cut and fill stoping.....	148
Figure 6-12: Example of GC Mine equipment on site.....	149
Figure 6-13: GC Mine Central Control System.....	151
Figure 6-14: Dilution planned for some stopes of GC Mine	154
Figure 7-1: BYP general mine location.....	178
Figure 7-2: BYP Mine location	179
Figure 7-3: Local geology map of BYP Mine	185
Figure 7-4: 3D view of mineralisation domains of BYP Mine	189
Figure 7-5: Mineral Resource classification of gold deposit	191
Figure 7-6: Mineral Resource classification of lead-zinc deposit	192
Figure 8-1: Location map of the Kuanping Project	195
Figure 8-2: Location of drill holes and significant intercepts at the La Yesca Project	198
Figure 9-1: Monthly average commodity prices (US\$ terms) January 2015 – present.....	201
Figure 10-1: Project value curve.....	224
Figure 10-2: Resource multiples for African gold transactions.....	226
Figure 10-3: Resource multiples for African gold transactions (adjusted axis)	226
Figure 10-4: China Resource-based silver transaction multiple analysis.....	229
Figure 10-5: China Resource-based gold transaction multiple analysis	230
Figure 10-6: Area-based multiples African gold transactions (excludes high outliers >US\$300/km ²)	236

Appendices

Appendix A	Comparative transactions
Appendix B	SRK assessment: geoscientific scorecard

Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

Abbreviations

amsl	above mean sea level
ANCOLD	Australian National Committee on Large Dams
Anhui Yangtze	Anhui Yangtze Mining Co. Ltd.
ARI	average recurrence interval
BDO	BDO Corporate Finance (WA) Pty Ltd
BYP	Baiyunpu Zinc and Lead Mine
CRM	certified reference material
DCG	Dongcaogou Gold and Silver Mine
EC	Environmental Certificate
EPCM	Engineering, Procurement and Construction Management
ESAP	environmental and social action plan
ESG	environmental, social and governance
ESMP	environmental and social management plan
ESMS	environmental and social management system
GHG	greenhouse gas
GoT	Government of Tanzania
Guangdong Found	Guangdong Found Mining Co. Ltd. (China)
HAZOP	Hazard and Operability
HG	high-grade
HNTE	High and New Technology Enterprise
ID2	inverse distance squared
JORC Code	<i>Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, edition 2012</i>
LG	low-grade
LOM	life of mine
LUC	Localised Uniform Condition
MG	medium grade
NMCL	Nyanzaga Mining Company Ltd
Nyanzaga	Nyanzaga Gold Project
OK	Ordinary Kriging
OP	open pit
OreCorp	OreCorp Limited
PFS	pre-feasibility study
QC	quality control

RAP	resettlement action plan
RMB	Chinese Yuan Renminbi
ROM	run of mine
RPEEE	Reasonable Prospect for Eventual Economic Extraction
RPF	Resettlement Policy Framework
SCS	sediment control structures
Silvercorp	Silvercorp Metals Inc.
SMCL	Sotta Mining Corporation Ltd
SML	Special Mining Licence
SMU	selective mining unit
SoR	Slope of Regression
SPW	Sum of Positive Weights
SRK ZA	SRK South Africa
SVOL1	first search pass
SVOL2	second search pass
SVOL3	third search pass
TANESCO	Tanzania Electric Supply Company Limited
TANROADS	Tanzanian National Roads Agency
TARURA	Tanzanian Rural and Urban Roads Agency
TOFR	Top of Fresh Rock
TSF	tailings storage facility
UG	underground
US\$	United States dollars
US\$m or US\$M	million United States dollars
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets, edition 2015
VAT	Value Added Tax
Xinda	Luoning Xinda Mineral Products Trade Co. Ltd.
Yangtze Gold	Yangtze Gold Ltd.
Yangtze Mining	Xinshao Yunxiang Mining Co. Mining Ltd.
Yunxiang Mining	Xinshao Yunxiang Mining Co. Ltd.

Chemical symbols

Ag	silver
Au	gold
CH ₄	methane
CO ₂	carbon dioxide

H ₂ S	hydrogen sulfide
NO ₂	nitrogen dioxide
Pb	lead
SO ₂	sulfur dioxide
Zn	zinc

Units

%	percentage
°	degrees
°C	degrees Celsius
asl	above sea level
g/t	grams per tonne
ha	hectares
km	kilometres
km ²	square kilometres
kt/a	kilotonnes per annum
m	metres
Mlb	million pounds
mm	millimetres
Moz	million ounces
Mt	million metric tonnes
Mt/a	million tonnes per annum
t	metric tonnes
t/a	tonnes per annum
t/d	tonnes per day
t/m	tonnes per month

Executive summary

This report represents an update of an earlier report prepared by SRK Consulting (Australasia) Pty Ltd (SRK) in October 2023. SRK's previous report was prepared on behalf of BDO Corporate Finance (WA) Pty Ltd (BDO) in relation to a proposed Scheme of Arrangement (the Scheme) between OreCorp Limited (OreCorp) and Silvercorp Metals Inc. (Silvercorp).

On 27 November 2023, Perseus Mining Limited (Perseus) announced that it had acquired a strategic equity interest (19.9%) in OreCorp and that it intended to vote against the Silvercorp Scheme.

In light of these developments the proposed meeting of OreCorp shareholders scheduled for 8 December 2023 was postponed.

SRK now understands that Silvercorp intends to make a takeover offer for OreCorp and that BDO has been engaged by OreCorp to prepare an updated Independent Expert's Report (IER – BDO Report) commenting on the fairness and reasonableness of the revised transaction structure with Silvercorp.

BDO subsequently contacted SRK to prepare an updated Independent Specialist Report (ISR or Report) incorporating a technical assessment and valuation of the mineral assets of both companies and providing its opinion on matters for which BDO is not the Specialist (SRK Scope).

OreCorp's mineral assets to be considered by SRK include:

- An 84% interest¹ in the Nyanzaga Gold Project located 60 km south-southwest of Mwanza in the Lake Victoria Goldfields, Tanzania.

Silvercorp's mineral assets to be considered by SRK include:

- a 77.5% interest in the Ying silver-lead-zinc mine located 240 km west-southeast of Zhengzhou in Henan Province, China
- a 99.0% interest in the GC Mine located 15 km west of Yunfu in Guangdong Province, China
- a 70.0% interest in the BYP Mine located 20 km northwest of Shaoyang in Hunan Province, China.

Carrying on from our original instructions from BDO, SRK's updated scope comprises:

1. To update SRK's previous report dated 11 October 2023 to account for additional information or disclosures by both Silvercorp and OreCorp (principally the latest quarterly statements from both parties), as well as to review SRK's previous analysis, commentary, observations and conclusions in light of any new information made available over the intervening period, particularly that in relation to the technical inputs to OreCorp's Nyanzaga Project and Silvercorp's operating mines (GC Mine and Ying Mine) to ensure these remain reasonable.
2. Additionally, SRK is to provide an updated independent opinion on the market valuation of:
 - a. Any stated Mineral Resources or Ore Reserves at OreCorp's Nyanzaga Gold Project or Silvercorp's Ying and GC mines that are not already included in the Models (defined as residual Resources).

¹ The Government of Tanzania holds the remaining 16% interest in Nyanzaga.

- b. Silvercorp's BYP mine, which is currently on care and maintenance.
- c. Any other mineral assets held by either OreCorp or Silvercorp that SRK considers are likely to have material value.

SRK's Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

SRK's updated valuation ranges and preferred values are detailed in Section 10 of this Report (Valuation) and are summarised in Table ES-1. The valuation represents the Market Value of the Mineral Assets as at the Valuation Date, this being 15 January 2024.

Based on its technical assessment and valuation presented in the Report, Table ES-1 summarises SRK's market value assessment of the defined residual Resources (i.e. those Mineral Resources that lie outside the life-of-mine schedule) and exploration potential at each of the relevant projects in accordance with its mandate.

SRK notes that the market value of the life-of-mine (LOM) schedules at each of OreCorp's Nyanzaga Gold Project and Silvercorp's Ying and GC mines has been assessed by BDO (with input from SRK on the appropriate technical inputs) in its IER and therefore no value has been ascribed by SRK in Table ES-1.

Table ES-1: Summary valuation

Method	Low (US\$M)	High (US\$M)	Preferred (US\$M)
Residual Resources and Exploration Targets	8.71	18.73	13.72
Exploration Potential	1.15	2.62	1.89
Selected OreCorp (net attributable basis)	9.87	21.35	15.61
Residual Resources	57.69	104.40	81.05
Exploration Potential	-	-	-
Selected Ying (77.5%)	57.69	104.40	81.05
Residual Resource	24.90	45.49	35.19
Exploration Potential	-	-	-
Selected GC (99%)	24.90	45.49	35.19
Residual Resource	20.60	39.27	29.94
Exploration Potential	-	-	-
Selected BYP (70%)	20.60	39.27	29.94
Residual Resources	-	-	-
Exploration Potential	13.10	13.10	13.10
Selected Other	13.10	13.10	13.10
Residual Resources Totals	103.19	189.16	146.17
Exploration Potential Totals	13.10	13.10	13.10
Selected Silvercorp (net attributable basis)	116.29	202.26	159.27

Note: Any discrepancies between values in the tables are due to rounding.

In considering the overall value of the mineral assets, SRK has adopted the values implied by both Comparable Transaction and Yardsticks and/or Comparable Transaction and geoscientific rating methodologies.

For Kuanping only, the actual transaction value reflecting a competitive public auction process in November 2021 was used. No value has been assigned to the La Yesca Project as it is not considered by SRK to hold material value. SRK has adopted the midpoint as its preferred value overall for the assets where a range was determined.

In defining its valuation ranges, SRK notes that there are inherent risks involved when conducting any arm's length valuation exercise. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

1 Introduction

On 6 August 2023, OreCorp and Silvercorp announced the signing of a binding scheme implementation deed whereby Silvercorp would acquire all fully paid ordinary shares in OreCorp not already held by Silvercorp or its associates, pursuant to an Australian Scheme of Arrangement (the Scheme).

On 27 November 2023, Perseus announced that it had acquired a strategic equity interest (19.9%) in OreCorp and that it intended to vote against the Silvercorp Scheme.

In light of these developments the proposed meeting of OreCorp shareholders scheduled for 8 December 2023 was postponed.

SRK now understands that Silvercorp intends to make a takeover offer for OreCorp and that BDO has been engaged by OreCorp to prepare an updated Independent Expert's Report (IER – BDO Report) commenting on the fairness and reasonableness of the revised transaction structure with Silvercorp.

BDO's Independent Expert's Report (BDO Report) is to be included within a Target Statement to be provided to OreCorp shareholders.

Mr Sherif Andrawes, Head of Global Natural Resources at BDO, subsequently engaged (Engagement) SRK to provide an updated ISR (or Report) relating to the mineral assets of both OreCorp and Silvercorp.

1.1 Scope

Carrying on from its original instructions from BDO, SRK's updated scope comprises:

1. To update SRK's previous report, dated 11 October 2023 to account for additional information or disclosures by both Silvercorp and OreCorp (principally the latest quarterly statements from both parties), as well as to review SRK's previous analysis, commentary, observations and conclusions in light of any new information made available over the intervening period, particularly that in relation to the technical inputs to OreCorp's Nyanzaga Project and Silvercorp's operating mines (GC Mine and Ying Mine) to ensure these remain reasonable.
2. Additionally, SRK is to provide an updated independent opinion on the market valuation of:
 - a. Any stated Mineral Resources or Ore Reserves at OreCorp's Nyanzaga Gold Project or Silvercorp's Ying and GC mines that are not already included in the Models (defined as residual Resources).
 - b. Silvercorp's BYP mine, which is currently on care and maintenance.
 - c. Any other mineral assets held by either OreCorp or Silvercorp that SRK considers are likely to have material value.

1.2 Reporting standard

This Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of the report was supplied to BDO and OreCorp to check for material errors, factual accuracy and omissions before the final report was issued.

For the purpose of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between OreCorp and Silvercorp or any other parties.

For this Report, SRK has classified the mineral assets of OreCorp in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-Stage Exploration Projects** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

As noted previously, SRK has classified OreCorp's Nyanzaga Gold Project as a Pre-Development Project for valuation purposes, while Silvercorp's Ying and GC mines are Production Projects and the BYP Project is best evaluated as a Pre-Development Project.

SRK has used valuation approaches that are typically used for mineral assets at each of these respective stages. Additional details are provided in Section 9 and Section 10 of this Report.

1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions.

1.4 Valuation date

The Valuation Date adopted is the date of this Report, namely 15 January 2024.

1.5 Project team

This Report has been prepared by a team of consultants from SRK’s offices in South Africa, China and Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1-1.

Table 1-1: Details of the qualifications and experience of the consultants

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Alexander Thin	Principal Consultant/ SRK China	Project Management, Mining and overall China asset responsibility	35 years of experience – 11 years in consulting specialising in mineral asset audits and evaluations, independent technical reports, techno- economic studies, mining related mergers and acquisitions, due diligence and advisory services; 24 years in operations.	No	BEng (Hons), GDip Engineering, FAusIMM (CP), FIMMM (CEng), FSAIMM, RPEQ
Bonnie Zhao	Principal Consultant/ SRK China	Geology, Mineral Resources and exploration potential	More than 14 years of experience in geological databases, QA/QC, geological modelling, mineral resource estimations, technical reporting, gap analysis and due diligence studies.	Yes	MSc, BSc, MAusIMM, CMRV

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Falong Hu	Principal Consultant/ SRK China	Mining, operating and capital costs	More than 11 years of mining consultant experience; mining assessment, reviewing Mineral Resources, Ore Reserve estimation, production scheduling, CAPEX and OPEX review and technical economic analysis, preparation of independent technical reports.	Yes	BEng, MBA, MAusIMM, CKC, CMRV
Yonggang Wu	Principal Consultant/ SRK China	Geology, Mineral Resources and Mining	More than 15 years of geological and mining experience; mining assessment, reviewing Mineral Resources, Ore Reserve estimation, production scheduling, CAPEX and OPEX review and technical economic analysis, preparation of independent technical reports.	Yes	BEng, MEng, MAusIMM
Anson Xu	Corporate Consultant/ SRK China	Processing and associated OPEX and CAPEX	More than 30 years of experience in the exploration and development of various types of mineral deposits. Also due diligence/technical reviews of projects, for NI 43-101 reports and HKEx IPO technical reports.	No	PhD, MSc, BSc, FAusIMM
Xiangfeng Yang	Senior Consultant/ SRK China	Mineral processing and associated operating and capital costs	More than 10 years of mineral processing experience in the selection and procurement of beneficiation equipment, processing flowsheet and plant design, especially in industrial minerals including gold, silver, lead, zinc, copper as well as phosphate, potash, fluorite.	No	BEng, MEng, MAusIMM, CMRV
Gavin Chan	Principal Consultant/ SRK Hong Kong	Silvercorp residual resources and Mineral Resources valuation	19 years: 15 years in technical consulting including valuation and 4 years in academia	No	BSc, MPhil, PhD, FAIG

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Fong Cheuk	Consultant/ SRK Hong Kong	Silvercorp residual resources and Mineral Resources valuation	12 years: 7 years in technical consulting including valuation and 5 years in exploration geology	No	BSc, MAIG
Lanliang Niu	Principal Consultant/ SRK China	Mineral processing and associated operating and capital costs	More than 30 years of practice of metallurgical researching and mine technical service. Academic and practical experience in Au, Ag, Cu- Ni, Ag-Pb-Zn, Iron, Fluorite and REE.	No	BEng, MAusIMM, MCAMRA, MGSC
Nan Xue	Principal Consultant/ SRK China	Environmental and permitting	More than 15 years in China focusing on environmental impact assessment for construction projects, environmental planning, environmental management and environmental due diligence.	No	MSc, BSc, MAusIMM, LEIA
Lesley Jeffrey	Principal Geologist/S RK ZA	Local project manager, overview, tenure, reporting	39 years: coal – geology, modelling, resource estimation	None	MSc, BSc, PrSciNat, FGSSA, FFF
Ivan Doku	Principal Geologist/S RK ZA	Geology, Mineral Resources	16 years: precious/base/industrial metals/minerals – geology, modelling, resource estimation	None	GDE(Mining, MSc Eng, BSc Eng, PrSciNat
Noddy McGeorge	Principal Mining Engineer/SR K ZA	Mining, Ore Reserves	37 years: all aspects of mining engineering (underground, open pit), mine management	None	MSc, BSc, PrEng, MSAIMM
Katie Barns	Associate Principal Consultant	Mineral Processing		None	BEng, MBA, MAusIMM, MIPE(NZ), EwB(NZ)
Darryll Kilian	Principal Consultant/S RK ZA	Environmental Science	28 years: environmental management, consulting and research	None	MA, BA(Hons), DipEd, BA, MIAIASA
Vassie Maharaj	Principal Consultant/S RK ZA	Social Science	24 years: social risk management, stakeholder engagement	None	BSc, MIAPP, MIAIPSA, MIDSA
Marcin Wertz	Principal Mining Engineer/SR K ZA	Technical review	36 years: mine planning, underground hard rock mine design, study management	None	BSc, PrEng, FSAIMM

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Mathew Davies	Senior Consultant/ SRK	Valuation	15 years including 12 years in technical consulting and valuation	None	BSc (Hons), MAusIMM
Jeames McKibben	Principal Consultant/ SRK	Peer Review	29 years: 19 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles	None	BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS, MSME

1.6 Limitations, independence, indemnities and consent

1.6.1 Limitations and reliance

SRK’s opinion contained herein is based on information provided to SRK by OreCorp and Silvercorp throughout the course of SRK’s investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by OreCorp and Silvercorp was taken in good faith by SRK. SRK has not recalculated the Mineral Resources or Ore Reserves estimates, but has independently assessed the reasonableness of the estimates.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by OreCorp and Silvercorp was complete and not incorrect, misleading or irrelevant in any material aspect.

1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

1.6.3 Indemnities

As recommended by the VALMIN Code (2015), OreCorp and Silvercorp has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

In line with the VALMIN Code (2015), OreCorp has provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK’s reliance on information provided by OreCorp and Silvercorp, or OreCorp and Silvercorp not providing material

- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

1.6.4 Consent

SRK understands that this Report may be provided to OreCorp's shareholders. SRK provides its consent for this Report to be included in the BDO Report on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.6.5 Consulting fees

SRK's estimated fee for completing this updated Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and the availability of data. The fee payable to SRK for this updated engagement is estimated at approximately A\$15,000. The payment of this professional fee is not contingent upon the outcome of this updated Report.

1.7 Structure of the report

As with our previous report, this updated Report adopts the following structure:

Part A: OreCorp's Nyanzaga Gold Project comprising Sections 3 to 4

Part B: Silvercorp's Ying and GC mines, along with the BYP Project comprising Sections 5 to 8

Part C: Valuation of OreCorp's and Silvercorp's Mineral Resources and Ore Reserves not included in the Nyanzaga, Ying and GC cash flow models, and other mineral assets comprising Sections 9 to 11.

2 Context to the Transaction

2.1 Introduction

On 6 August 2023, OreCorp and Silvercorp jointly announced the signing of a binding scheme implementation deed, whereby Silvercorp was to acquire all fully paid ordinary shares of OreCorp, not held by Silvercorp or its associates, pursuant to an Australian scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (the Scheme) subject to the satisfaction of various conditions.

On 27 November 2023, Perseus announced that it had acquired a strategic equity interest (19.9%) in OreCorp and intended to vote against the Silvercorp Scheme.

In light of these developments the proposed meeting of OreCorp shareholders scheduled for 8 December 2023 was postponed.

SRK now understands that Silvercorp intends to make a takeover offer for OreCorp.

The following sections provide an overview of the technical merits, opportunities and risks associated with the various Mineral Assets held by both OreCorp and Silvercorp. This report is intended to assist OreCorp shareholders in their deliberations in respect to Silvercorp's takeover offer.

Part A: Mineral Assets of OreCorp

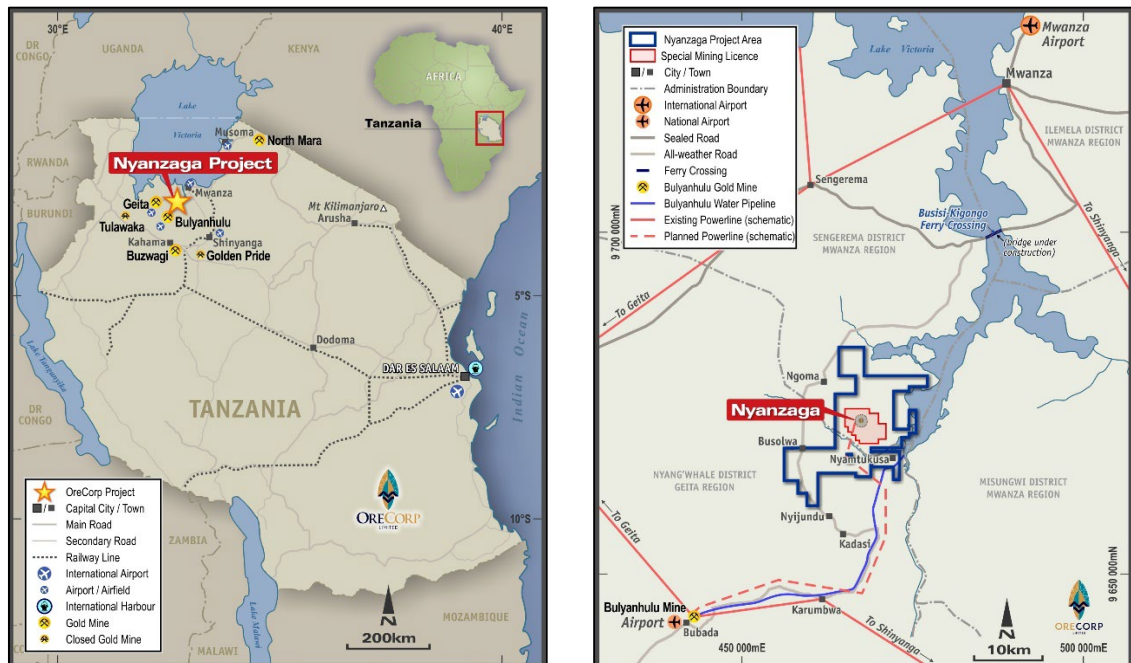
3 Nyanzaga Gold Project

3.1 Overview

3.1.1 Location, access and climate

OreCorp’s key project is the Nyanzaga Gold Project (Nyanzaga) in the Lake Victoria Goldfield, located in northwest Tanzania in the Sengerema District of the Mwanza Region. The project lies south of Lake Victoria with geographic coordinates 2°58’S and 32°42’E (Figure 3-1). It is approximately 60 km southwest of Mwanza city, 60 km east of AngloGold Ashanti’s Geita Gold Mine and 30 km northeast of Barrick Gold’s Bulyanhulu Gold Mine.

Figure 3-1: Geographic location (left) and access to (right) the Nyanzaga Gold Project



Source: Gerschwitz (19/09/2023)

Mwanza can be reached via sealed national roads from the coastal city of Dar es Salaam (approximately 1,100 km away) or by international or domestic flights into Mwanza Airport.

The project can be accessed from Mwanza by the all-weather sealed national B6 and B163 roads, crossing the Smith Sound of the Mwanza Gulf by ferry between the towns of Kikongo and Busisi. Thereafter, a 35 km long gravel road (the R162) leads to Ngoma village, with a further 7 km gravel road leading to Nyanzaga Camp itself (Figure 3-1). A bridge is currently being constructed across the Smith Sound at Busisi, and is due for completion in 2024. Alternative access from Bulyanhulu Gold Mine via the villages of Karumbwa, Nyundu and Ngoma is possible via 65 km of gravel road. National roads are usually well-maintained by the Tanzanian National Roads Agency (TANROADS) while the gravel roads are somewhat less well-maintained by the Tanzanian Rural and Urban Roads Agency (TARURA). OreCorp plans to upgrade the Ngoma–Nyanzaga gravel road, with the agreement of TARURA.

Tanzania lies between 2° and 11° south of the Equator and between 30° and 40° east of the Greenwich Meridian on the east coast of Africa. The proximity to the Equator results in daylight hours of very close to 12 hours each day. The altitude varies from sea level in the east to a maximum of 5,895 m above mean sea level (amsl) on Mount Kibo (the highest peak of Mount Kilimanjaro), with an average elevation of 1,018 m amsl. This range results in a climate that varies from tropical on the coast to temperate in the highlands. Most of Tanzania lies above 1,000 m amsl, except for the south-southeastern part of the country.

The topography of the Nyanzaga area is between approximately 1,100 m and 1,500 m amsl with a zone of gentle northwest-trending hills – Kilimani Ridge, Nyanzaga Hill and Nyamtukuza Hill – straddling the project area in a south-southwest direction (Figure 3-2).

Figure 3-2: Aerial view of the project site (looking west)



Source: OreCorp (2023)

The climate is tropical to subtropical, moderated by the altitude of the highland plateau. The average maximum temperature is around 27–28°C, while the average minimum temperature varies slightly between 16°C and 19°C. October is the hottest month and July is the coolest. The dry season is from June to September when it is windy and partly cloudy, while the wet season, extends from October to May and is humid and overcast. The annual average rainfall is slightly over 800 mm: the rainfall peaks in November (139 mm) and April (127 mm) and is lowest in July (6 mm)².

² Climate data sourced from <https://weatherspark.com/y/97203/Average-Weather-in-Mwanza-Tanzania-Year-Round>

3.1.2 Tenure and land use

SRK has placed reliance on ALN Tanzania/A&K Tanzania (ALN Tanzania/A&K Tanzania, 2023). for the legal verification of tenure for the Special Mining Licence (SML) referred to below. SRK has reviewed the various licence documents (SML and prospecting licences/prospecting licence application) provided and assured itself of the correct geographical extent and status of the licences with respect to the exploration, etc. conducted by OreCorp. In addition, SRK consulted the Tanzanian Mining Cadastre and confirmed that the details in the licence documents match those on the Cadastre as at 31 July 2023.

Nyanzaga is owned by Sotta Mining Corporation Ltd (SMCL), a subsidiary of OreCorp (OreCorp, 2022b). OreCorp holds an 84% interest in the project through its wholly owned subsidiary, Nyanzaga Mining Company Ltd (NMCL), with the Treasury Registrar of the Government of Tanzania (GoT) owning the balance of 16%, a free-carried interest, in accordance with Tanzania's *Mining Act* (Chapter 123, Revised Edition 30 November 2019). The GoT is entitled to acquire an additional interest, up to a maximum of 50%.

The GoT granted an SML³– SML 653/2021 – to SMCL on 13 December 2021, which is valid for a period of 15 years until 13 December 2036 (Figure 3-3) – the SML encompasses the Nyanzaga and Kilimani gold deposits. A Framework Agreement and a Shareholder Agreement were both signed on the same date between the GoT and NMCL, confirming the rights and responsibilities of each party regarding the development and management of the project (refer to Section 3.1.3 for further information). The Environmental Certificate (EC) was transferred soon thereafter. These two licences comprise the key permits for the project. Other permits and approvals required for development and mining will be applied for, as required.

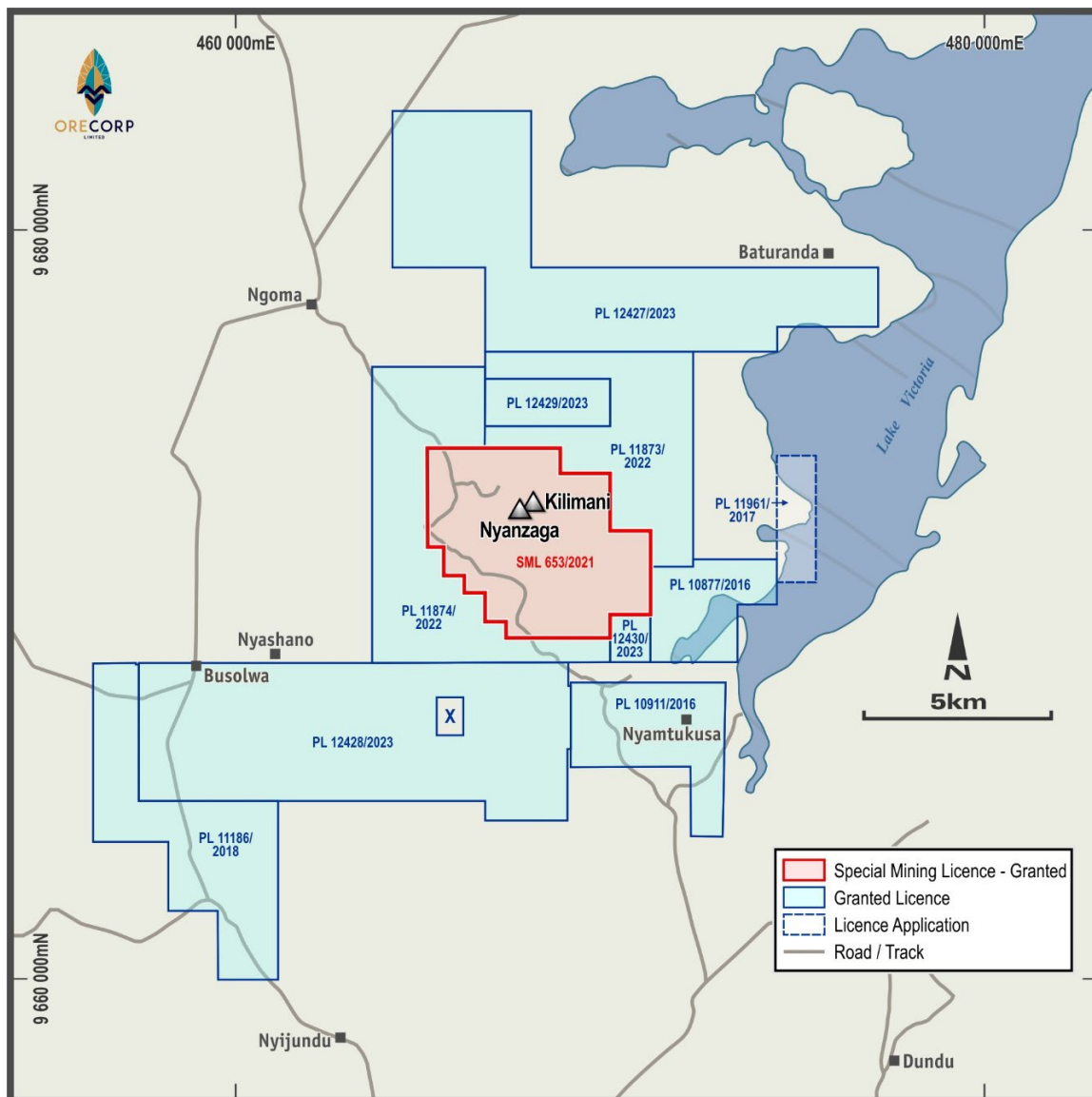
In addition to the SML, the project area consists of nine prospecting rights that are either in the initial, first or second renewal periods and one prospecting licence application, which has already been recommended by the GoT (Figure 3-3). The SML covers 23.36 km², with the active prospecting licences adding another 160.40 km², a total of 183.76 km² (Table 3-1). The prospecting licence application covers 3.53 km² and is contiguous with the existing prospecting licences.

SMCL is also in discussion with the Tanzanian Mining Commission to lodge applications for prospecting rights held by NMCL that have completed their second renewal period and cannot be extended under current legislation.

Most of the area encompassed within the SML is allotted to subsistence farming on small holdings of between 0.5 ha and 4 ha: food, cash crops and livestock farming, harvesting of medicinal plants, grass/reeds and firewood and charcoal production. Food crops mainly consist of maize and rice, but lentils, beans, sorghum, sweet potato, cassava, ground nuts and chickpeas are grown to a lesser extent – mangoes are the main fruit tree grown. Cash crops include cotton, sisal and aloe vera. Approximately one-third of the SML (7.7 km²), including the hilly areas of Kilimani Ridge, Nyanzaga Hill and Nyamtukuza Hill, is not cultivated.

³ An SML applies to large-scale operations where capital investment exceeds US\$100 M. An SML is renewable upon timeous application.

Figure 3-3: Nyanzaga SML and prospecting rights



Source: personal communication, OreCorp (2023)

Table 3-1: Project licence status

Licence code and type	Holder and percentage holding	Tanzanian Mining Cadastre status	Period type	Initial application date	Initial grant date	Expiry date	Area (km ²)
SML653/2021 Mining Licence	Sotta Mining Corporation Limited (100%)	Active	Initial (15 years)	07/12/2021	13/12/2021	12/12/2036	23.36
PL11873/2022 Prospecting Licence	Sotta Mining Corporation Limited (100%)	Active	Initial (4 years)	01/02/2022	29/03/2022	28/03/2026	17.03
PL11874/2022 Prospecting Licence	Sotta Mining Corporation Limited (100%)	Active	Initial (4 years)	01/02/2022	29/03/2022	28/03/2026	21.22
PL10911/2016 Prospecting Licence	OreCorp Tanzania Limited (100.00%)	Active	Second renewal (2 years)	21/04/2016	23/09/2023	22/09/2025	10.91
PL10877/2016 Prospecting Licence	OreCorp Tanzania Limited (100.00%)	Active	Second renewal (2 years)	11/03/2016	07/10/2013	06/10/2025	7.42
PL11186/2018 Prospecting Licence	OreCorp Tanzania Limited (100.00%)	Pending renewal	First renewal (3 years)	14/12/2016	26/10/2018	25/10/2025	18.21
PL24748/2023* Prospecting Licence	Sotta Mining Corporation Limited (100%)	Granted	Initial (4 years)	05/07/2023	24/07/2023	23/07/2027	42.78
PL12427/2023 Prospecting Licence	Sotta Mining Corporation Limited (100%)	Granted	Initial (4 years)	06/07/2023	24/07/2023	23/07/2027	37.26
PL12430/2023 Prospecting Licence	Sotta Mining Corporation Limited (100%)	Granted	Initial (4 years)	06/07/2023	24/07/2023	23/07/2027	1.37
PL12429/2023/2023 Prospecting Licence	Sotta Mining Corporation Limited (100%)	Granted	Initial (4 years)	06/07/2023	24/07/2023	23/07/2027	4.2
Total area							183.76

* Note: PL24748/2023 is referred to as PL12428/2023 by OreCorp.

Table 3-2: Prospecting licence application

Licence code	Holder and percentage holding	Tanzanian Mining Cadastre status	Current status	Initial application date	Area (km ²)
PL11961/2017	OreCorp Tanzania Limited (100.00%)	Application recommended	31/05/2017 Recorded 06/06/2017	31/05/2017	3.53

3.1.3 Agreements, contracts and taxes

Agreements

A Framework Agreement and Shareholder Agreement (Lycopodium, 2022) were both signed on 13 December 2021 between the GoT and NMCL. These agreements specify the key rights and responsibilities of the parties as shareholders in SMCL, regarding the development and management of the project. These agreements also provide SMCL with the relevant tenure under the Mining Act to develop and operate Nyanzaga. Consequently, the GoT has agreed to facilitate the procurement of the necessary rights, permits and approvals to establish, develop and operate Nyanzaga, subject to SMCL's compliance with Tanzanian procedural and statutory requirements. Fiscal and taxation assumptions and arrangements in the agreements reflect prevailing Tanzanian legislative and regulatory requirements.

The Shareholder Agreement outlines the relationship between NMCL and the GoT, confirms their respective shareholding in SMCL and confirms the structure of the SMCL Board of Directors: five directors are to be nominated by NMCL (including the Chair) and two directors by the GoT. This agreement also contains standard provisions relating to:

1. Board and shareholder meetings, the operation and management of SMCL
2. Pre-emption regarding any proposed transfer of NMCL's shares in SMCL to a third party
3. Reserved matters that require the approval of the GoT (including the conducting of any business outside the approved business plans, other actions outside the ordinary course of business and the winding up and dissolution of SMCL).

Both agreements provide for the resolution of any disputes by reference to international arbitration under the UNICITRAL Arbitration Rules and contain other customary terms typical for an incorporated joint venture.

Other agreements pertaining to stakeholder agreements and power cost unit rates are noted in the Definitive Feasibility Study (the DFS) (Lycopodium, 2022).

Contracts

Not all contracts have been finalised due to the early stage of project development. The following points are made:

1. Costs concerning the mining contract/s (both open pit and underground) were included in the DFS, based on non-binding tender submissions, however as yet no contracts have been signed.
2. Ausenco Services (Pty) Ltd of Perth, Australia and DRA Global Ltd were appointed in April 2023 (Orion, 2023) to provide the early contractor involvement (ECI) services for the Engineering, Procurement and Construction Management package.
3. SMC has signed a Memorandum of Understanding with TANESCO for the power supply and advanced negotiations for the supply agreement are in progress.

4. An abstraction agreement between SMC and the Tanzanian Ministry of Water (Lake Victoria Basin Water Board) for the provision of water from Lake Victoria for mine development was signed in 2022. The abstraction agreement expires on 21 December 2025 and is renewable every 3 years. Additional water for mine development is obtained from nearby two boreholes, with similar validity as the aforementioned abstraction agreement (refer Section 3.5.7 for permitting).

Taxes

Applicable taxes are shown in Table 3-3.

Table 3-3: Taxes applicable to the Nyanzaga Gold Project

Description	Amount
Corporate tax rate	30% of profit
Value added tax	18% of base price
Mineral royalty (tax deductible)	6% (metallic minerals); reduces to 4% for gold sold at refinery centres in Tanzania
Inspection fee	1% of gross value
Service levy	0.3% of turnover

3.1.4 Project history

Nyanzaga was first discovered around 1936, however it was not until modern exploration by Sub-Sahara Resources NL of Australia commenced in 1995 that exploration advanced in earnest (OreCorp, 2022a). Drilling and testing was conducted in phases by several companies over the next 18 years including Sub-Sahara Resources NL, Western Metals, Placer Dome, Anglo American and African Barrick Gold (Lycopodium, 2022).

In 2014, the project was regarded as a large-scale, large-capital expenditure, low-grade bulk tonnage operation supported by a Canadian National Instrument (NI) 43-101 Mineral Resource estimate of 4.19 Moz of gold at an average grade of 1.3 g/t Au in 100 Mt of ore. Mining was planned from a 600 m deep open pit, accompanied by a processing plant to treat between 10 Mt/a and 12 Mt/a.

The following year, OreCorp entered into a JV for the project, where it earned a 51% interest by July 2018 and ultimately took full control (100%) in October 2019. Over that period, OreCorp completed a PFS in March 2017, Environmental Impact Assessment in the June quarter of 2017, and commenced DFS site-based activities.

The 2017 PFS evaluated the technical and economic viability of various open pit and underground development scenarios for the Nyanzaga deposit (excluding Kilimani) and ultimately expected the project to deliver an average gold production of 213 kozpa of gold over a 12-year LOM peaking at 249 koz in Year 3 and totalling approximately 2.56 Moz of gold produced over the LOM.

Subsequent work conducted as part of the DFS focused on the optimisation of open pit and underground mining and the proposed timing of the underground operation. The DFS also assessed in greater detail the process flowsheet to enhance gold recovery through optimisation of the comminution, gravity gold, leach and elution circuits as well as to further refine the accuracy of estimated costings.

A maiden Mineral Resource estimate was announced for the Kilimani deposit in May 2020.

The SML for the project was granted on 13 December 2021. Subsequent to the grant of the SML, OreCorp rapidly advanced the DFS and announced the results of this study in August 2022. The DFS confirmed the production rate and concurrent mine development strategy as outlined in the 2017 PFS, providing improved project definition and cost estimate accuracy. As part of this study a maiden Probable Ore Reserve was declared and a combined open pit and underground production target of 42.51 Mt averaging 2.07 g/t Au for 2.83 Moz of contained gold was estimated. LOM average gold production of 234 kozpa was envisaged over a 10.7 year mine life. The results of the DFS are discussed in greater details elsewhere within this report.

To date, no gold production has occurred at Nyanzaga.

3.2 Geology and Mineral Resources

3.2.1 Site visit

SRK did not undertake a site visit for the purpose of this valuation but has relied upon the recent site inspection and associated report compiled by SLR Consulting Limited (SLR). SLR was appointed by Auramet International, Inc to provide services regarding OreCorp's Nyanzaga project. SLR's services included a site visit, which took place between 10 and 11 February 2023 with its team consisting of a mining engineer, a resource geologist and the environmental and social impact assessment (ESIA) lead. The visiting party reviewed transport routes from Mwanza to site; the power supply line; project infrastructure (site office buildings, accommodation, etc.); a site overview from various elevated positions; the proposed positions of various mine infrastructure locations (e.g. underground portal, tailings storage facility); the core and corresponding drill logs; the geological model; community visits and environmental, social and governance (ESG) discussions.

SRK notes that site visits were also previously undertaken by CSA Global (CSA) which indicated satisfaction with the protocols implemented on recent exploration campaigns and the reliability of geological measurements with respect to drill hole collars, logging of drill core and its interpretation relative to the local geology. SRK has reviewed the drill core photographs and site visit notes as supplied by OreCorp.

3.2.2 Regional setting and local mineralisation

The Nyanzaga and Kilimani deposits are interpreted to be orogenic in nature. These deposits are 400 m apart striking in a northeasterly direction and located within the northeastern flank of the Sukumaland Archaean Greenstone Belt of the Lake Victoria Goldfield. They are both hosted within a sequence of folded Nyanzian sedimentary and volcanic rocks.

At Nyanzaga, the deposit is interpreted to consist of a sequence of mudstone, sandstone and chert units that are folded about a northerly plunging anticline; at Kilimani, this sequence constitutes the fold assemblage with a double plunge in the west-northwest striking direction.

The structure is more complex at Nyanzaga than at Kilimani: at Nyanzaga, the structural system comprises fault zones (due to a series of deformation sheets) and thrust faults, some of which are at extremely low angles. Several of these major structures have only been mapped on the surface and SRK considers that the structural interpretation employed in the geological model cannot be considered to be robust at depth. There is no known major fault system at Kilimani.

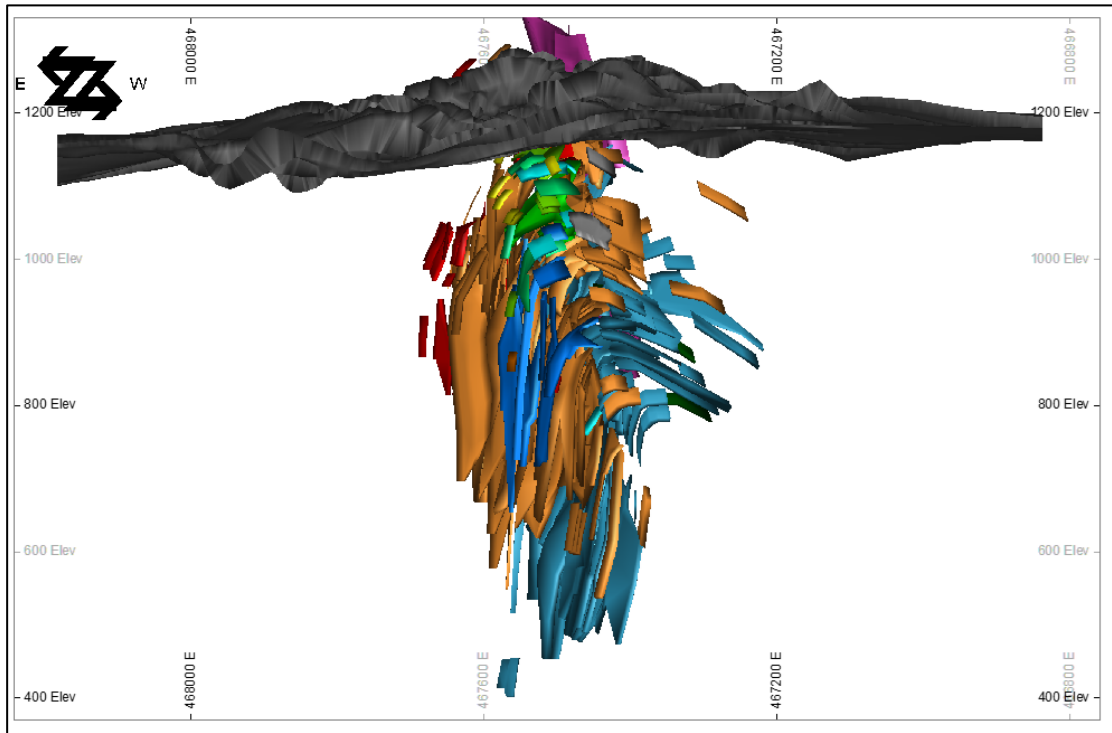
Gold mineralisation at Nyanzaga is both structurally and lithologically controlled – the latter is associated with the competency contrast near the sedimentary cycle/sequence boundaries. The structural system, which is post the sedimentary event, serves as a conduit for the mobilisation of fluid, thus overprinting its gold content dominantly within the sedimentary cycle described above. Preferential grade enhancement occurs in selected altered units such as the cherts, silica-dolomite altered medium-grained sandstones, brecciated silica-carbonate altered mudstones or in the late quartz veins (associated with the structures) as free gold. At Kilimani, it is assumed that a potential sub-vertical feeder fault(s) is/are the likely source of the mineralisation constrained within the sedimentary cycle.

Geology and mineralisation models

A three-dimensional (3D) geological model, in the form of wireframe solids, exists at Nyanzaga, however this is not the case at Kilimani. At Kilimani, the mineralised model (which is also represented by wireframe solids) cannot be validated against the sedimentary cycle between drill hole section lines due to the lack of a geological model – this is on the basis that the mineralogy is lithologically controlled. Two mineralised units are modelled at Nyanzaga: a high-grade (HG) inner core using a threshold value of 2 g/t Au sandwiched by a low-grade (LG) unit using a 0.8 g/t Au threshold value. Both units straddle the interface between fresh and oxide material with a potential open pit and underground mine footprint, and outcrop on surface. Kilimani has a mineralised unit modelled using a threshold value of 0.4 g/t Au, which is all within the oxides and is considered potentially mineable in an open pit environment.

SRK has reviewed Nyanzaga's mineralised units represented by solid wireframes relative to the drill hole data and is satisfied that the interpretation of the mineralised units is consistent with the applicable HG and LG threshold values applicable to the drill hole trace. The HG mineralised units tend to be thin, and erratic at depth and this is likely to pose a problem for underground mining – refer to Figure 3-4 showing the HG mineralised units and the wireframe surface for the Top of Fresh Rock (TOFR) in grey.

Figure 3-4: Oblique view (looking north) of HG mineralised unit and TOFR (in grey)



It is worth noting that the threshold value considered for the LG footprint at Nyanzaga is twice that for the same material type at Kilimani. In SRK’s opinion, the threshold value used at Nyanzaga is significantly higher than expected, taking cognisance of the relatively higher gold price over the last 2–3 years. There is an upside potential of metal content below the 0.8 g/t Au threshold at Nyanzaga, which cannot be publicly declared because of the relatively higher threshold value used to delineate the mineralised unit.

SRK notes that Geita Gold Mine, located 60 km west of Nyanzaga, has open pit Mineral Resources declared at 0.5 g/t Au for its LG footprint, which is slightly higher than that applied at Kilimani. Notable at Kilimani is the exclusion of drill hole intercepts with grades above the 0.4 g/t Au threshold.

Figure 3-5 and Figure 3-6 show the mineralised drill hole intercepts (in red) in plan and section view, respectively, superimposed on the block model (in grey) reported above 0.4 g/t Au. The purple outline is the wireframe representing the topography and the yellow solid line is the section line. Based on these plots, it is evident that a significant number of drill hole intercepts meeting the grade threshold criteria have been excluded. SRK therefore considers that there is upside potential for additional metal content above what is currently declared at the 0.4 g/t Au threshold.

Figure 3-5: Plan view of Kilimani grade estimate (grey) and mineralised drill hole intercepts (red)

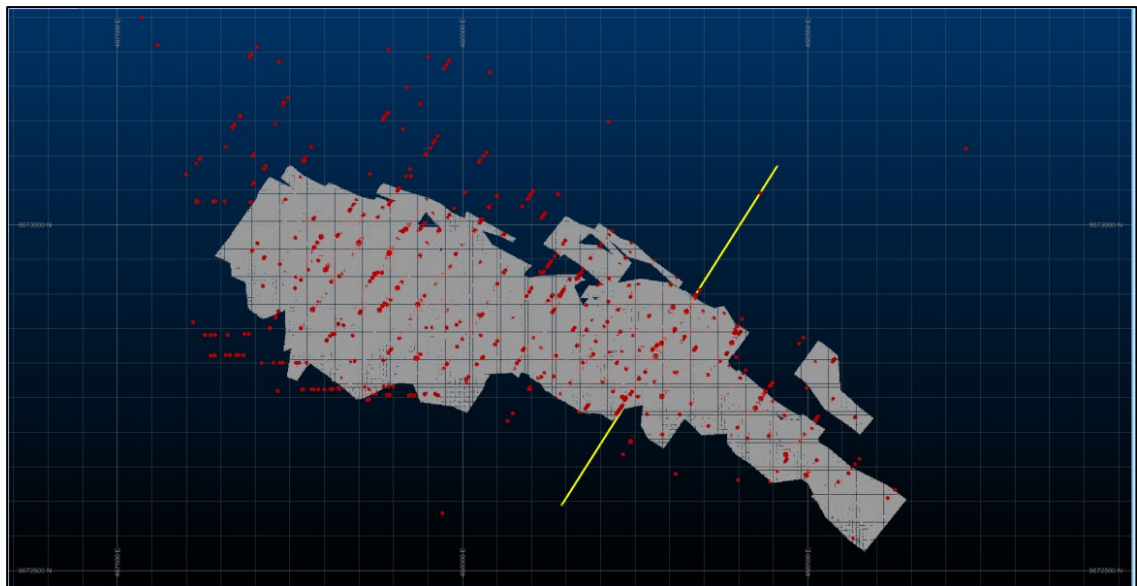
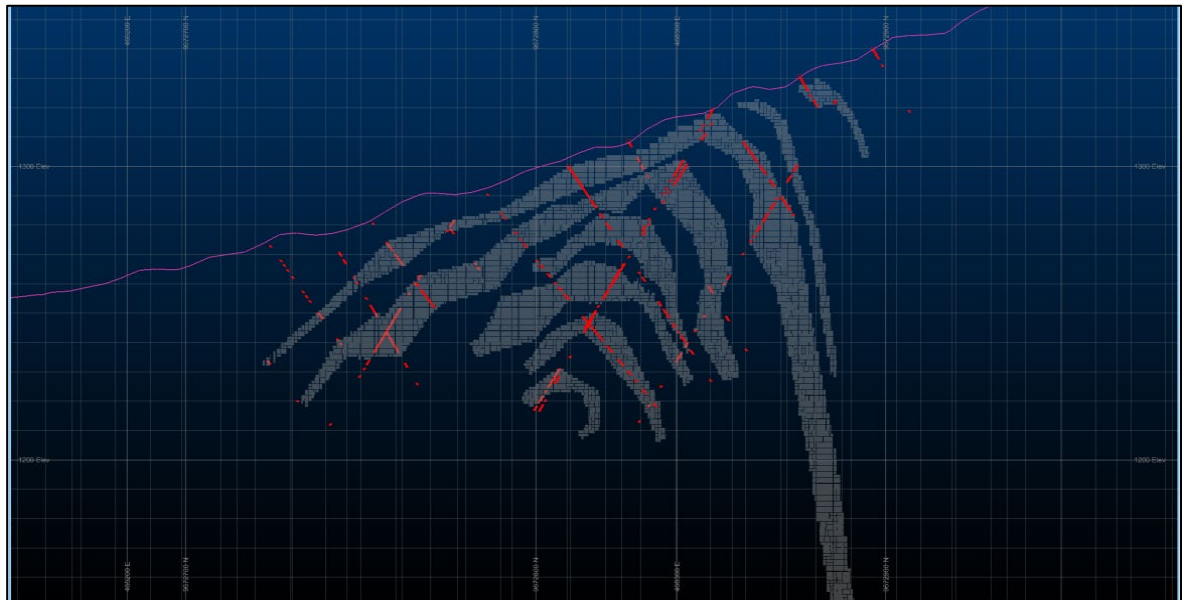


Figure 3-6: Section view of Kilimani grade estimate (grey) and mineralised drill hole intercepts (red)



3.2.3 Resource estimation

Data integrity

Independently inserted assay quality control (QC) results/reports for the period between 2010 and 2017 at Nyanzaga, indicate that the assay data are reliable for grade estimation purposes. This is buttressed by the good grade correspondence in paired data notable in the umpire results relative to the primary result. The QC data reviewed for this period consisted primarily of independently inserted certified reference materials (CRMs), blanks and pulp duplicates, which are paramount to ascertaining the integrity of the assay dataset. The failures noted are not material, however, the batches of samples affected were resubmitted for analysis before consideration of incorporating them into the final assay dataset for grade estimation.

There are no QC records/results pre-dating 2010 (i.e. when the project was under the ownership of Indago, Sub Sahara Resources and Acacia at different times) and hence SRK cannot comment on the reliability of that subset of the dataset. The assay QC results subsequent to 2010 contribute approximately 90% of the drill hole dataset used for the grade estimation. The basic statistics of the remaining 10% (pre-2010) with respect to the assay dataset is not skewed in any way to warrant concerns regarding its reliability for incorporation into the dataset for grade estimation.

SRK notes from the DFS report, that there was no material cross contamination at Kilimani during sample preparation, and although sample swaps were notable with respect to CRMs, the general results indicate no significant bias. Duplicate records indicate acceptable precision. SRK has not reviewed the live assay QC results but has reached conclusions based on information in the DFS report.

SRK de-surveyed the drill holes using the collar, assay, survey and lithology files and the final output corresponds well with what was provided by OreCorp for review. The choice of the composite length (i.e. 1 m) is deemed appropriate by SRK; the sampling interval is mostly at 1 m intervals. A larger support in the order of 2–3 m would also have been sound because the orthogonal block size dimension in the Z-direction into which the grade estimates have been compiled is bigger than the composite length. There is no material loss of metal when composited on a larger support. SRK's 1 m composites correspond well with what has been used for the grade estimation.

Estimation

Grade estimation has been compiled using data sourced from only diamond and reverse circulation (RC) drill holes. At Nyanzaga, there are drill hole intercepts with absent/missing grades within the mineralised units, which are neither hydrogeological, geotechnical nor metallurgical holes. SRK understands from OreCorp that these are historical holes completed prior to OreCorp's acquisition of the project and thus, the missing values are most likely due to poor recovery. In SRK's opinion understanding the reasons for the absent values informs how they should be treated in the mineralisation modelling and grade estimation. SRK does not consider that this is likely to have a material impact on the global scale estimate.

The grade estimates have been compiled using Ordinary Kriging (OK); at Nyanzaga it is noted that the LG footprint estimates have been post-processed using Localised Uniform Condition (LUC). It is unclear why LUC is not also applicable to the HG footprint. The reason for LUC is to identify and report higher-grade portions at selective mining unit (SMU) support within the LG panels – this must equally be the case for lower grade portions at SMU support within the HG panels. No reason is further advanced in the DFS report (Lycopodium, 2022) as to why the same LUC is not applicable at Kilimani with the same style of mineralisation within the oxide zone. In a subsequent response to this query, CSA Global indicated that the choice of OK at Kilimani was due to its log normal distribution without substantial high-grade tails when compared with that of Nyanzaga. Log normal distribution plots of the capped gold composite dataset used for the grade estimation suggest otherwise (Figure 3-7 and Figure 3-8).

Figure 3-7: Log normal distribution of Kilimani gold (capped) composite dataset

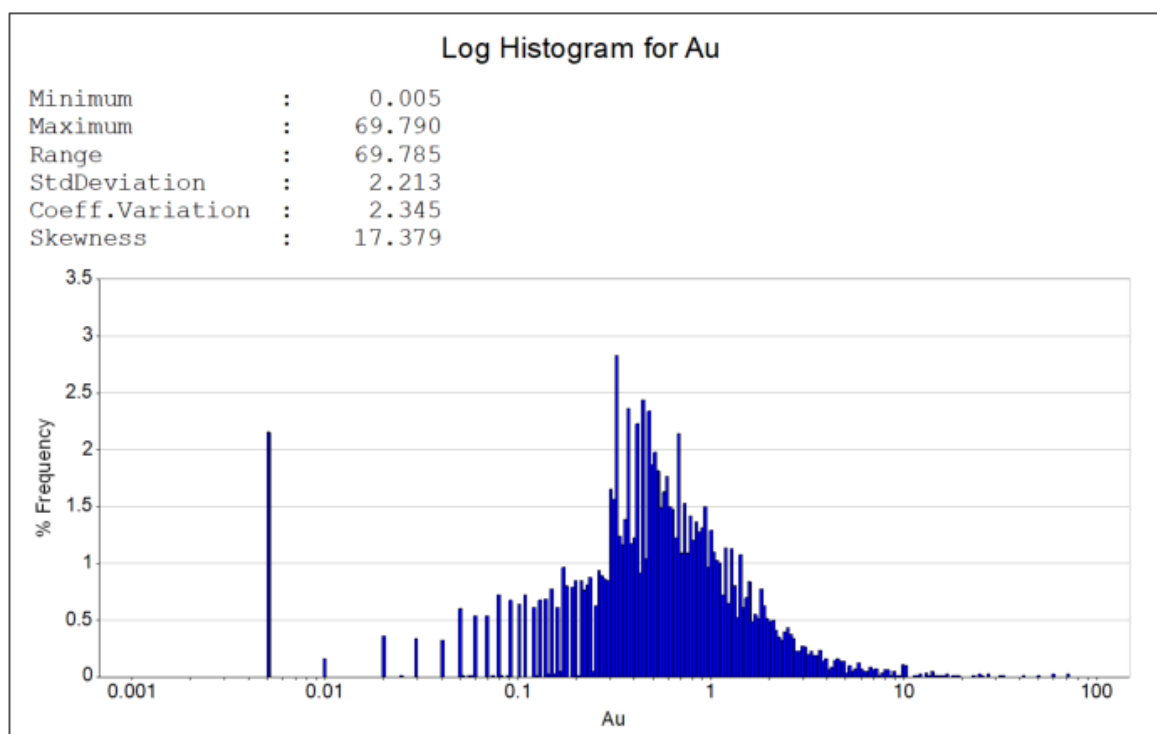
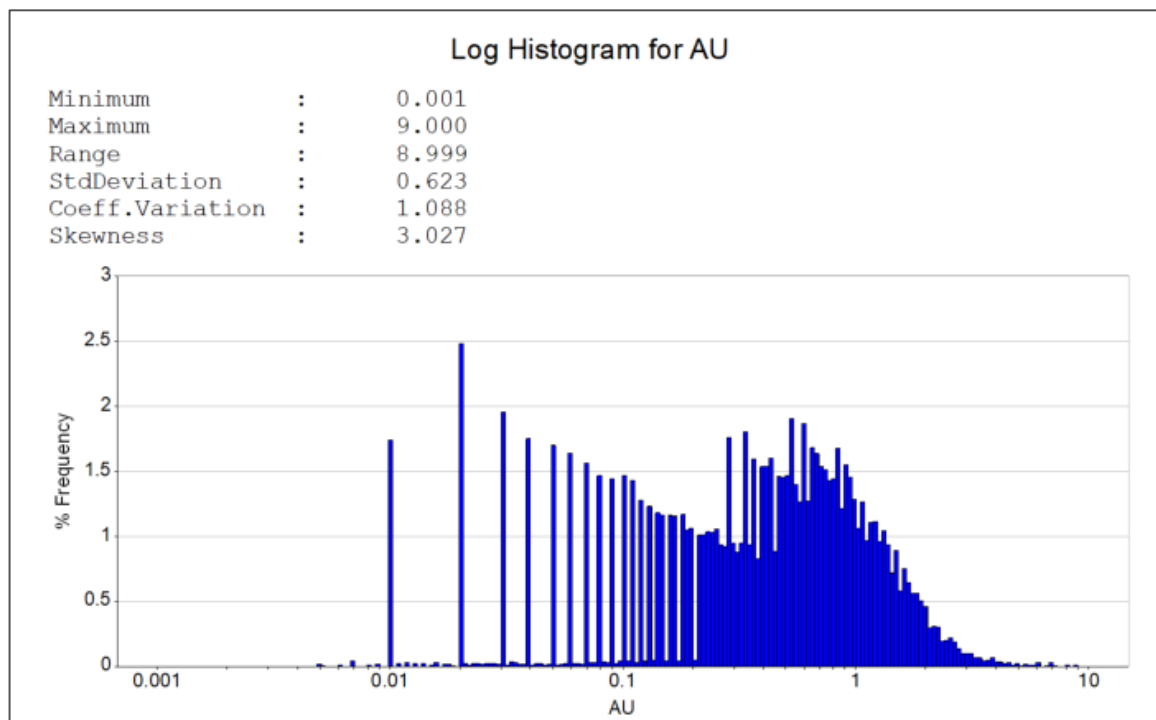


Figure 3-8: Log normal distribution of Nyanzaga gold (capped) composite dataset



These queries are not to suggest that the estimates are flawed but rather to highlight the inconsistencies that are not supported by the basic statistics of the datasets. The OK grade estimates are compiled on a 10 m panel support, while the LUC is post-processed on 2.5 SMU support. The choice of OK is primarily because grade continuity could be demonstrated in all the estimation domains via variography at Nyanzaga; at Kilimani, the grade estimates for some of the domains use borrowed variogram models. There is no basis for the over 40 domains at Kilimani, since the basic statistics of many of the domains are similar and could have been combined. In addition, some of these domains have very few composites to generate variogram models on their own.

No details of how the LUC estimate was undertaken are supplied in the DFS report (Lycopodium, 2022). Likewise, the panel estimate prior to post-processing to LUC is not provided in the block model. In SRK's opinion, this is necessary to validate the LUC estimate against the OK estimate on a panel support. Filtering the model on the 1.5 g/t Au cut-off grade shows that many of the above cut-off SMU LG blocks are isolated and unlikely to be recovered; the reference to 1.5 g/t Au is because this is the cut-off grade that CSA Global used to declare both the open pit and underground Mineral Resources. SRK is of the opinion that the LG halo estimates using LUC do not show good prospects for being economically extractable at a 1.5 g/t Au cut-off grade. However, using a 0.5 g/t Au cut-off grade (for open pit mining) shows a much better continuity and thus potentially viable economically.

At Nyanzaga, the Fault and HG zones semi-variogram models are characterised by short ranges and low continuity – they are not very well structured experimental semi-variograms. The LG zones show relatively longer ranges and more robust experimental structures. At Kilimani, variography was undertaken in five domains of which only one (i.e. Domain 61 with the greatest number of composites) is presented in the supporting memorandum attached to the DFS (Lycopodium, 2022).

Plots of the Domain 61 semi-variograms fitted with models indicate that only the downhole experimental semi-variogram is well structured – the remaining semi-variograms are poorly to moderately structured. Due to the folded nature of the cycles of both deposits, the OK estimates were compiled using dynamic anisotropy to honour the mineralisation trends. SRK deems this approach to be appropriate.

The OK estimates are compiled in three search passes. At Nyanzaga, the first search pass (SVOL1) ranges are half of the variogram range for each of the respective estimation domains; search pass 2 (SVOL2) is equivalent to the variogram range and search pass 3 (SVOL3) is approximately 2.5 times the variogram range for the respective domains. SRK considers that beyond the variogram range (i.e. SVOL3, in this instance) one cannot demonstrate grade continuity to warrant OK estimates being classified in the Indicated category. The only reason for the extent of excessive extrapolation noted at Nyanzaga is primarily to ensure that all the blocks within the mineralised solids are assigned a grade. CSA Global has not demonstrated the extent of extrapolation beyond the last line of composites and what informs the choice of incorporating SVOL3 estimates as Mineral Resources. Using the CSA Global cut-off grade as the basis of the analysis, approximately 0.284 Moz of gold is contained in SVOL3 and classified as Mineral Resources of which 0.157 Moz is classified in the Indicated category and the rest in the Inferred category.

At Kilimani, all the estimation domains use the same search parameter, which is tied to Domain 61. The SVOL1 search range is two-thirds of the variogram range, while SVOL2 and SVOL3 search ranges are two and five times that of SVOL1. SRK's concerns raised at Nyanzaga for SVOL3 are thus applicable here as well. SVOL3, however, constitutes only 3% of the block estimate at Kilimani.

At Nyanzaga, it is not clear how the grade estimate for Domain 41 was compiled, since there is no corresponding domain in the composite dataset supplied to SRK. SRK has queried this with OreCorp but had not received feedback at the time of finalising this report. Domain 41 constitutes only 0.5% of the gold metal content of the Mineral Resources declared at Nyanzaga.

SRK notes that the choice of search neighbourhood and estimation parameters for the grade estimation were based on Kriging Neighbourhood Analysis (KNA); one of the kriged output parameters is the Sum of Positive Weights (SPW), which according to the DFS (Lycopodium, 2022), was assessed to ensure that the parameters chosen did not result in excessive over-smoothing of the grade estimate. The block models supplied for both deposits do not have records for this parameter (SPW) to enable SRK to make an informed opinion on the degree of smoothing in the OK estimates.

At Kilimani, it is further mentioned in the DFS report (Lycopodium, 2022) that the Mineral Resource classification criteria took into consideration some of the kriged output statistics without detailing what the criteria were; there is no kriged output parameter in the block model to allow SRK to validate the accuracy of the Mineral Resource categories based on the classification criteria outlined in the DFS report (Lycopodium). In a subsequent interaction with OreCorp, an additional model was provided with the kriging statistics (but no classification) with notes from CSA Global indicating that estimates with Slope of Regression (SoR) greater than 0.5 were considered potentially as Indicated Mineral Resources.

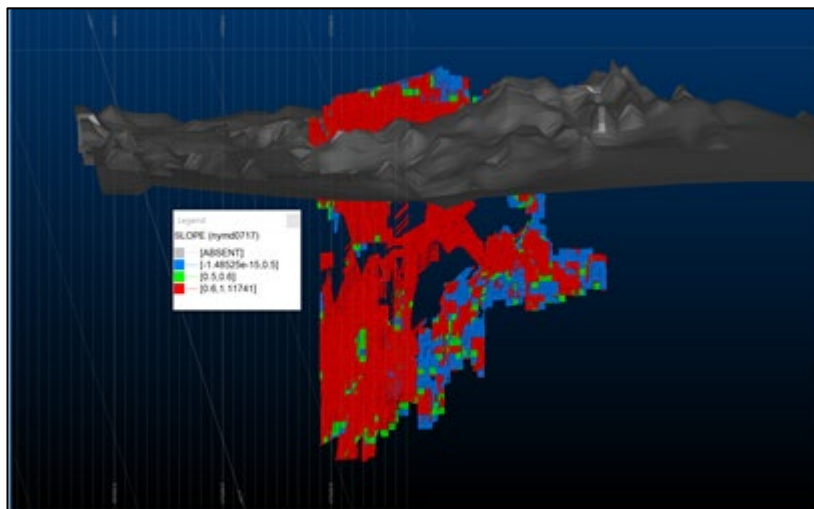
The Nyanzaga-declared Mineral Resources that constitute 93% of the entire stated Mineral Resources declared for both deposits (i.e. in terms of metal content) considered the following criteria in the Mineral Resource classification:

1. Resources were classified as Measured Mineral Resources in the Fault/Breccia Zones and sedimentary cycles, where grade was estimated in the first search pass, with at least 20 samples used to make the estimate and OK slope of regression better than 0.6 with the average sample distance less than half the search radii.
2. Resources were classified as Indicated Mineral Resources for material proximal to the Measured Mineral Resources material where at least 15 samples were used in search volume 1 or 20 samples in search volume 2.
3. Resources were classified as Inferred Mineral Resources for material contained within the interpreted mineralisation volumes which was not classified as Measured Mineral Resources or Indicated Mineral Resources. The Inferred Mineral Resource material generally represents material that is isolated to single drill intercepts.

The following observations are strictly with respect to the above classification criteria. With respect to:

- Item (1) above, the classification criteria exclude estimates in SVOL2 and SVOL3 as Measured Mineral Resources. It is, however, noted in the block model supplied that estimates in SVOL2 are incorrectly classified as Measured, amounting to gold metal content approximating 16 koz with an average grade of 4.94 g/t Au.
- Item (1) above, it is implied that estimates within SVOL1 and with SoR less than 0.6 do not qualify to be classified as Measured. This is not what is depicted in the block model supplied to SRK. Refer to Figure 3-9 (showing only the Measured footprint displayed on the SoR) – the wireframe shown is for the bottom of the Oxide zone. In essence, the green and blue blocks shown in Figure 3-9 do not strictly qualify to be classified as Measured. This amounts to a misclassification of the declared Measured Mineral Resources of approximately 0.2 Moz at a cut-off grade of 5.8 g/t Au.

Figure 3-9: Oblique view showing footprint of only Measured Mineral Resources displayed using a SoR legend



Source: SRK analysis

- Item (1) above, SRK is of the opinion that the SoR value of 0.6 is lower than expected for a Measured category. A threshold value of 0.7 or above is conventionally acceptable. SRK, however, acknowledges that this is a subjective test and dependent on what motivation the Competent Person puts forward to buttress their argument. The material concern to SRK, however, is why the SoR parameter is not also considered at a lower threshold for delineating the footprint of the Indicated category. Once a parameter is considered as part of the classification criteria, it is SRK's opinion that this parameter (with a value at a lower threshold) be consistently applied for all three classification categories, but at different thresholds.
- With the inconsistent application of the SoR across the confidence categories, SRK is of the opinion that the Indicated Mineral Resource footprint may be potentially overstated because of the exclusion of the SoR criteria. SRK considers a 0.5 SoR as an appropriate threshold for potentially delineating an Indicated category – note that CSA Global concurred with this criterion for Kilimani. Using this threshold in this instance, the Indicated footprint may be potentially overstated by 6.62 Mt at a grade of 5.05 g/t with a metal content of approximately 1.1 Moz. A 0.5 SoR is equivalent to a Kriging Efficiency (KE) of 0, which is usually the threshold used to delineate an Indicated footprint from an Inferred footprint. This is primarily because at $KE < 0$ or $SoR < 0.5$, the kriging variance tends to become greater than the block variance, at which point kriging is not appropriate relative to any other classical approach to estimation – hence, the need to consider estimates with $SoR < 0.5$ potentially in the Inferred category.

SRK notes good correspondence in grade locally and globally between the estimates and composites per estimation domain/zone. SRK has been able to replicate the Mineral Resources for Nyanzaga and Kilimani based on the block models supplied (Table 3-4). The Nyanzaga statement does not take into consideration the concept of Reasonable Prospects for Eventual Economic Extraction (RPEEE) as recommended by the JORC Code (2012), among others; the Kilimani statement does take RPEEE into consideration. It is SRK's opinion that not applying RPEEE consideration to the declaration of the Nyanzaga Mineral Resource estimate is a material flaw inconsistent with best practice, and, at best, what has been declared in the DFS report (Lycopodium, 2022) can only be considered a mineral inventory at a given cut-off grade. Taken into consideration that Nyanzaga has potentially open pit and underground footprints, it is highly unlikely that both footprints will have the same cut-off grade (i.e. 1.5 g/t Au) for Mineral Resource declaration. The choice of modelling the HG shoots using a threshold value of 2 g/t Au but declaring the resources thereof at a relatively lower threshold of 1.5 g/t Au, is unreasonable for the underground footprint since resources between these two thresholds are excluded in the declared Mineral Resources.

Table 3-4: Mineral Resource Statement as declared by CSA Global

Deposit	Cut-off (g/t)	Classification	Mt	Au grade (g/t)	Au Moz
Nyanzaga	1.5	Measured	4.6	4.96	0.74
Nyanzaga		Indicated	16.2	3.80	1.98
Kilimani	0.4	Indicated	3.4	1.09	0.12
Nyanzaga	1.5	Inferred	2.9	3.84	0.36
Kilimani	0.4	Inferred	2.8	1.02	0.09
Total (Measured + Indicated + Inferred)			30.0	3.4	3.3

Source: (Lycopodium, 2022)

Notes:

- ¹ Mineral Resources quoted are inclusive of Mineral Ore Reserves.
- ² Kilimani is reported at a cut-off grade of 0.4 g/t (open pit) and classified in accordance with the JORC Code (2012).
- ³ Kilimani RPEEE consideration is supported by a conceptual pit optimisation generated using a revenue factor of 1 and a gold price of US\$1,500.
- ⁴ Nyanzaga is reported at a cut-off grade of 1.5 g/t and is inconsistent with the JORC Code (2012) guidelines on the declaration of Mineral Resources.
- ⁵ Totals may not add up due to appropriate rounding of the Mineral Resources.

Risks and opportunities

Kilimani’s RPEEE is based on a revenue factor of 1 and a gold price of US\$1,500/oz. It is SRK’s opinion that RPEEE considerations for a Mineral Resource declaration must be optimistic. Taking cognisance of gold prices since the cessation of the COVID-19 pandemic, which have been hovering above US\$1,800/oz, an optimistic view of gold prices in the future will yield a larger resource pit shell than currently estimated. Hence there is an upside potential to the currently stated Mineral Resource on the basis of an optimistic gold price. It is also worth mentioning that there is an upside potential for Mineral Resources outside the current mineralised unit (i.e. the solid wireframe modelled at 0.4 g/t Au) – this is because some of the drill hole composites outside of this footprint meet the threshold criteria for inclusion and should have been incorporated into the mineralised unit.

At Nyanzaga, the discontinuous nature of the relatively thin HG shoots poses significant risk for underground mining. There is waste material in between these shoots and hence the choice of underground mining method is critical to assessing economic viability. The open pit footprint has upside potential for Mineral Resources if it is reported at 0.5 g/t Au; the LUC footprint demonstrates contiguous SMUs with grades above 0.5 g/t Au. Strict application of CSA Global’s classification criteria thus indicates an overstatement of the Measured and Indicated Mineral Resource categories.

Exploration Target

In November 2022 OreCorp released an announcement detailing an Exploration Target for at depth extensions to the Nyanzaga underground (OreCorp, November 2022). OreCorp reported that the Exploration Target was developed using in-depth geological knowledge of the deposit and drill intercepts and has been estimated 200 m down plunge of the Mineral Resource.

The following at depth intercepts were reported by OreCorp as underpinning the validity of the Exploration Target:

- NYZDD0503 – 6 m at 6.28 g/t Au from 674 m
- NYZRCDD0158 – 4 m at 7.11 g/t Au from 679 m
- NYZRCDD0348 – 10 m at 6.91 g/t Au from 766 m; 9 m at 6.82 g/t Au from 801 m
- NYZRCDD0053 – 9 m at 8.21 g/t Au from 809 m; 3 m at 4.35 g/t Au from 910 m
- NYZRCDD0163 – 13 m at 3.19 g/t Au from 712 m
- NYZRCDD0388 – 5 m at 5.03 g/t Au from 718 m.

OreCorp’s Exploration Target is detailed in Table 3-5 and contains approximately 4.0–6.0 Mt at a grade range from approximately 3.4–4.0 g/t Au.

Table 3-5: Exploration Target as declared by OreCorp (November, 2022)

Low range (Mt)	High range (Mt)	Low grade (g/t Au)	High grade (g/t Au)	Low ounces (troy oz)	High ounces (troy oz)
4.0	6.0	3.4	4.0	440,000	770,000

Source: OreCorp (November, 2022)

Notes: Cautionary Statement – the potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target as declared by OreCorp is the deeper underground extent of the mine production target. It is exclusive of the Mineral Resources which targets the down-dip and along strike extents of some of the high-grade shoots in the poorly drilled area. The down-dip extent of extrapolation ranges from 50 m to greater than 200 m for the high-grade shoots; the along strike extent ranges from 40 m to greater than 80 m. The basis for the range of extrapolation is to ensure the same depth and strike extent for all the high-grade shoots; this is on the assumption that there is no overlap of these shoots. SRK is of the opinion that the extent of extrapolation is not supported by the continuity of the high-grade shoots observed in the highly drilled area. The declared Exploration Target has a tonnage ranging from 4 Mt to 6 Mt with a grade range from 3.4 g/t to 4 g/t (refer to Table 3-5). It is SRK’s opinion that the lower limit values of the tonnage and grade are optimistic.

In SRK’s opinion the Exploration Target is likely to overstate the potential tonnage and grade that may exist as at depth extensions below the Nyanzaga underground. However SRK considers that applying a 50% discount to the lower range of tonnage and grade will result in a range that is suitable for valuation purposes.

Prospectivity

It is noted in the DFS report (Lycopodium, 2022) that the structural signatures in aeromagnetic geophysical data at Nyanzaga are evident elsewhere within OreCorp’s tenure package and therefore could potentially host gold mineralisation outside the current mineralised footprint. This will require additional geophysical, soil geochemical sampling and drilling to ascertain and as such the upside potential associated with the current project tenures remains to be determined.

Nyanzaga (SML653/2021)

Nyanzaga underground potential

The Nyanzaga underground potential is captured by the Exploration Target as detailed above

Nyanzaga mine surrounds

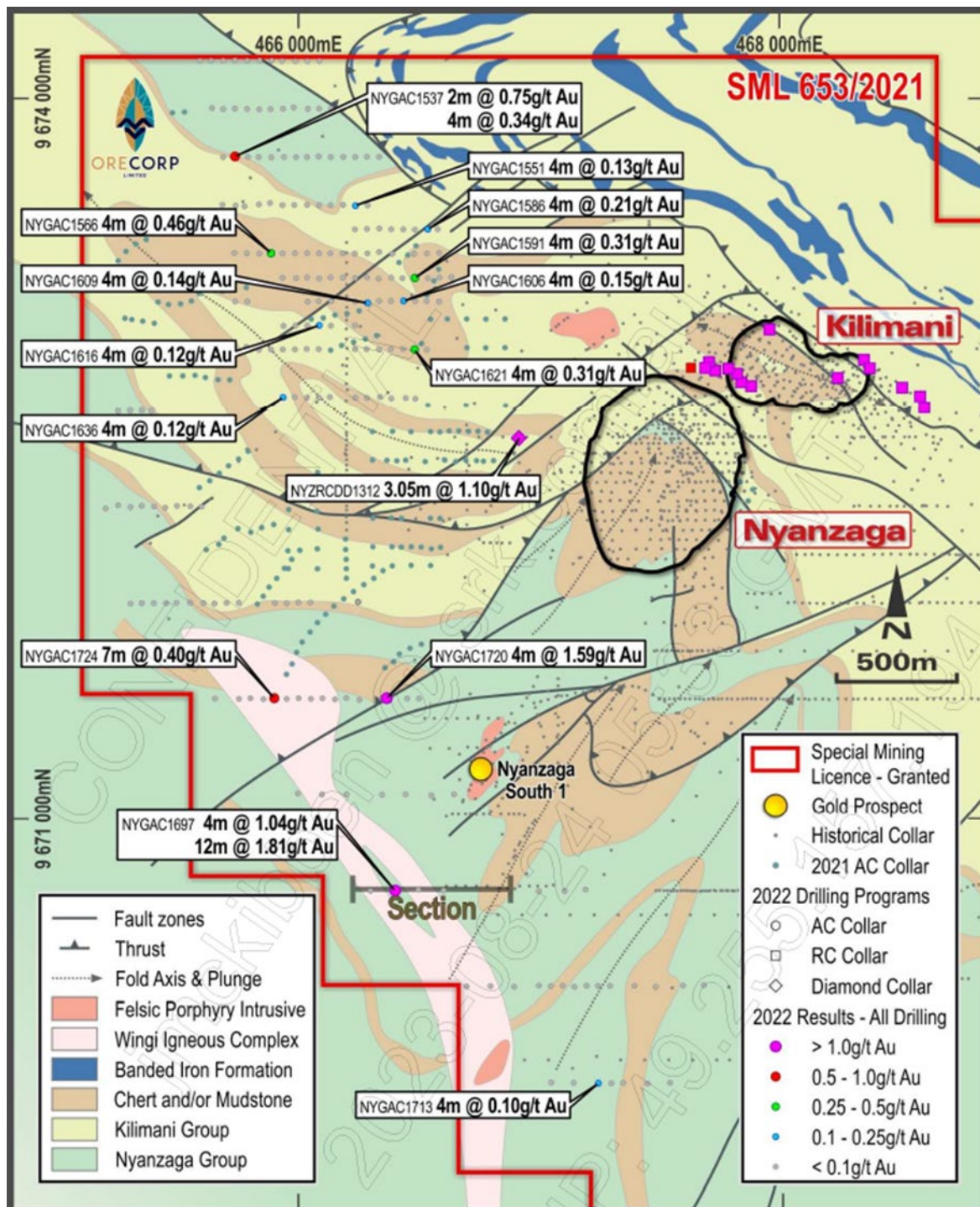
Drilling in 2021 and 2022 totalling 213 aircore (AC) drill holes was completed for 12,219 m of drilling within the Nyanzaga SML. This drilling was planned to test the 'Western Corridor' west of the Nyanzaga deposit. To date this drilling has resulted in several notable intersections of 2–4 m at between 0.31 g/t and 1.59 g/t Au from depths of 0–60 m not including the best result from NYGAC1697 which reports 4 m at 1.04 g/t from surface and 12 m at 1.81 g/t from 8 m, including 4 m at 4.07 g/t from 12 m.

The full results and drilling locations are provided in Figure 3-10 and were detailed in OreCorp's 23 November 2023 Australian Securities Exchange (ASX) announcement.

The drilling was completed on east to west lines 400 m apart with vertical holes spaced approximately 50–100 m apart. This drilling also covered a named prospect – Nyanzaga South 1 – where historical drilling identified gold mineralisation interpreted as occurring flat lying quartz veins. This drilling confirmed the presence of mineralisation and is now interpreted as forming part of a northwest striking igneous complex over 1,000 m long and 500 m wide referred to as the Wingi Igneous Complex.

Based on high-level interrogation of the Nyanzaga database, SRK notes there are >1,000 collars inside the SML but outside of the Nyanzaga and Kilimani deposit areas of which ~140 contained gold and of which 70 contained >0.5 g/t Au. This drilling highlights that the local area around Nyanzaga remains highly prospective with a number of the modern intersections worthy of follow-up drilling. SRK is not aware of any detailed follow-up drilling at this stage but considers the potential for further discoveries of structurally controlled orogenic gold is high.

Figure 3-10: Aircore drilling in the western areas of the Nyanzaga SML



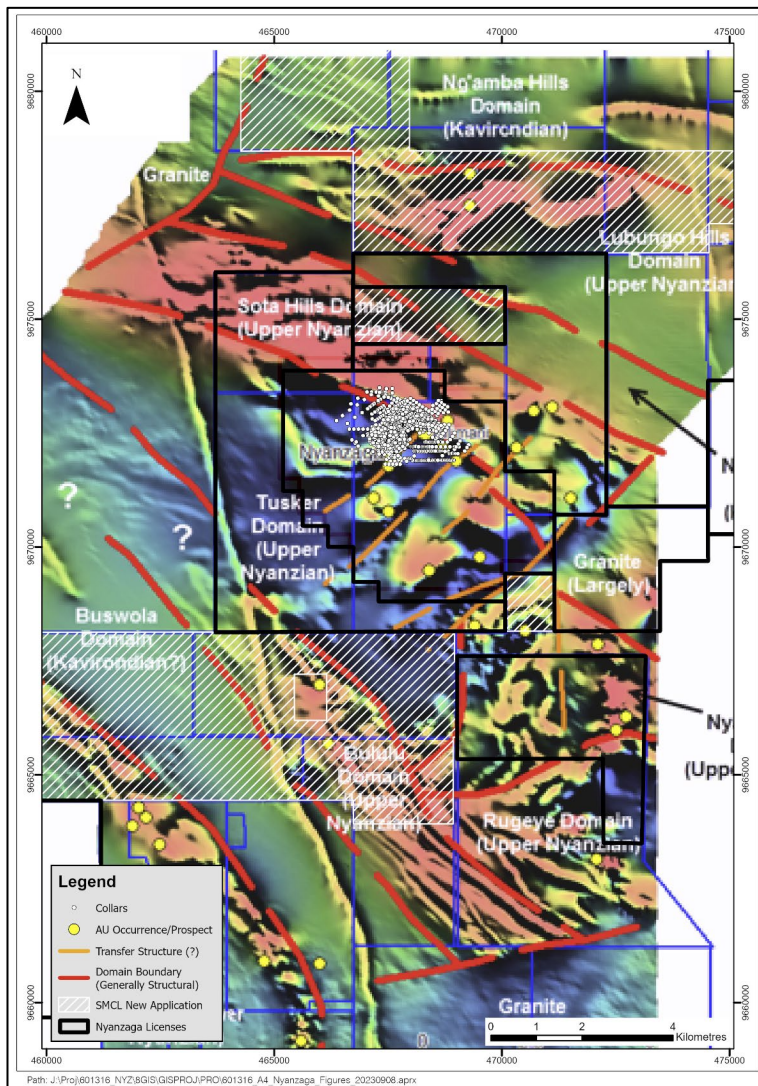
Source: OreCorp ASX release 23 November 2022

Nyanzaga surrounding tenure (PL11873/2022, PL11874/2022, PL10911/2016, PL10877/2016, PL11186/2018, PL12429/2023, PL24748/2023*, PL12430/2023, PL12427/2023 and PL11961/2017)

SRK was not provided with, or able to identify any on ground exploration or drilling information relating to the surrounding tenure package outside of the Nyanzaga SML.

However, SRK notes the NE–SW and NW–SE structural trends shown are considered to be primary conduits to the gold mineralisation. Wherever gold prospects have been identified in the region it is believed to be structurally controlled. It is therefore reasonable to consider that the area outside of the current SML (Figure 3-11) will have potential as future exploration targets. More importantly, the structural signatures evident outside of the SML are the most likely conduits to the gold mineralisation. SRK notes that all of these additional areas should be considered ‘green fields’ exploration projects and will require additional geophysical surveying, soil sampling and drilling to identify, test and define new targets.

Figure 3-11: Geophysical interpretation across OreCorp’s permit areas

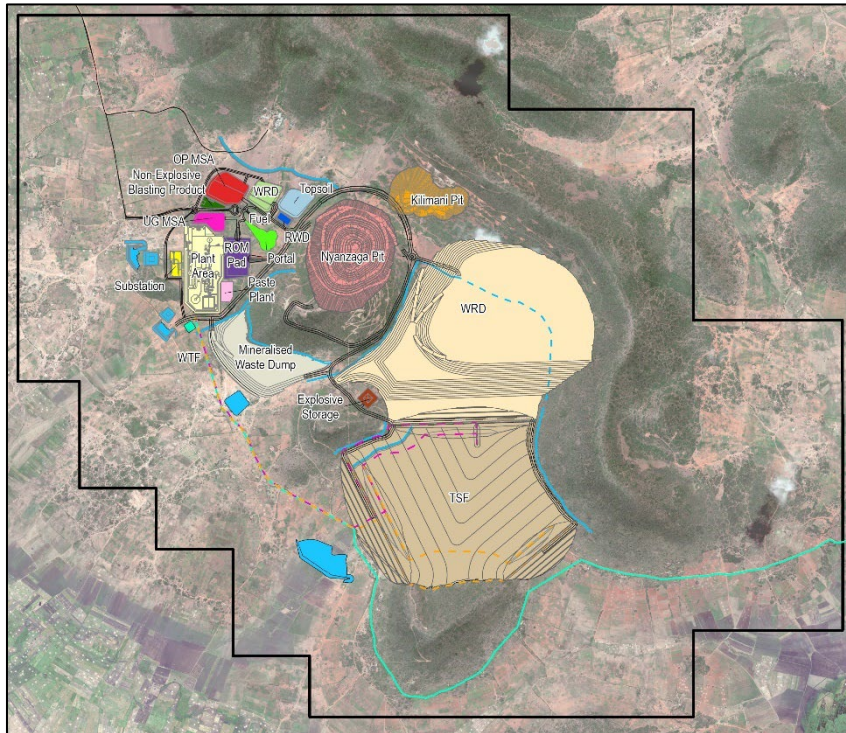


Source: CSA 2017- Modified up by SRK

3.3 Mining and Ore Reserves

The SML area and site layout is shown in Figure 3-12.

Figure 3-12: Nyanzaga Special Mining Licence area and site layout



Source: Lycopodium (2022)

3.3.1 Methods and design

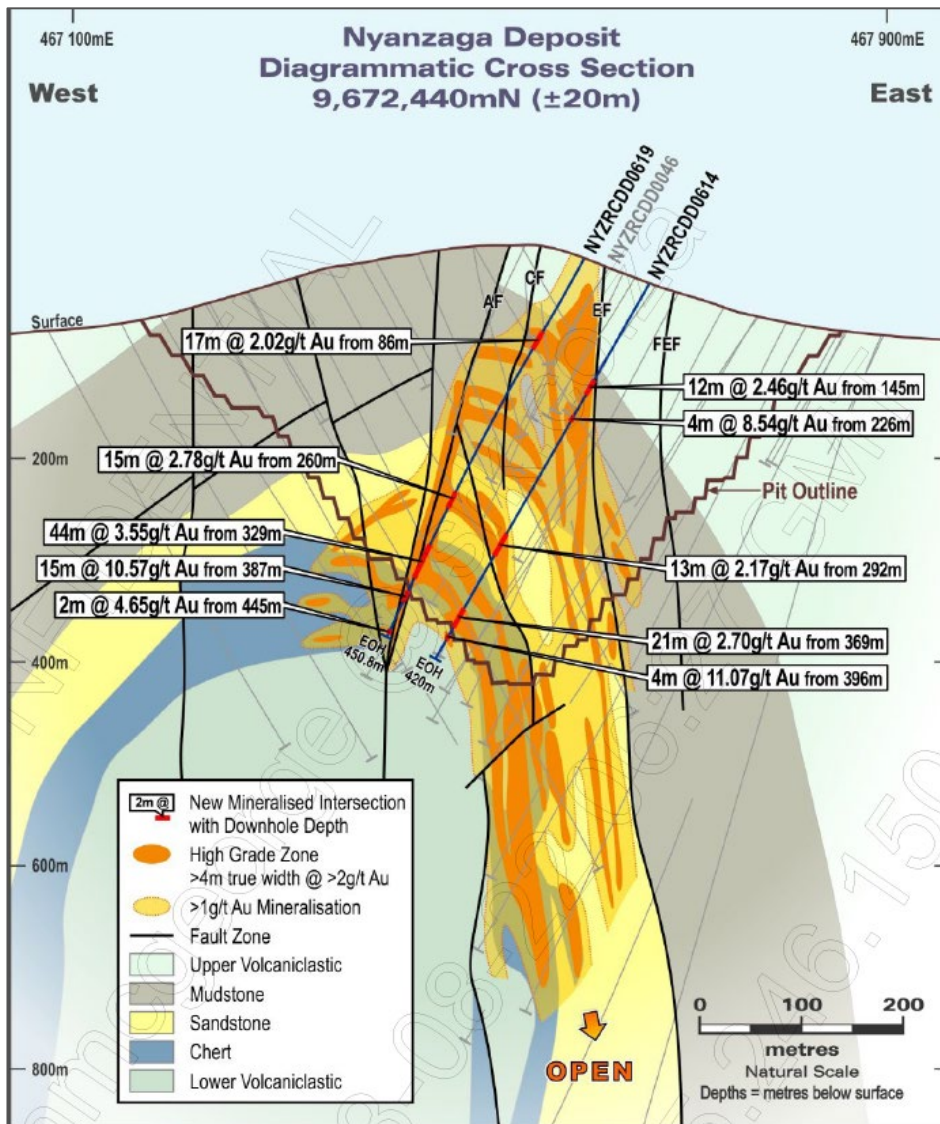
According to the 2022 DFS, the currently proposed recovery of the Nyanzaga ore is based upon extraction using both open pit and underground mining methods. This is expected to involve separating the presently defined orebody by economic factors into an open pit component employing conventional drill and blast, load and haul methods and an underground component where extraction is planned using a long hole stoping method with fill. The defined mineralisation follows a narrow zone approximately 200 m wide with higher grade pay shoots within this zone that are around 5–10 m wide. This grade distribution dictates the stope design underground as well as the access to those stopes.

The open pit portion of the Nyanzaga deposit has been estimated using the known drilling and grade, blocked to a 10 m size in geological terms, and the best estimate of operating costs applied to establish the cut-off grade (0.48 g/t Au) at suitable revenue parameters. The parameters used are conservative (US\$1,500/oz) and the resultant shell is considered by SRK to be conservative. The pit shape from the Whittle™ process is a typical size that is limited by the economic parameters. In Figure 3-13, the typical resultant pit overlying the ore zones is shown.

The remaining process of optimising which pit shell maximises the value has been completed and a suitable pit shell has been defined. There is appropriate application of dilution and recovery efficiency to ensure that the pit selected is acceptable for the estimate of Ore Reserves. The final

pit selected will determine the depth of mining and the subsequent interface between the open pit and the underground portions. The potential to expand this pit later in order to mine deeper should the circumstances allow, becomes constrained. The pit design was completed on a re-blocked model that is approximately half the size of the geological blocks and has reported a larger amount of ore in the process at the same gold content. This will affect the Ore Reserve estimation and grade. The same process is applicable to both the Nyanzaga and Kilimani pits.

Figure 3-13: Typical resultant pit



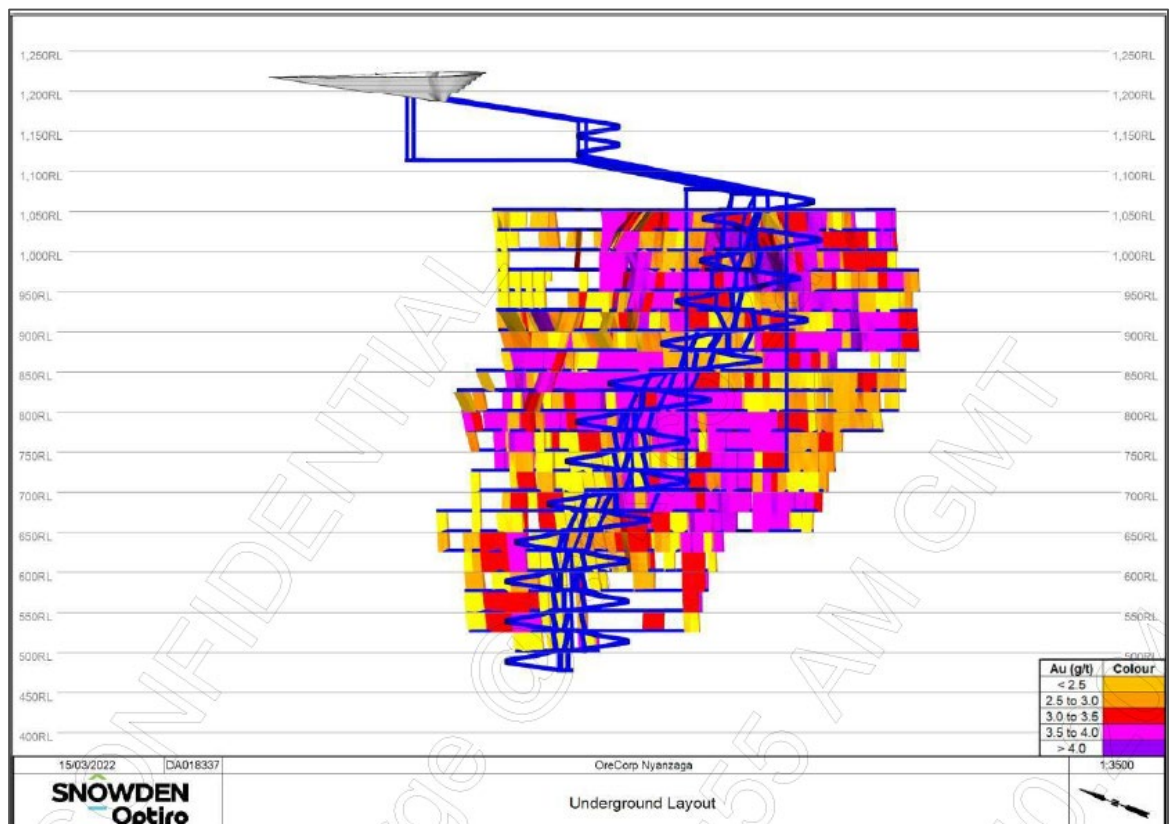
Source: Lycopodium (2022)

Within the ore zone, it is clear there are waste zones that require the benches mining method to be able to selectively mine the material. A typical mining block within the pit will be approximately 50 m in width and could contain a wide range of grades that will require additional grade control drilling to satisfactorily delineate the material.

The pit optimisation process for the Nyanzaga and Kilimani pits was conducted using only Measured and Indicated resources which then defined a pit shell that was transferred to the mine scheduling package which then scheduled the material in the pit shell and included the Inferred resources. Hence the life of mine plan has some inferred resources included but these can be removed from the schedule if required.

The underground mine design follows a similar restriction in that the ore, while being variable in grade distribution, is also restricted to a relatively narrow zone. To define stopes, a process has been used to apply polygons from the geological model that restrict the outside limit to a grade of 2.0 g/t, the maximum stope length to 25 m and stope width to 25 m. A minimum stope thickness of 3 m is applied. The resultant layout of the underground section is shown in Figure 3-14.

Figure 3-14: Resultant underground layout



Source: Lycopodium (2022)

The 2.0 g/t Au cut-off grade for the underground is reasonable but small changes will significantly impact the potential stope shapes and the continuity between stopes. While the current design is based on the existing drilling, the number of intersections at depth is a concern in the stope design. The development to access the stopes is progressive to the extraction. The extraction of the underground and open pit areas will be concurrent and the need to leave suitable pillars and other geotechnical requirements still needs to be fully evaluated.

3.3.2 Ore Reserves

At present, the defined Ore Reserves are an accumulation of the mining schedule for both the underground and open pit, which are the basis of the LOM plan production schedule. The schedule has been targeted to mine approximately 2.5 Mt of ore per annum and 1.5 Mt of ore from underground. The Ore Reserves are an accumulation of the Measured and Indicated ore turned into Probable Reserves. The other modifying factors for the conversion such as dilution etc. are accounted for in the schedule which has the optimised pit design for the conversion of the Whittle shell into the scheduled shell.

In the valuation model (*220822 Nyanzaga Model v.8ii FS.xls*), the summation of the open pit tonnage is 28.2 Mt at a grade of 1.32 g/t Au, which supports the Ore Reserve statement supplied by OreCorp. The underground tonnage is 14.3 Mt at a grade of 3.55 g/t Au, which again supports the Ore Reserve statement (Table 3-6).

Table 3-6: Ore Reserves in the schedule

Area	Probable Ore Reserve			Inferred Mineral Resource in production schedule			Total production schedule		
	Mt	Au g/t	Au Moz	Mt	Au g/t	Au Moz	Mt	Au g/t	Au Moz
Nyanzaga OP	25.63	1.35	1.11	0.08	0.88	0.00	25.71	1.35	1.11
Kilimani OP	2.04	1.05	0.07	0.37	0.82	0.01	2.41	1.01	0.08
Nyanzaga UG	12.42	3.57	1.42	1.07	3.49	0.22	14.39	3.55	1.64
Total	40.08	2.02	2.60	2.42	2.95	0.23	42.51	2.07	2.83

Source: 220822 - DFS Announcement Final.pdf

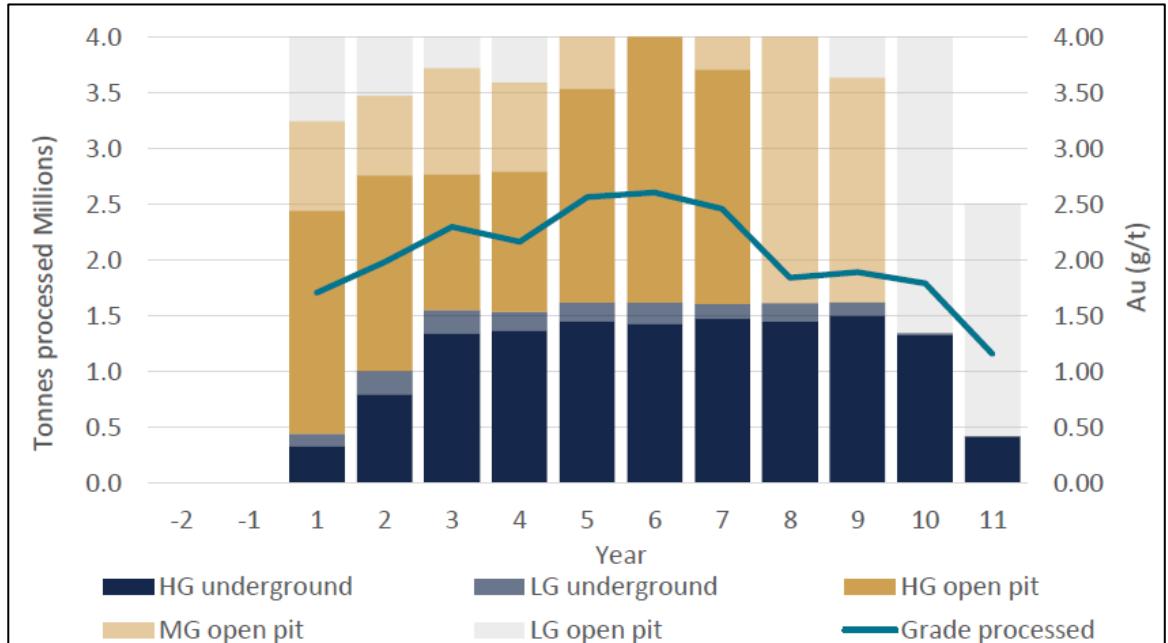
Notes: OP – open pit; UG – underground.

A further check is the comparison of the scheduled ore against the Whittle™ pit ore for Measured and Indicated ore selected which is 2.1 Mt for Kilimani and 27.1 Mt for Nyanzaga.

3.3.3 Production schedule

The production schedule for the combined operation (Figure 3-15) shows the relative proportions of the underground and open pit as well as the result of separating the low-grade material to a stockpile that can be recovered at the end of the LOM.

Figure 3-15: Production schedule



Source: 220822 - DFS Announcement Final.pdf

The plant design matches the mine production volumes and will not be a constraint to achieving the stated throughput.

In the open pit schedule, the rate of vertical development has been kept to 80 m; the main constraints to achieving open pit production are the number of machines and the ramp access to the pit. The proposed location of the waste dump is reasonably close to the proposed pits. Therefore, the open pit schedule is envisaged to initially produce 3.5 Mt of ore, which is possible given the limited need to remove waste to expose the central core of the deposit. This will change as more waste is removed to expose the ore. The average LOM strip ratio is 3.7, therefore the peak material movement from the open pit is expected to be approximately 16 Mt. This can easily be achieved using approximately three mining fleets and 20 trucks. The split of the open pit ore into HG, medium grade and LG material will not affect the production capacity as only LG ore is stockpiled and all other ore is processed when plant capacity is available. This LG ore is limited in volume, although it is dependent upon the mining block size; the challenge to practically delineate this material in the block may lead to some of it being sent with the ore feedstock to the plant rather than being stockpiled. The medium grade and HG ore is stockpiled when there is insufficient plant capacity but is recovered as soon as possible to smooth out the feed rate to the plant.

The underground schedule is based upon the number of stopes available at any time for loading and the ability of the trucks to haul the ore through the incline to surface with limited disruptions in running time in the incline. Three stopes have been assumed to be available at any time, which will provide sufficient ore for loading. The typical machine capacity is expected to be around 60 t and an expected cycle time in the underground mine would be around 40 minutes. Hence, each hauler should manage to move approximately 0.3 Mt/a and an estimate of approximately seven trucks will be needed. This level of haulage can be accommodated with sufficient passing bays in the decline. The proposed ramp-up is a feature of the development of the stope inventory in the early years until peak production is reached. Based upon the grade limit of 2 g/t Au, there will be no ore

separation based on grade, apart from potential development waste, which will be recovered as LG material to a stockpile.

The ore schedule as presented in the DFS is a representation of the likely LOM plan and subsequently, the Ore Reserves. The only qualification to this schedule would arise due to any drilling completed subsequent to the completion of the DFS to increase the density of information at depth, which may lead to changes in the stope designs, or a significant change in the cut-off grade applied for stope design.

A second schedule has been done to exclude the Inferred material from the schedule which is captured in 20220809 Nyanzaga Model v.7vi Reserve 2.xls to allow the exclusion of material which does not meet the requirements for a feasibility study.

3.3.4 Mining operating and capital costs

As outlined in the DFS, the estimate of the mining costs represents a combination of estimates from contractors (for the mining costs) and the owner estimates (for processing and general and administration costs). The summary from the supplied valuation model is shown in Table 3-7.

Table 3-7: Operating cost summary

Item	Amount (US\$M)	Unit amount (US\$)
Total operating costs	2,238	896/oz
Revenue costs	32	7.67/t processed
Mining	1,279	30.08/t mined OP + UG
Processing	483	11.37/t processed
General and administration	150	3.54/t processed

Source: Lycopodium (2022) supporting document - 220525 DFS GA Cost Estimate – REV 6.xls

The contractor supplied mining costs are detailed to an estimate per piece of equipment in terms of underground costs and are comprehensive. These costs were then accumulated into fixed and variable costs for the model. The open pit costs are likewise simulated: the contractor estimated the costs on a similar basis and varied the number based upon the depth in the pit.

The best attempt to split the costs from the different mining sources is based on the cost model (220525 DFS GA Cost Estimate - Rev 6), which is part of the feasibility documentation. The key benchmarks are the cost of material moved in the open pit (US\$3.78/t) and the underground costs of US\$57.35/t (Table 3-8).

Table 3-8: Costs

Item	Unit	Amount
Open pit mining cost	US\$/t moved	3.78
UG mining cost	US\$/t ore	57.35
Processing cost	US\$/t	11.37
General and administration cost	US\$/t	3.54

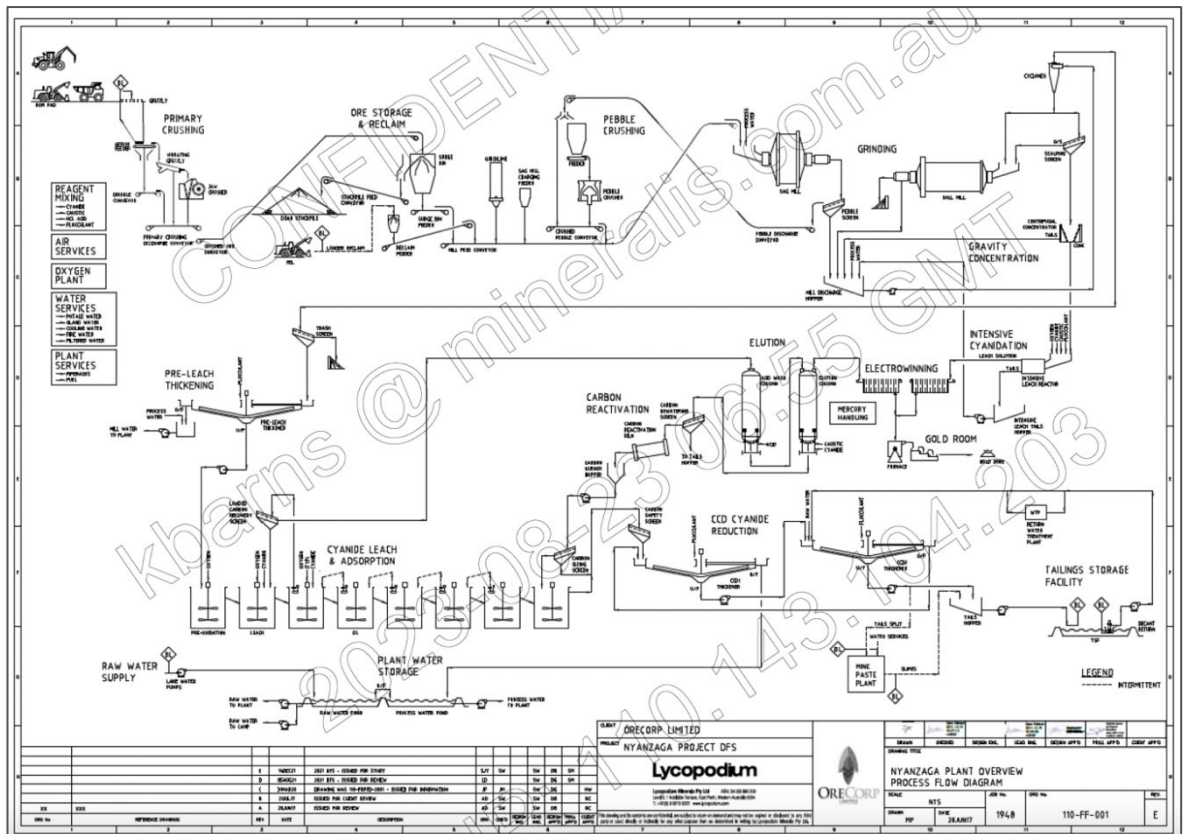
Source: Lycopodium (2022) supporting document - 220525 DFS GA Cost Estimate – REV 6.xls

3.4 Metallurgical testwork and process design

3.4.1 Process flowsheet

The proposed flowsheet for Nyanzaga is shown in Figure 3-16.

Figure 3-16: Nyanzaga process flowsheet



Source: Lycopodium (2022)

The proposed processing plant is a conventional comminution and carbon-in-leach (CIL) circuit using standard unit processes typically used to treat orogenic gold deposits. Based on its review of the available technical data, SRK notes the following:

- The process plant has been designed to treat 4 Mt/a comprising of 3.6 Mt/a of underground material and 0.4 Mt/a of material from the open cut.
- The C150 crusher with a closed side setting of 150 mm has been selected to operate at 80% availability on scalped feed. The predicted scalped feed throughput is 328 t/h (from a total feed of 570 t/h) with the crusher able to process 470 t/h of scalped feed (based on the crusher documented throughput capacity limit of 400–555 t/h).
- The standard crushing and grinding circuit (SABC) circuit design was based on the 85th percentile of the comminution testwork results for fresh ore. While Kilimani testwork was not completed for the SABC circuit modelling, initial data are that Kilimani material is softer than the Nyanzaga ore tested. The feed strategy of blending Kilimani with Nyanzaga ores should help safeguard against throughput restrictions while the inclusion of a variable speed drive on the

SAG mill and the ability to recycle cyclone underflow to either the SAG or ball mill circuits will protect the mill. The target grind size – P80 of 75 µm – is typical of this type of CIL gold plant treating an orogenic gold deposit.

- The gravity circuit appears to have been designed based on an estimate of the gravity recoverable gold derived by a measurement of free gold determined by amalgamation. With the gold particle size described as being in the 3–100 µm range even a centrifugal concentrator (e.g. Knelson or Falcon) would not recover the finest particles particularly in the mudstone and oxide material where the gold grain size is reported as fine. Although this would result in more gold reporting to the CIL circuit, its generous size should enable it to handle the added load.
- The CIL circuit design is based on an eight-tank design (one pre-aeration, one leach, six CIL) giving 24-hours residence time. The leach circuit residence time is adequate as supported by testwork showing 95–100% gold extraction occurs within 8 hours of leaching.
- While no indication of pre-robbing material was found in the chert, sandstone or oxide ore types, the mudstone ore did exhibit mild pre-robbing characteristics. While the use of activated carbon in the leach tanks in the CIL circuit will mitigate the pre-robbing the primary tank operation without activated carbon may result in gold losses when treating mudstone ore. SRK commends OreCorp for including the ability to retrofit this first tank as a CIL tank if required.
- While acceptable the Zadra stripping circuit proposed for Nyanzaga is typically used when there is insufficient good quality water available. Each stripping cycle takes approximately 16 hours. An AARL Elution Circuit is more common in situations where water quality is not problematic. However, a Zadra technology circuit does require less instrumentation and is easier to operate which would be an advantage for an operation in Tanzania.
- The countercurrent decantation (CCD) washing circuit is included to reduce cyanide levels to acceptable tailings storage facility (TSF) discharge levels. The incorporation of a bypass mechanism, while potentially beneficial from a maintenance perspective, has the potential to leave the project exposed to not meeting its TSF environmental discharge requirements if used – particularly as there is no alternative/backup cyanide destruction process on site.

The processing plant availability estimates look reasonable, when compared to other operations, with 80% and 91.3% availability in the crusher and comminution plants respectively.

3.4.2 Supporting testwork

The Nyanzaga testwork has been comprehensive. The scoping study incorporated five test programs from 2005–16 on 30 drill core samples using diagnostic leaching to determine gold occurrence and testwork to determine parameters for comminution, gravity concentration and cyanide leaching. The DFS test program ran from 2016–17 on drill core from Nyanzaga

Metallurgical testwork for the Nyanzaga design has been completed at three reputable laboratories (ALS Perth, SGS Perth and Outotec) with data analysis done at JKTech. The Outotec work was completed to determine the thickener design requirements – the other testwork programs are summarised in Table 3-10.

Table 3-10: Laboratory testwork

SGS Perth	ALS Perth	JK Tech
Comminution testwork. Bulk leach extractable gold (BLEG) testwork. Diagnostic leach testwork. Gravity and cyanidation testwork. Flotation testwork.	BLEG testwork. Tailings mineralogy and sizing. Bulk tailings preparation.	Interpretation of the results from the SAG Mill Comminution (SMC) tests conducted by SGS Perth.

Samples for the DFS test program were sourced from drill core representing the four ore types, a range of spatial locations and head grade and used individually for bulk leach extractable gold testwork and as variability and master composites for comminution extraction and plant design testwork.

Figure 3-17: Metallurgical sample location

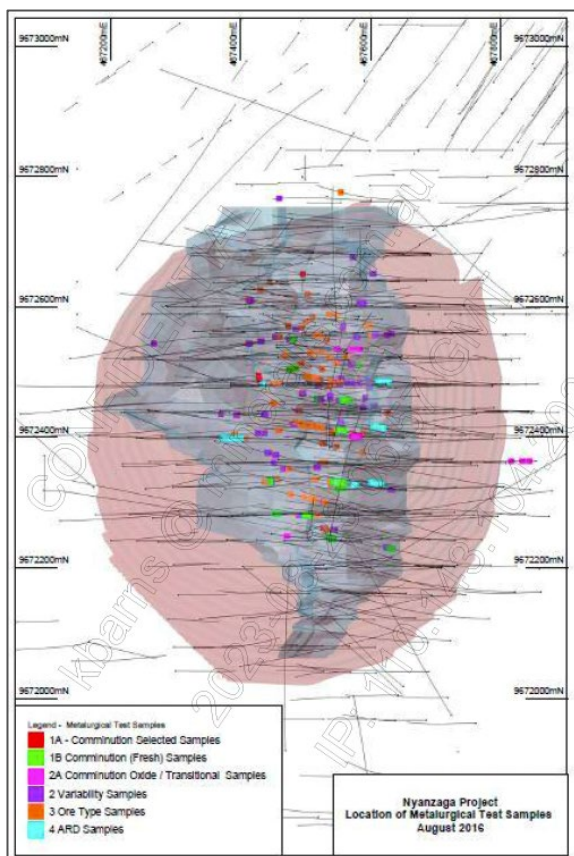


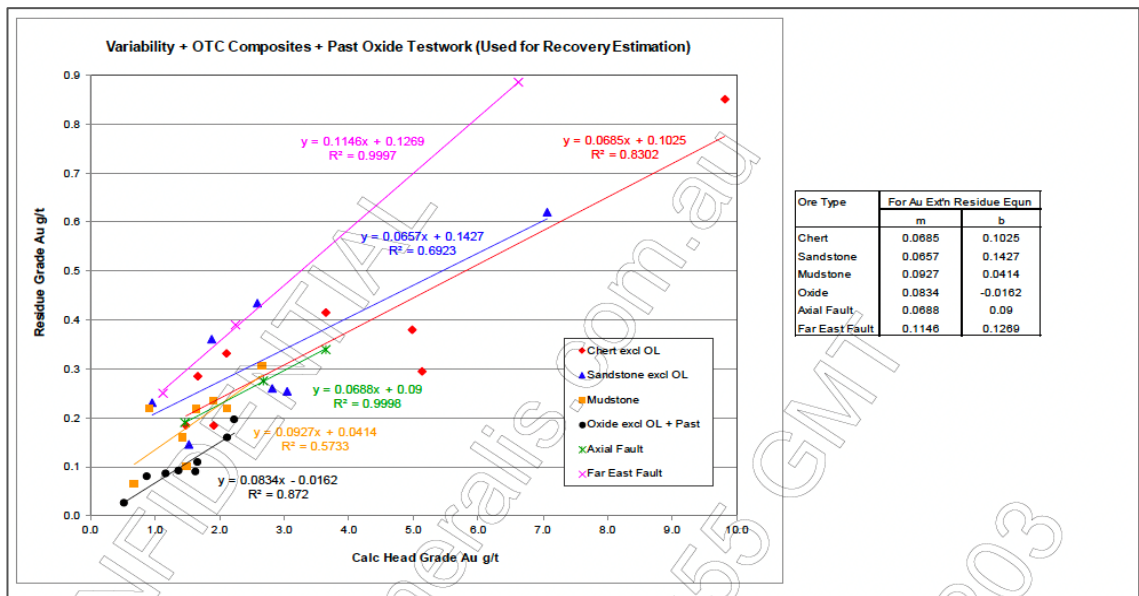
Table 3-11: Metallurgical samples

Ore Type Composite	No. of Intervals	Mass (kg)	Weighted average of interval assays Au g/t
Chert (Fresh)	37	79.6	2.46
Sandstone (Fresh)	59	125.8	2.69
Mudstone (Fresh)	41	98.2	1.75
Oxide	18	25.2	1.80

Comminution testwork showed the fresh ore as competent and resistant to impact breakage with a high abrasivity. By comparison the oxide material has a low competence and abrasivity and is more variable. The mineralogy is pyrite and pyrrhotite dominant and requires a pre-aeration step prior to leaching. Testwork showed that, with the exception of mudstone ores, the feed was not pre-robbing. The evidence of pre-robbing in the mudstone ores may require the design option of carbon addition to the first leach tank.

The DFS leach recoveries were calculated leach linear regression models from the testwork.

Figure 3-18: Leach testwork results



The LOM recovery estimate derived from the regression equations predicted a total gold recovery of 88.2%. However, SRK notes the poor correlation coefficients with R² values ranging from 0.57 to 0.99 where high correlation coefficients were driven by a single high head grade sample. The poor correlations from some ore types makes relying on this work questionable. The diagnostic gold analysis results reported free and cyanide recoverable gold quantities of 85.8%, 88.1% and 82.5% for chert, sandstone and mudstone samples respectively so it is likely that the LOM recovery based on the questionable regression models is optimistic.

Table 3-12: Diagnostic leach results

Gold association	Distribution - %		
	Chert	Sandstone	Mudstone
Free gravity gold	25.1	36	30.6
Free cyanidable gold	60.7	52.1	51.9
Carbonate locked gold	2.9	3.8	4.5
Mild refractory	8.4	3.9	8.2
highly refractory	2.1	1.6	2.4
locked in silicates	0.8	2.5	2.3

Variability testwork on the oxide material indicated gold extraction values ranging from 87.1% to 92.4% with an average of 90.1%. Given this range, it is likely the model prediction of 92% gold recovery in the first month dropping to 91% in the subsequent 4 months is optimistic.

Test work on Kilimani, while limited, showed a lower competency and more difficult settling characteristics. Confirmatory testwork and an optimised blending strategy with the Kilimani ore should be a high priority to ensure operation of the comminution circuit, thickeners and CCD circuit is not compromised.

3.4.3 Processing operating and capital costs

The budgeted capital costs of the process plant are aligned with SRK's database of capital costs for a 4 Mt/a comminution and CIL circuit. Vendor quotes were used for 80% of the mechanical equipment and 75% of the electrical equipment with labour rates based on quotes from local contractors. Although cost escalations appear to have stabilised, the capital costs for equipment should be confirmed. SLR's technical review for Auramet completed in August 2023 concluded that, except for the conveyor system which appears low compared to similar installations in the region, the equipment capital costs, when spot checked, were reasonable. Allowance needs to be made for site construction services and third-party engineering which has not been included in the capital estimate and the allowed contingency should be increased.

Nyanzaga operating costs appear to have been developed from a sound first principles bottom-up approach with all areas covered. The costing has been completed by a competent engineering firm however given the current escalating commodity prices, checks of unit costs should be confirmed by the client's supply chain. SRK notes the cyanide consumption used in the operating cost estimate – while based on testwork – at 0.25–0.38 kg/t is considerably lower than comparable operations and the budgeted cyanide consumption of 0.58 kg/t is at the lower end of predicted usage. Cyanide consumptions of 0.5–1 kg/t would be more typical particularly given the noted presence of pyrrhotite and pyrite.

The planned production schedule shows a start-up predominantly on oxide ore followed by 16 months operation on a blend containing 59% oxide material. SRK notes:

- The Nyanzaga financial model assumes the processing plant can meet the design throughput of 4 Mt/a in the first month. Even though the preferential treatment of less competent oxide ore in the 6 weeks will assist with this, a ramp-up period should be built into the schedule.
- Gold leach recovery should be discounted during the first 6 months of operations – typical discounts of 5% in month 1, 3% in month 2, 2% in month 3 and 1% in months 4 and 5 should be subtracted from the predicted recovery.
- Consumable costs are likely to be higher at the start of production. Typical unit consumptions are 125% in year 1, 115% in year 2 and 105% in year 3.

Table 3-13: Ore types and feed blends

Ore Type	Plant Feed Blends*		
	Initial 16 Months %	LOM %	First 6 Weeks %
Chert	11	23	10
Sandstone	5	25	0
Mudstone	26	39	1
Oxide	59	13	89
Total	100	100	100

*Based on Plant Feed Schedule from Snowden, 15/07/2022.

3.5 Environment and social

3.5.1 Integration in DFS

Environmental and social data and considerations are featured throughout the DFS (Lycopodium, 2022), from introductory and contextual sections, to baseline and technical sections, legal and land tenure and capital and operating costs estimates and risks. This integration demonstrates that OreCorp is aware that these factors need to be carefully managed throughout the project life cycle to mitigate impacts and risks, and meet national and international compliance requirements. Table 3-14 indicates where environmental and social factors are featured in the DFS.

Table 3-14: DFS chapter featuring environmental and social aspects

DFS chapter	Section
Chapter 1	Executive summary: S1.2 Project overview; S1.9 Environmental and social studies; S1.14 Project risk assessment; S1.15 Recommendations
Chapter 2	Project description: S2.8 Climate; S2.9 Social context
Chapter 4	Geology and resources: S4.4 Topography
Chapter 8	Tailings and water management: S8.1 Tailings Storage Facility; S8.3 Surface water and sediment management
Chapter 9	Infrastructure and services: S9.5 Water services; S9.6 Sewage and waste management
Chapter 10	Environment, social and heritage: S10.1–S10.5
Chapter 11	Mine closure: S11.1–S11.7
Chapter 12	Greenhouse gas assessment: S12.1–S12.5
Chapter 13	Legal and land tenure: S13.3 SML 653/2021 details and conditions; S13.4 Project development and approvals
Chapter 15	Operations management: S15.1 Human resources
Chapter 16	Project execution: S16.2 Project execution model
Chapter 17	Capital cost estimate: S17.2 Pre-production capital costs
Chapter 18	Operating cost estimates: S18.2 Overall operating costs
Chapter 19	Financial analysis: S19.7 Capital cost
Chapter 20	Risks assessment

3.5.2 Environmental and social factors

Chapter 10 of the DFS presents information relating to Nyanzaga’s environmental, social and heritage factors. These datasets have been collected during previous studies undertaken as part of ESIA processes, as well as additional investigations in 2017, 2018, 2021 and 2022. Following a review of the initial 2017 ESIA against the Equator Principles and International Financing Corporation (IFC) and World Bank Group standards and guidelines, a number of gaps were identified requiring additional studies and surveys that have been commissioned and were to be completed by the end of 2022. These include a health assessment, human rights assessment and climate change risk assessment.

The DFS should be updated to make reference to the Final ESIA prepared in April 2023 and indicate that specialist studies have been completed, including the human rights impact assessment and health impacts assessment.

It is noted that several specialist studies are being revised and amended to reflect the changes to site layout and the project. These include studies relating to noise and vibration, groundwater modelling, air quality and social.

Investigations of the project study area conducted as part of the ESIA’s, and studies have highlighted key environmental and social features and sensitivities, as summarised in Table 3-15.

These overviews are suitably comprehensive for a DFS and supported by ESIA's, a suite of specialist studies and management planning processes. However, given that the DFS was prepared in 2021, additional updates will be required to reflect more recent developments.

Table 3-15: Environmental and social factors

Aspect	Key feature and sensitivities
Soils	Based on soil studies, soil sealing and compaction is likely to result in low water infiltration, high erodibility and poor workability as well as waterlogging during the rainy season. Soil erosion has been enhanced by poor agricultural practices such as grazing. These poorly drained soils require careful water management.
Ecology (terrestrial and aquatic)	Wet and dry season surveys were conducted and identified and recorded multiple flora and fauna species, including species that appear on the IUCN threatened lists, are nationally listed and endemic. Critical habitat assessment and biodiversity management plans are being prepared.
Wetlands	The project area includes various wetland types, including freshwater marshes, wet meadows (wet fields), wet plains, freshwater ponds and vernal pools. Freshwater meadows are found along Lake Victoria and the Wingi River, providing riparian habitats. Species richness was generally higher in the wet season.
Surface water	Nyanzaga's footprint is located within the Wingi River catchment area and covers an area of approximately 6.5 km ² . The Wingi River is seasonal and drains towards Lake Victoria. The Wingi River and Lake Victoria are the key water sources for local communities for domestic and agricultural purposes. Surface water quality has been found to be impacted by anthropogenic activities. Water for Nyanzaga will be sourced from dewatering of the pit and make-up water from Lake Victoria.
Groundwater	The Nyanzaga area is characterised by three aquifers with depths varying from 0–6 mbgl (shallow perched ferricrete aquifer) to 10–70 mbgl (deep saprock/fractured aquifer) and influenced by topography in relation to Nyanzaga Hill and position in the catchment. Groundwater sampling undertaken during the dry and wet season found that water is generally fresh to brackish. Samples taken from deep aquifers showed relatively high total dissolved solids and very high concentrations of SO ₄ and HCO ₃ .
Air quality	Baseline air quality monitoring at six sites was conducted during dry and wet seasons for a number of parameters (i.e. particulate matter (PM10 and PM2.5), nitrogen oxides, nitrogen dioxide (NO ₂), sulfur dioxide (SO ₂), hydrogen sulfide (H ₂ S) and carbon dioxide (CO ₂). Nine dust deposition monitoring stations were erected to record depositional dust. Higher concentrations of particulate matter were found during the dry season. All parameters were found to be within Tanzanian and international air quality guidelines.
Greenhouse gasses	A decarbonisation option analysis was undertaken in 2021–22 to identify various technology options for potential emission reduction. A greenhouse gas (GHG) assessment was completed in 2022 and included determination of Scope 1 and Scope 2 emissions associated with Nyanzaga for construction and operational phases. The GHGs evaluated in the study included carbon dioxide (CO ₂), nitrous oxide (N ₂ O) and methane (CH ₄).

Aspect	Key feature and sensitivities
Noise and vibration	Background noise levels were measured during both the wet and dry seasons at six sampling stations. During the dry season, noise levels varied between 42.6 dBA and 50.0 dBA during the day and were between 33.7 dBA and 44.3 dBA at night. During the wet season, noise measurements recorded during the day ranged between 39.7 dBA and 52.6 dBA, and were between 34.2 dBA and 44.3 dBA at night. National and international noise emissions limits need to be below 85 dBA and 70 dBA for working areas, respectively. Increased noise levels due to mining activities are not expected to exceed Tanzanian limits at nearby hamlets outside of the project area. The biggest contributing factor to the measured noise at all sites was vehicular movement from both private and exploration vehicles. An increase in vibration is expected from blasting but will not impact receptors outside the project area. Blasting will not be undertaken at night.
Cultural heritage and archaeology	The broader Nyanzaga area is characterised by heritage and archaeological features, including pottery remains, grinding hollows, ritual places, graves and natural springs. Surveys found six potential Iron Age sites, however, no significant archaeological materials were discovered. Within the area there is no one area designated for graves, which are generally scattered between individual farms and household areas.
Social and community	The Nyanzaga area is characterised by a rural population speaking Kiswahili, living in traditional villages, and poorly serviced by social infrastructure and health services. Social surveys found that approximately 27.2% of the ward population live in Ngoma A, which is considerably bigger than other villages in the area. Ngoma A Village, particularly at Ngoma Centre, has been growing rapidly into a small township that has influenced the development of businesses and migration of people from other areas. Agriculture is the main economic activity of the people in the study area and livestock are an important livelihood. Fishing is also an economic activity, especially for those living along or close to the lake shore, and those living on the numerous islands of Lake Victoria.

3.5.3 Environmental and social management system

The DFS indicates that an environmental and social management system (ESMS) has been developed for Nyanzaga to be consistent with the requirements of IFC PS 1 and ISO 14001:2015 standards, in order to manage the project’s environmental and social risks and opportunities.

The ESMS establishes the foundation of a flexible management approach capable of addressing the regulatory requirements and meeting good international industry practice standards for ESG. According to the DFS (Lycopodium, 2022), the ESMS will incorporate the following elements: policy, identification of risks and impacts, management program, organisational capacity and competency, emergency preparedness and response, and monitoring and review.

A recent technical review report by SLR (SLR, 2023) notes the ESMS remains under development, as does a construction environmental and social management plan. OreCorp’s Annual Report 2023 notes that the company is progressing well with the implementation of ESG policies and procedures and that material topics have been identified for the first sustainability report. The DFS should reflect these developments.

3.5.4 Environmental and social management plan

An update to the environmental and social management plan (ESMP) has been completed and approved by the National Environmental Management Council (NEMC) on 28 August 2023 for Nyanzaga to meet legal and other requirements (OreCorp, 2023a). The ESIA documentation contains a range of mitigation and management measures to minimise the potential impacts, as far as reasonably practicable. These mitigation and management measures will be given effect through the updated ESMP and sub-plans.

The ESMP should be aligned with management controls identified in the Nyanzaga impact and risk register. Based on documents provided, OreCorp has developed an environmental and social action plan (ESAP) for preparing a detailed ESMP and other plans and programs. The ESAP includes labour, stakeholder engagement, socioeconomic development, air quality, land, soil and erosion management, biodiversity, community, health, safety and security, water and wastewater and hazardous substances/material. This management tool is not currently highlighted in the DFS.

The DFS notes that the content of the ESMP and its individual management plans is significantly dependent on the various design details and assumptions and will be reviewed and updated at each stage of the project life cycle to accurately reflect the nature of the activities undertaken.

3.5.5 Tailings and water management

Chapter 8 of the DFS (Lycopodium, 2022) presents information regarding tailings and water management. The design specifications and management requirements for the TSF are featured. A seepage assessment was conducted to demonstrate that the expected TSF seepage will be limited by the high-density polyethylene (HDPE) liner and relevant control measures. An assessment of the TSF embankment stability has been carried out, including the west embankment. The results of this study are summarised and have suitable factors of safety according to ANCOLD guidelines.

Tailings geochemical tests indicate that oxide tailings are likely to be acid-forming and could result in excess alkalinity within the TSF. Several metals were detected to have higher concentrations when compared with Tanzanian guidelines for municipal and industrial effluent and drinking water standards. The results indicate that the TSF needs to have a robust liner system to control seepage and effective stormwater management to prevent environmental pollution. Based on geotechnical investigations, the founding conditions are suitable for construction of the TSF embankments.

The consequence assessment for the final stage TSF was carried out to assess the potential downstream population at risk, the business risk and the environmental impact in the event of a dam failure or spillway discharge. This was based on the *Global Industry Standard on Tailings Management* (GISTM) requirements. The dam failure classification was found to be very high due to the potential for loss of life in the event of a solids breach. In addition to addressing design considerations, the DFS also covers rehabilitation of the TSF.

Water balance modelling was conducted. It is concluded that the TSF has sufficient capacity for all design storm conditions for the LOM if the facility is operated in terms of the design intent. It is recommended that the decant water pump capacity be designed for maximum recycle from the

TSF. The rationale is that 100% of the water in slurry can be recycled to provide all process water requirements.

Surface water and sediment management is also presented in the DFS. The surface water management has assessed the stormwater drainage conditions taking into consideration rainfall events, ground conditions and environmental factors. The site surface water management uses sediment control structures (SCS), which will reduce flow velocities to promote sediment settling.

Discharge from the SCS will be to the environment downstream of the project site. For minor events and depending on storage within the structure prior to a rainfall event, the SCS may completely contain runoff.

The 5-year average recurrence interval (ARI) storms have been used to estimate the proposed SCS storage capacity and diversion channel size. The 100-year ARI storms were used to size the emergency spillways for the SCS. They are designed to mitigate adverse effects on water quality, impacts on flora and fauna and their habitats, impacts on wetlands and aquatic vegetation, and worsening flooding.

3.5.6 Monitoring

Chapter 13 of the DFS highlights the legal commitments regarding environmental management. It states that the holder of an SML, a contractor or a subcontractor is required to ensure that regular environmental audits, monitoring and evaluations are carried out to avert environmental spoil, degradation and hazardous substances, which are or may be harmful to humans, and/or the environment. Although monitoring is embedded in the presentation of baseline surveys as an impact mitigation measure and stated in the context of resettlement, it would be helpful to collate this information into a dedicated sub-section in Chapter 10. This write-up could include monitoring that is currently taking place, such as the network of surface water quality sites in the surrounding area.

3.5.7 Permitting

In Chapter 13, the DFS provides information regarding the mining right, environmental approvals and other permits. It also covers issues related to environmental management, local content and corporate social responsibility. The key information is presented, including:

1. A Special Mining Licence (SML 653/2021) was issued to SMCL on 13 December 2021 for a period of 15 years.
2. The Nyanzaga project was registered with the environmental regulator, National Environmental Management Council in May 2016, with baseline surveys being completed during successive years.
3. The EC for Nyanzaga was granted in February 2018 and OreCorp successfully re-registered the certificate in March 2021, transferring the EC on 15 March 2022.
4. There are numerous other permits required to construct and operate a mine in Tanzania. A permitting pathway has been generated that encompasses all necessary permits and approvals and OreCorp has commenced engagement with various GoT ministries and authorities to progress the permitting process.
5. A comprehensive list of environmental and social permit and licence requirements is presented in Appendix 13.1 of the DFS. The second renewals to PL10877/2016 and PL10911/2016 have been granted for two years.

The DFS should be updated to reflect the permits that have been issued such as the water use permit for Lake Victoria issued 22 December 2022. It is assumed that the mine will develop a permit register.

3.5.8 Social factors

Stakeholder engagement

The DFS refers to stakeholder engagement in the context of the resettlement planning process and mine closure. Although the DFS mentions the ESIA processes, it does not explicitly state that extensive stakeholder engagement was conducted during these studies. This aspect is important to highlight as it indicates consideration for stakeholder inputs in project planning and design, as well as building relationships with interested and affected parties in the project area.

Community development

In the legal and land tenure chapter of the DFS, it is stated that '*The holder of an SML shall ensure that the Corporate Social Responsibility Plan prepared is congruent and responsive to guidelines for corporate social responsibility developed by the relevant local government authority in terms of section 105(4) of The Mining Act, CAP.123 and make a declaration specified under the Schedule to the Mining Commission (Guidelines for Submission of Local Content Plan) 2018.*'

Resettlement plan

A summary of the *Resettlement Policy Framework* (RPF) is provided in the DFS. An RPF was undertaken for the project in 2021 for the physical and economic displacement of households in the villages of Sotta and Nabila, to address potential displacement impacts (i.e. 467 households and approximately 3,656 people and additional loss of assets). As part of the displacement, approximately 1,100 residential structures and 400 graves will be impacted. The resettlement action planning process commenced in August 2021, and culminated in a detailed *Resettlement Action Plan* (RAP) and *Livelihood Restoration Plan*, which were completed in February 2023. The DFS will need to be updated to reflect the fact that the RAP has now been completed and is being

implemented. An independent technical review report produced by SLR indicates that resourcing of staff to implement the RAP may be an issue.

3.5.9 Environmental and social risks

Chapter 20 of the DFS presents the risk assessment for the project. A detailed risk register was presented during the PFS and revisited during the DFS. It is proposed that the risk register will be updated during the construction and operational phases. Formal HAZARD and HAZOP exercises, as well as constructability reviews, will be held during the engineering and design phases.

A detailed likelihood–consequence risk matrix was applied in developing the risk assessment. The eight highest residual risks are presented in the DFS report. Among the highest risks (carrying a risk rating of 12) are permitting and timely resettlement. The report provides an overview of permitting processes, noting that they are detailed and complex and could be delayed, resulting in time and cost implications – this needs to be closely monitored and controlled.

Resettlement implementation is reportedly underway and in line with the execution plan and budget. Successful execution of the resettlement process is a high priority for OreCorp and an essential process to ensure that positive community relations are maintained. Experienced consultants have been engaged to implement the resettlement action plan. Other environmental and social risks that are highlighted in the risk assessment, include: health and safety, community, and the TSF.

The SLR technical review report notes that as of March 2023 there are no red flags or showstoppers relating to the ESG components at the Nyanzaga project. However, there are a number of priority actions relating to high environmental and social risks that require alignment of documentation and processes with applicable standards.

3.5.10 Summary of the review findings

Based on the review of the Nyanzaga DFS and documentation provided, SRK notes the following findings:

1. The DFS is suitably comprehensive and draws on available information prepared for the project.
2. ESG considerations are integrated throughout the document.
3. The DFS should be updated to reflect additional studies that have been completed subsequent to the drafting of the BFS, including:
 - a. Final ESIA (April 2023)
 - b. Human rights impact assessment (January 2023)
 - c. Community health impact assessment (October 2022)
 - d. RAP (February 2023) and commencement of implementation
 - e. Critical habitat assessment (February 2023)
 - f. Climate change impact assessment (February 2023).
4. Although the report mentions the ESIA processes undertaken for the project, it does not explicitly state that extensive stakeholder engagement was conducted during these studies.

This aspect is important to highlight as it indicates consideration for stakeholder inputs in project planning and design, as well as building relationships with interested and affected parties in the project area.

5. The ESAP, which is used as a management tool by OreCorp, is not presently referenced in the DFS.
6. The DFS mentions policies in relation to the ESMS, but it does not mention the policies that have been developed on human rights, ESG, communities and environment, which are reportedly being implemented.
7. Although monitoring is embedded in the presentation of baseline surveys as an impact mitigation measure and stated in the context of resettlement, consideration should be given to collating this information into a dedicated sub-section in Chapter 10. This write up could also reference monitoring that is currently taking place such as the network of surface water quality sites in the surrounding area.
8. The DFS should be updated to reflect permits that have already been issued such as the water use permit for Lake Victoria issued on 22 December 2022, as well as the second renewal of PL10877/2016 and PL10911/2016. In addition to the permit pathway, which is mentioned in the report, it is assumed that the mine will develop a permit register.
9. The DFS should be updated to reflect the outcomes of the SLR *Technical Review Report* (SLR, 2023), where relevant.

3.5.11 Mine closure plan

Mine closure planning has been designed mostly for the end of mine life and mostly concerns the reduction of the slope on the waste dumps, vegetating the slopes and managing the water accumulation in the pits as needed. Many of these items cannot be forecast accurately as mining has not yet commenced at the Nyanzaga Gold Project.

The proposed future closure of the underground will consist mostly of sealing shaft entrances to allow subsequent re-entry (if necessary) – other subsidence-related items from underground are unlikely as the stopes will be filled. The plant closure is mostly focused on the removal of infrastructure and rehabilitation of the disturbed area. The last major cost relates to covering and vegetating the TSF and controlling water from the dam. The potential expansion of the mine pit is limited and the timing of the expenditure is delayed as far as possible.

3.5.12 Closure costing

The supplied valuation model has allowed a capital cost of US\$26 M for mine closure, of which most is related to the closure of the TSF/tailings dam (US\$15 M in 2022 dollar terms). The balance of the closure cost estimate is assigned to mining (US\$7 M in 2022 dollar terms) and the plant (US\$3 M in 2022 dollar terms). It is accepted that this amount will be sufficient based on the current standards as applied to closure, but costs could escalate if standards change in future.

It should be noted that the risk of cyanide release into water streams post-closure could be reputationally poor for the mine owners (at any such point in time) and changing standards around this may impact costs. Similarly, the trends regarding the safety of tailings dams, as being experienced currently, may also have a negative effect on costs.

4 Other Mineral Assets

On 22 April 2022, OreCorp completed the demerger of Solstice (a wholly owned subsidiary). The demerger was undertaken to divest OreCorp's interest in the Western Australian exploration assets, comprising the Yarri, Yundamindra and Ponton projects. As such, OreCorp no longer retains any mineral interests in Australia.

In addition, OreCorp previously held three licences forming the Akjoujt South Project in Mauritania. Two of these licences expired in March 2022 and the third expired in August 2022. OreCorp has subsequently wound up its operations in Mauritania.

Part B: Mineral Assets of Silvercorp

5 Ying Mine

5.1 Overview

Silvercorp is a Canadian mining company producing silver, lead, and zinc metals in concentrates from a series of mines in China. It is listed on both the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE American) under the ticker code: SVM.

Through its wholly owned subsidiaries, Silvercorp holds an effective interest of 77.5% in the SGX, HZG, TLP, LMW, and DCG mines, which collectively form the Ying Mine (where its JV partners are Henan Non-Ferrous Geology Minerals Ltd (17.5%) and Henan Xinxiangrong Mining Ltd (5%)), and an 80% interest in the HPG and LME mines (JV partner is Henan Xinhui Mining Co., Ltd. (20%)).

Silver-lead-zinc mineralisation in the Ying district has been known and intermittently mined for several hundred years. Silvercorp acquired an interest in the SGX project in 2004, the HPG project in 2006, and the TLP, LMW and LME projects in late 2007. Annual production has been consistent in recent years, ranging from 650,000–773,000 t milled between FY2021 and FY 2023.

5.1.1 Location, access and climate

The Ying Mine is situated in central China in western Henan Province (Figure 5-1), about 145 km southwest of Luoyang (population 1.4 million) and 240 km west-southwest of Zhengzhou (population 7.0 million), the capital city of Henan Province. Luoyang is the nearest major city to the project while Zhengzhou is the largest industrial city in the region, offering full-service facilities and daily air flights to Beijing, the capital of China, as well as to Shanghai and Hong Kong.

The nearest urban centre to the project area is Luoning (population >80,000) which is about 56 km to the north by paved roads from the Ying mill site. The mill site is about 15 km by paved road from the Guxian Reservoir (Figure 5-1), a significant water storage lake (capacity: $11.75 \times 10^8 \text{ m}^3$) on the Luo River, a tributary to the Yellow River in Luoning Country. The primary purpose of the Guxian Reservoir is flood control, but it also generates hydroelectricity (peak capacity 60.0 MW) and provides water for irrigation. The SGX camp can be accessed via a 10-minute ferry ride across the reservoir.

The term 'Ying District' is used to describe a 100 km² rectangular area bounded by latitude 34°07'N to 34°12'N and longitude 111°14'E to 111°23'E. Within this district block, Silvercorp has three principal centres of operation, within which seven mining operations are located. Ore from all mining operations is hauled to a centralised processing complex (known as the Ying Mill Complex) for processing.

Collectively, the project tenures are supported by good quality sealed roads which enable access year-round. There are major power grids in proximity to the project including a powerline extending to the SGX area. A hydroelectrical power station at the Guxian Reservoir is proximal to the project and there is sufficient labour available in the surrounding region to support exploration and mining operations.

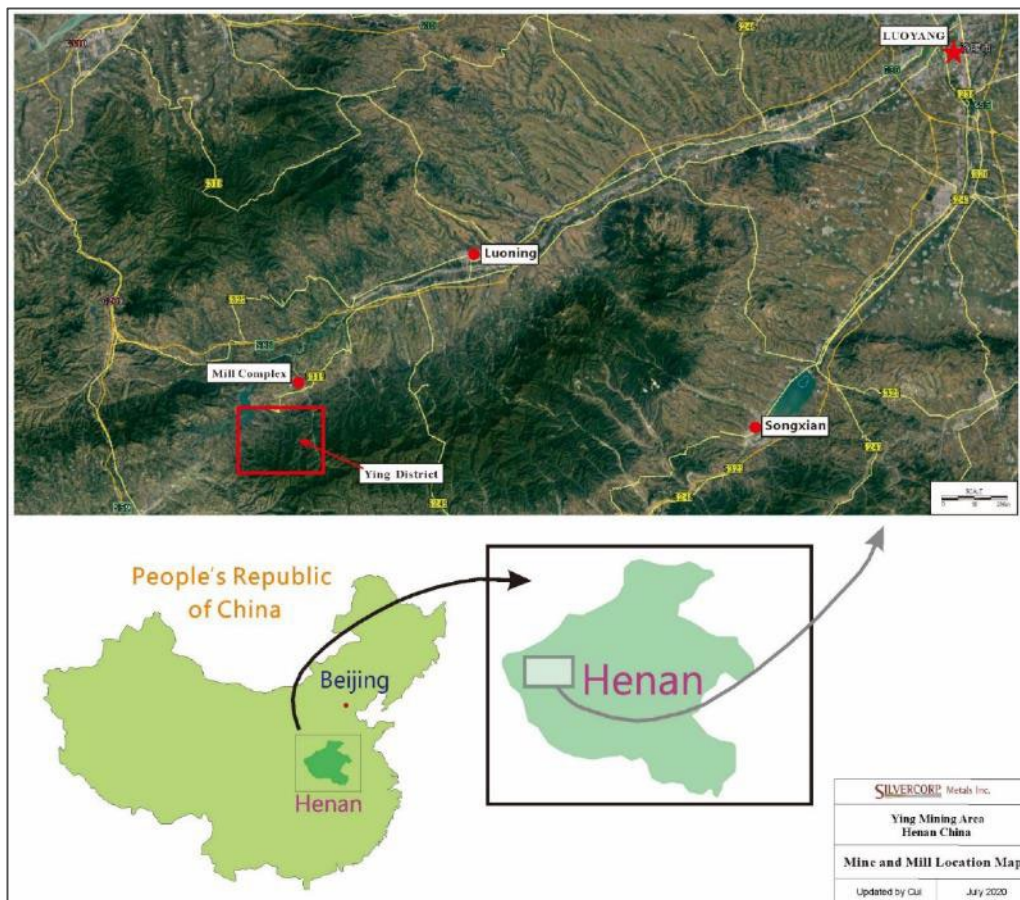
The district lies within rugged, deeply dissected mountainous terrain of the Xionger Mountain Range. Elevations range from 300 m to 1,200 m asl. Hill slopes are steep, commonly exceeding 25°, and have good bedrock exposure.

The area experiences a continental sub-tropical climate with four distinct seasons, with hot and humid conditions in summer (June to August) and cool to cold, windy, dry winters (December to February). The average annual temperature is around 15°C, with the January temperatures ranging from -10°C to 3°C and July from 24°C to 38°C. The average annual precipitation ranges according to elevation from 500–900 mm, with more precipitation in the southern and western mountainous areas and during the months from July to September, supplemented by snow and frost from November to March. About 50% of the annual precipitation of Henan falls in summer, and the average annual sunshine is about 1,286–2,293 hours. Mining and processing operations are continuous year-round without major climate induced interruptions.

The area is sparsely vegetated, consisting mostly of bushes, shrubs, ferns, and small trees. At higher elevations the vegetation is denser, and the trees are larger.

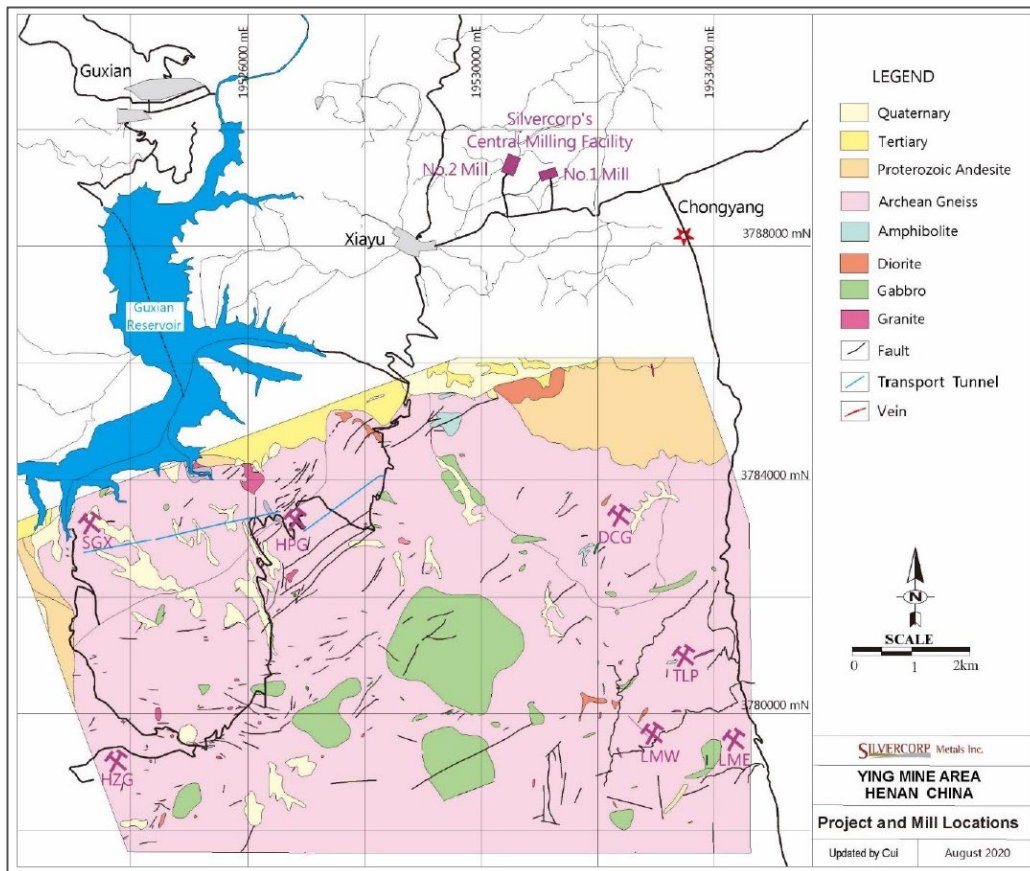
The local economy is based on agriculture (wheat, corn, tobacco, medicinal herbs) and mining. Agriculture is confined to the base of the larger stream valleys and to the many terraced hillsides.

Figure 5-1: Location of Ying Mining Complex



Source: NI 43-101 Report dated September 2022.

Figure 5-2: Ying Mine and mill locations



Source: NI 43-101 Report dated September 2022.

The area shown in Figure 5-2 with the geology drape roughly corresponds to the outline of the mining licences. To increase haulage efficiency and facilitate environment-friendly operations, Silvercorp has driven haulage tunnels to connect the SGX and HPG mines, and from HPG to a road-access point nearer to the mill sites. The SGX, HZG, HPG, TLP, LME, LMW, and DCG mines all have road access. Currently all ore is hauled to the mill using trucks.

The steep valleys form natural reservoirs for TSFs and waste dumps.

5.1.2 Ownership, tenure and land use

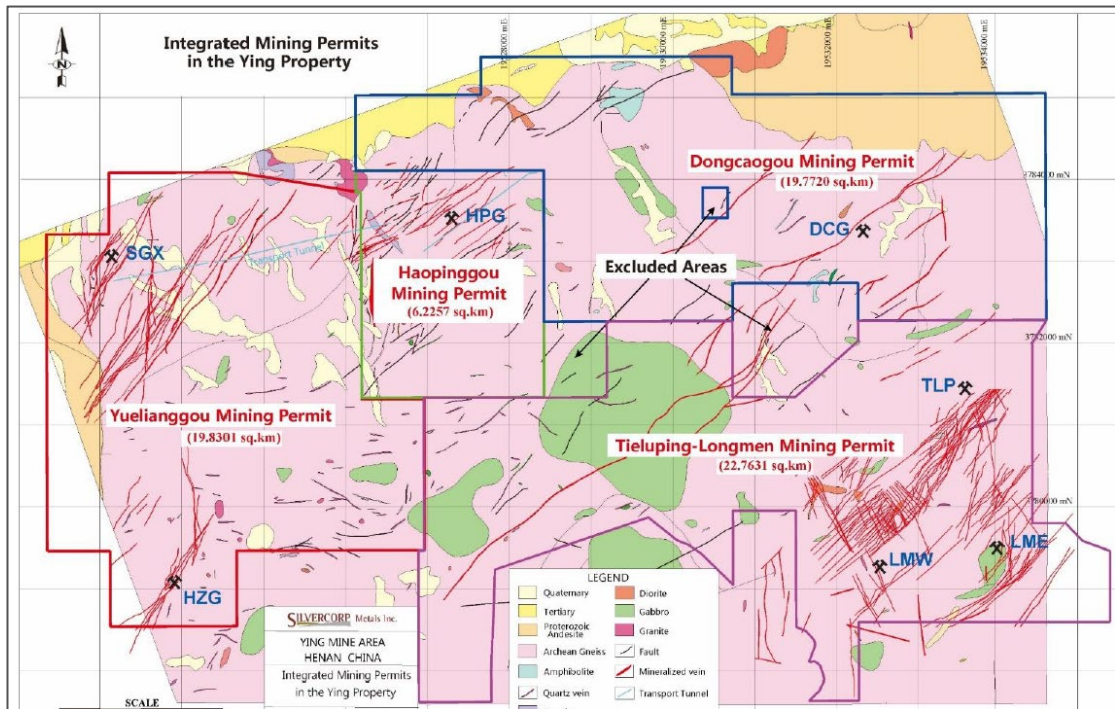
Silvercorp, through its wholly owned subsidiary, Victor Mining Ltd (Victor), is party to a cooperative JV agreement dated 12 April 2004 under which it earned a 77.5% interest in Henan Found Mining Co. Ltd. (Henan Found), the Chinese company holding (with other assets) the SGX, HZG, TLP, LMW and DCG projects.

In addition, Silvercorp, through Victor is also party to a cooperative agreement dated 31 March 2006, under which it initially obtained a 60% interest in Henan Huawei Mining Co. Ltd (Henan Huawei), the beneficiary owner of the project in Haopinggou (the HPG Project) and the project in Longmen (the LME Project). Over the intervening period, Silvercorp's interest in Henan Huawei has increased to 80%.

The information supporting Figure 5-3, Table 5-1 and Table 5-2 has been provided by Silvercorp to SRK, supported by a letter dated 8 April 2022 from BaiRun Law Firm summarising the legal status of the exploration and mining licences. SRK has taken this information in good faith, having completed its own validation and checks during its site inspection in late August 2023.

The Ying Mine area is covered by four major contiguous mining licences, as shown in Figure 5-3.

Figure 5-3: Location of the approved mining licences forming the Ying Mine



Source: Silvercorp Metals Inc.

Silvercorp’s mines in the area are located as follows:

- The SGX and HZG lead-zinc-silver mines fall within the Yuelianggou Mining Licence in the western part of the tenure block.
- The HPG lead-zinc-silver-gold mine is within the Haopinggou Mining Licence in the central western part of the block.
- The DCG gold-silver mine is covered by the Doncaogou Mining Licence in the northeastern part of the tenure block.
- The TLP, LME, and LMW lead-silver mines all occur within the Tieluping-Longmen Mining Licence in the eastern part of the block.

The combined area of the four mining licences is 68.59 km². Table 5-1 lists the relevant details of these tenures including names, licence numbers, areas, and expiry dates.

Table 5-1: Mining licences

Area and licence name	Mines	Exploration licence number	Area (km ²)	Expiry date
Yuelianggou Lead-zinc-silver Mine	SGX & HZG	C4100002009093210038549	19.8301	September 2024
Haopinggou Lead-zinc-silver-gold Mine	HPG	C4100002016043210141863	6.2257	29/04/2028
Dongcaogou Gold-silver Mine	DCG	C4100002015064210138848	19.772	15/06/2025
Tieluping-Longmen Silver-lead Mine	TLP, LME & LMW	C4100002016064210142239	22.7631	26/02/2041
Total			68.5909	

Source: Silvercorp Metals Inc.

The licences indicate that mining is permitted between the following prescribed elevations:

- Yuelianggou Mining Licence: 1,060 m and 0 m above sea level
- Haopinggou Mining Licence: 955 m and 365 m above sea level
- Tieluping-Longmen Mining Licence: 1,250 m and 700 m above sea level
- Doncaogou Mining Licence: 1,087 m and 605 m above sea level.

Henan Found previously engaged an accredited geological team to prepare the reports needed to support an extension of these four mining licences to extract ores from elevations below the currently permitted lower limits. In 2021, Henan Found was granted four exploration licences covering the area beneath the lower boundaries of the four mining licence areas. However, as noted in Table 5-2, the four exploration licences expired during 2023.

SRK has sighted and noted that in Clause 3 of the ‘*Notice of the Ministry of Natural Resources on Further Improving the Registration and Administration of Mineral Resources Exploration and Exploitation Natural Resources Regulation [2023] No. 4*’ issued on 6 May 2023, that ‘*The mining permit holder carries out exploration work beneath or above the boundaries of the mining areas, does not need to apply for new registration of exploration right.*’ Ying Mine does not need to renew the exploration licences as the exploration areas are within the boundaries of the four mining licence areas. Ying Mine has title to conduct exploration activities as before.

Details of the four exploration licences are summarised in Table 5-2.

Table 5-2: Exploration licences

Area and licence name	Mines	Licence No.	Area (km ²)	Expiry*
Yuelianggou Lead-zinc-silver Mine	SGX & HZG	T4100002021033010056162	19.8303	02/03/2023

Area and licence name	Mines	Licence No.	Area (km ²)	Expiry*
Haopinggou Lead-zinc-silver-gold Mine	HPG	T4100002021033050056218	6.2155	25/03/2023
Dongcaogou Gold-silver Mine	DCG	T4100002021074050056410	19.1491	08/07/2023
Tieluping-Longmen Silver-lead Mine	TLP, LME & LMW	T4100002021044050056239	22.7302	06/04/2023
Total			67.9251	

Source: Silvercorp Metals Inc.

Silvercorp's mining licences are subject to mining-right usage fees, and applicable Mineral Resource taxes. The renewal of mining licences and extending of mining depth and boundaries occur in the ordinary course of business so long as Mineral Resources exist or are defined, the required documentation is submitted, and the applicable government resources taxes and fees are paid. The mining licences provide the right to carry out full mining and mineral processing operations, in conjunction with safety and environmental certificates. Safety certificates for Silvercorp's mining activities have been issued by the Department of Safety, Production and Inspection of Henan Province. Environmental certificates have been issued by the Department of Environmental Protection of Henan Province.

Surface rights for mining purposes are not included in the licences, but Silvercorp has acquired or leased surface rights for mining and milling activities through the payment of a fee based on the appraised value of the land or negotiation. Subject to negotiation, land use compensation fees may also be due to the local farmers, if their agricultural land is disturbed by exploration activities. China has an established Mining Code that defines the mining rights guaranteed by the government of China.

Some major land purchases may be required in the future for mine infrastructure purposes (such as for additional processing plant requirements, waste disposal, offices and accommodations). The land needed for the third mill and the new TSF, has been leased from the local community. If further land is needed, it will be leased as, and when, required.

There are no significant factors and risks that may affect access, title, or the right or ability to perform work on the Ying property that are known at this time.

5.1.3 Agreements, contracts and taxes

With the exception of existing mining contractors' agreements and monthly concentrate sales agreements with major smelters, there are no other material agreements and contracts pertaining to the Ying mining and processing operations.

There are no State or third party royalty payments due in relation to production from the site.

China has a 13% value added tax (VAT) on sales of concentrates and on articles such as materials and supplies. The VAT paid on materials purchased for mining is returned to Silvercorp as an incentive to support mining in China. There is no VAT on labour.

Silvercorp also pays a VAT surtax, which comprises 12% of the VAT payable, including 5% of VAT payable as city construction fee, and 7% of VAT payable as education surtax. Silvercorp also pays a Mineral Resources tax currently levied at approximately 3% of sales. The normal income tax rate in China is 25%.

In 2020, Henan Found was recognised as a High and New Technology Enterprise (HNTE) and its effective income tax rate was reduced to 15% from 2020 to 2022. The recognition of a HNTE is for a 3-year period, and can be renewed, subject to government approval, in the fourth year.

5.1.4 Project history

Introduction

Silver-lead-zinc mineralisation in the Ying district has been known and intermittently mined for several hundred years. The first systematic geological prospecting and exploration was initiated in 1956 by the Chinese government. Detailed summaries of the district's historical activities from 1956 to 2004, when Silvercorp first acquired interests in the area, are described in previous NI 43-101 Technical Reports (see References).

Drilling

Prior to Silvercorp obtaining the rights to the SGX mine in 2004, there was little drilling work completed on the Ying Mine. Drilling programs conducted by previous operators included a 10,736 m surface drilling program in the TLP-LM area by the No. 6 Nonferrous Geological Exploration Team during the period from 1991 to 1994 as well as a test drilling program comprising two holes in the SGX area by the Henan Nonferrous Geological Exploration Bureau in 2003.

Ownership and production

Silvercorp acquired an interest in the SGX mine project in 2004. Subsequently, Silvercorp acquired the HZG, HPG, TLP, LM (LME and LMW), and DCG projects, all of which were previously held and operated by private Chinese companies.

HPG Mine

The underground mine at HPG was initially constructed in April 1995, with a mining licence issued in June 1996 to Huatai #1 company. The mine was shut down during 1997 and 1998, and in 2001, new mining licences were issued by the Henan Bureau of Land and Resources to Huatai #2 company (changing names on a mine licence in China is difficult so the same name is used even though they are different companies).

In 2004, Huatai #3 company acquired the mine, which reportedly produced 70,000 tpa of ore from four principal underground levels. Ore was shipped to the Guxian Ore Processing Plant, owned

by Huatai. In 2006, Silvercorp reached an agreement with Huatai, which included both the mine and the plant.

TLP Mine

In 1998, a mining permit was issued for the TLP area to Tieluping Silver and Lead Mine of Luoning County. The mine produced 450 t/d of ore using shrinkage stopeing methods. Ore was shipped to five small mills and lead concentrates were produced by conventional flotation methods. In December 2006, the government closed the mine due to health, safety, and environmental concerns. The operation is reported to have produced about 1.55 Mt of ore, although actual production and grades are unknown. Silvercorp acquired the TLP project from the owners in late 2007.

LM Mine

In 2002, a mining permit was issued for the LM area to Luoning Xinda Mineral Products Trade Co. Ltd. (Xinda), which allowed Xinda to mine 30,000 t of silver-lead ore using shrinkage stopeing methods. Ore was mined mainly from the 990 m to 838 m levels and shipped to a local custom mill for processing by conventional flotation. Reported production for the operation was 120,206 t of ore averaging 257.06 g/t Ag and 7.04% Pb. Silvercorp acquired the LM project from the owners in late 2007.

DCG

The two exploration permits – the original Dongcaogou Gold-Silver deposit and the adjacent Ximiao-Leileishi gold deposit to the west – were acquired by Silvercorp in August 2006 and June 2007, respectively. In February 2013, the Department of Land and Resources of Henan Province approved the delimitation of the mining area of Dongcaogou gold and silver mine (DCG), which combined together the original Dongcaogou gold-silver deposit and Ximiao-Leileishi gold deposit. On 15 June 2015, the Department of Land and Resources of Henan Province issued the DCG mining licence with the validity period from 15 June 2015 to 15 June 2025.

Table 5-3 summarises the recent production from year-end 31 March 2021 to year-end 31 March 2023 and the Ying Mining Complex.

Table 5-3: Recent production and cost summary

Year-end 31 March	2023	2022	2021
Mined (t)	769,024	681,398	650,025
Processed (t)	773,057	684,293	651,402
<i>ROM grade</i>			
Silver (g/t)	261	272	290
Gold (g/t)	Not reported	Not reported	Not reported
Lead (%)	3.8	3.9	4.3
Zinc (%)	0.7	0.8	0.8
<i>Produced</i>			
Silver (Moz)	6.0	5.6	5.6
Gold (oz)	4,400	3,400	3,500
Lead (Mlb)	60.3	53.9	56.7
Zinc (Mlb)	7.2	6.6	7.0
Mining costs (US\$/t)	78.63	81.98	69.56
Processing costs (US\$/t)	11.76	12.10	9.69
Production costs per tonne of ore processed	94.07	97.76	83.01
All-in sustaining costs per tonne of ore processed	146.59	147.52	132.54
Cash costs per ounce of silver, net of by-product credits	0.88	0.96	-0.39
All-in sustaining costs per ounce of silver, net of by-product credits	8.29	7.93	6.09

Source: Silvercorp Metals Inc.

In Q1 Fiscal 2024 (the 3 months ending 30 June 2023), ore mined was 213,748 t and 208,809 t processed. The average run of mine (ROM) grades were 254 g/t Ag, 3.6% Pb and 0.7% Zn, resulting in metal produced of 1.6 Moz of silver, 1,552 oz of gold, 15.4 Mlb of lead and 2.1 Mlb of zinc.

In Q2 Fiscal 2024 (the 3 months ending 30 September 2023), ore mined was 220,636 t and 212,868 t processed. The average run-of-mine (ROM) grades were 235 g/t Ag, 3.5% Pb and 0.7% Zn, resulting in metal produced of 1.5 Moz of silver, 2,458 oz of gold, 15.0 Mlb of lead and 2.2 Mlb of zinc.

For the six-months ended 30 September 2023, the mining costs were US\$70.00/t, while the milling costs were US\$11.28/t. The production costs were US\$84.54/t, and the all-in sustaining production cost was US\$138.42. The cash costs per ounce of silver, net of by-product credits, was -US\$0.52 and the all-in sustaining costs, net of by-product credits was US\$7.58/oz of silver.

Historical Mineral Resource and Ore Reserve Estimates

Silvercorp acquired its interests in the deposits now forming its Ying Mining Complex between 2004 and 2007. Any Mineral Resource or Ore/Mineral Reserve estimates that pre-date Silvercorp's involvement have not been considered by SRK (as these were generally not reported in accordance with international reporting standards).

Current estimates of Mineral Resources and Ore Reserves (for the purpose of this report, Mineral Reserves (CIM definition) and Ore Reserves (JORC Code definition) have the same meaning) are discussed in the relevant sections of this report.

5.2 Geology and Resources

5.2.1 Site visit

SRK conducted a site visit of the Ying Mine (principally the SGX, TLP, HPG and LMW areas) from 28 to 30 August 2023. SRK's site inspection included:

- inspection of the project area
- meeting with site representatives
- discussions with geologists and other technical staff
- visit to the drill core store
- visit to the sample preparation room of SGS on site
- visit to the Ying Mine site laboratory.

SRK also inspected the drill core store of the SGX, TLP/DCG and LMW mines (Figure 5-4 to Figure 5-6) and the sample preparation room of SGS (Figure 5-7), to gain an understanding of the company's core storage and sample preparation practices and to ensure they are standardised and aligned with best practice requirements.

Figure 5-4: SGX drill core store



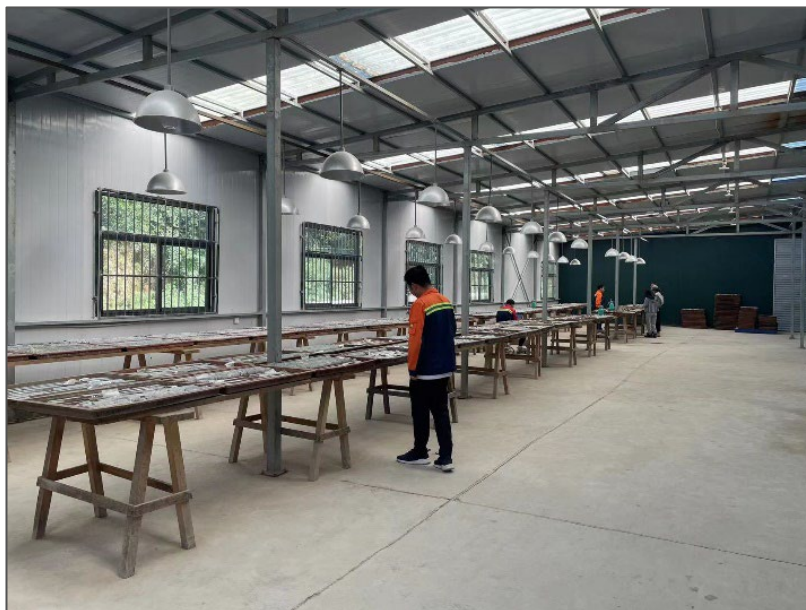
Source: SRK site visit, August 2023

Figure 5-5: Core splitting machine at TLP



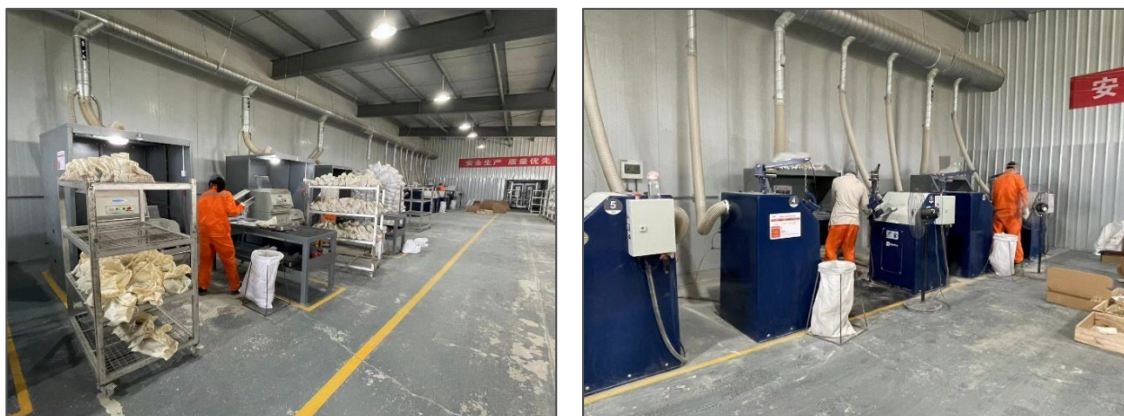
Source: SRK site visit, August 2023

Figure 5-6: Core catalogue room at LMW



Source: SRK site visit, August 2023

Figure 5-7: Sample preparation room of SGS



Source: SRK site visit, August 2023

SRK also attended the Ying Mine laboratory (Figure 5-8), to understand the analytical methods, and to determine if processes are in line with conventional practices and the analysis results do not show significant bias or precision errors compared with umpire samples.

Figure 5-8: Ying laboratory



Source: SRK site visit, August 2023

SRK did not complete any independent sampling for data verification purposes as part of its investigations.

5.2.2 Regional setting and local mineralisation

The Ying Mine is situated in the 300 km long, west-northwest trending Qinling orogenic belt (Figure 5-9), a major structural belt formed by the collision of two large continental tectonic plates in Palaeozoic time. The northern continental plate, the North China Plate, covers all of Henan Province and most of North China, while the southern plate, the Yangtze Plate, covers most of South China. Rocks along the orogenic belt between the two major tectonic plates are severely folded and faulted, offering optimal structural conditions for the emplacement of a myriad of mineral deposits. Several operating silver-lead-zinc mines, including those on the Ying Mine, occur along this belt.

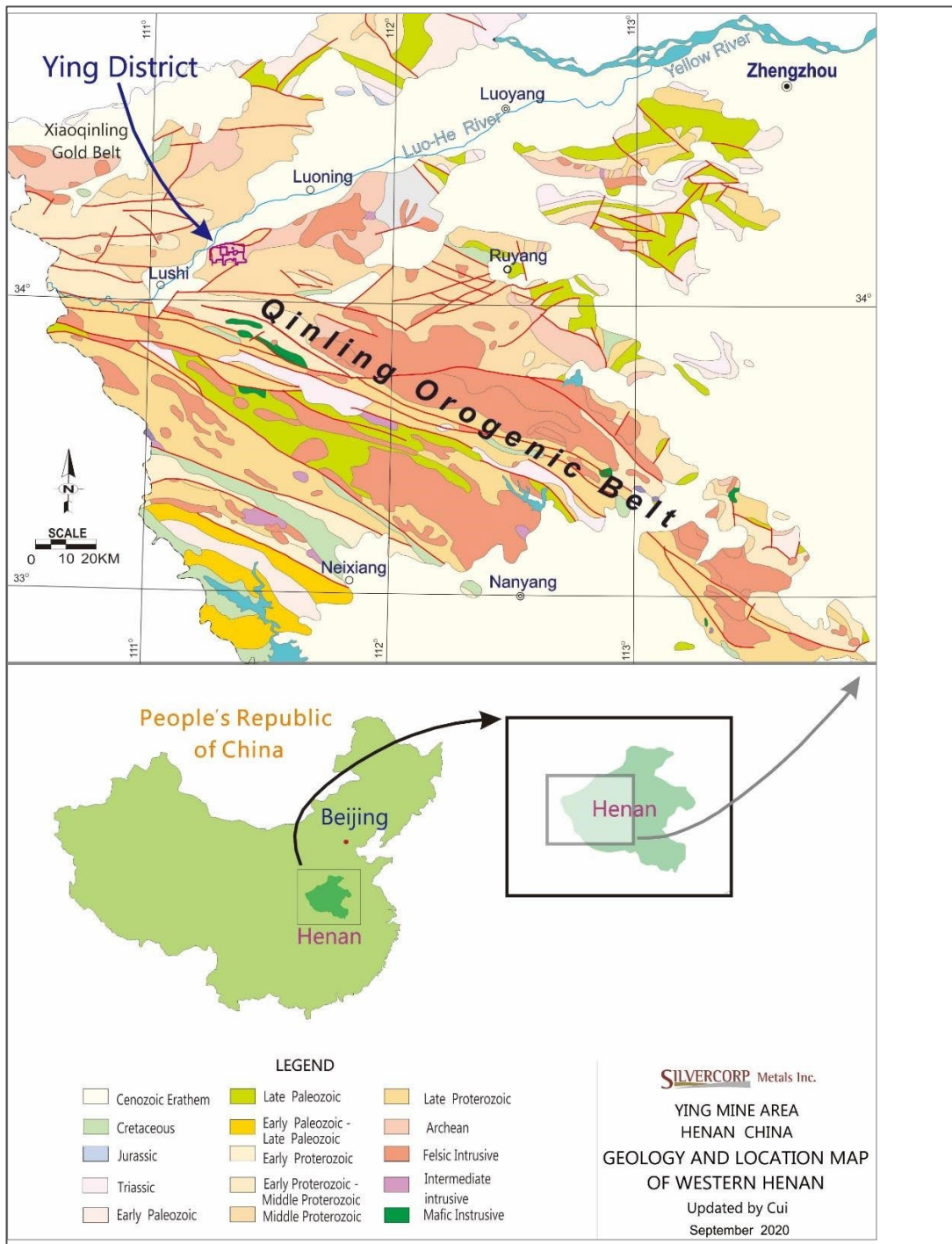
The dominant structures in the Qinling orogenic belt are west-northwest trending folds and faults generated during the collision of the two major tectonic plates. The faults consist of numerous thrusts having a component of oblique movement with sets of conjugate shear structures trending either northwest or northeast. These conjugate shear zones, which display features of brittle fracturing such as fault gouge, brecciation, and well-defined slickensides, are associated with all the important mineralisation recognised along the 300 km long orogenic belt. At least three important north-northeast trending mineralised fault zones are identified in the Ying Mine:

- Heigou-Luan-Weimosi deep-seated fault zone
- Waxuezi-Qiaoduan fault zone
- Zhuyangguan-Xiaguan fault zone.

The Ying Mine contains multiple mesothermal silver-lead-zinc-rich quartz-carbonate veins in steeply-dipping fault-fissure zones which cut Archean gneiss and greenstone. Significant mineralisation has been defined or developed in at least 356 discrete vein structures, and many other smaller veins have been found but are not as yet well explored. Other than HPG, which contains around 1.5 g/t Au in the ore veins, 10 of the 356 veins contain high levels of gold and various levels of silver and base metals.

The deposit type for the silver-lead-zinc mineralisation is an epigenetic vein deposit that has mesothermal characteristics. Mesothermal vein systems typically occur in rocks associated with orogenic belts. Mineralisation is associated with deep-seated shear zones that cut the metamorphic rocks. The veins form in a temperature range from 200–300°C, at pressure depths from 600 m to 5,000 m. The veins occur in sets with the major veins in the system tending to be continuous for over 1,000 m (laterally and vertically).

Figure 5-9: Geology of Western Henan Province and location of the Ying property

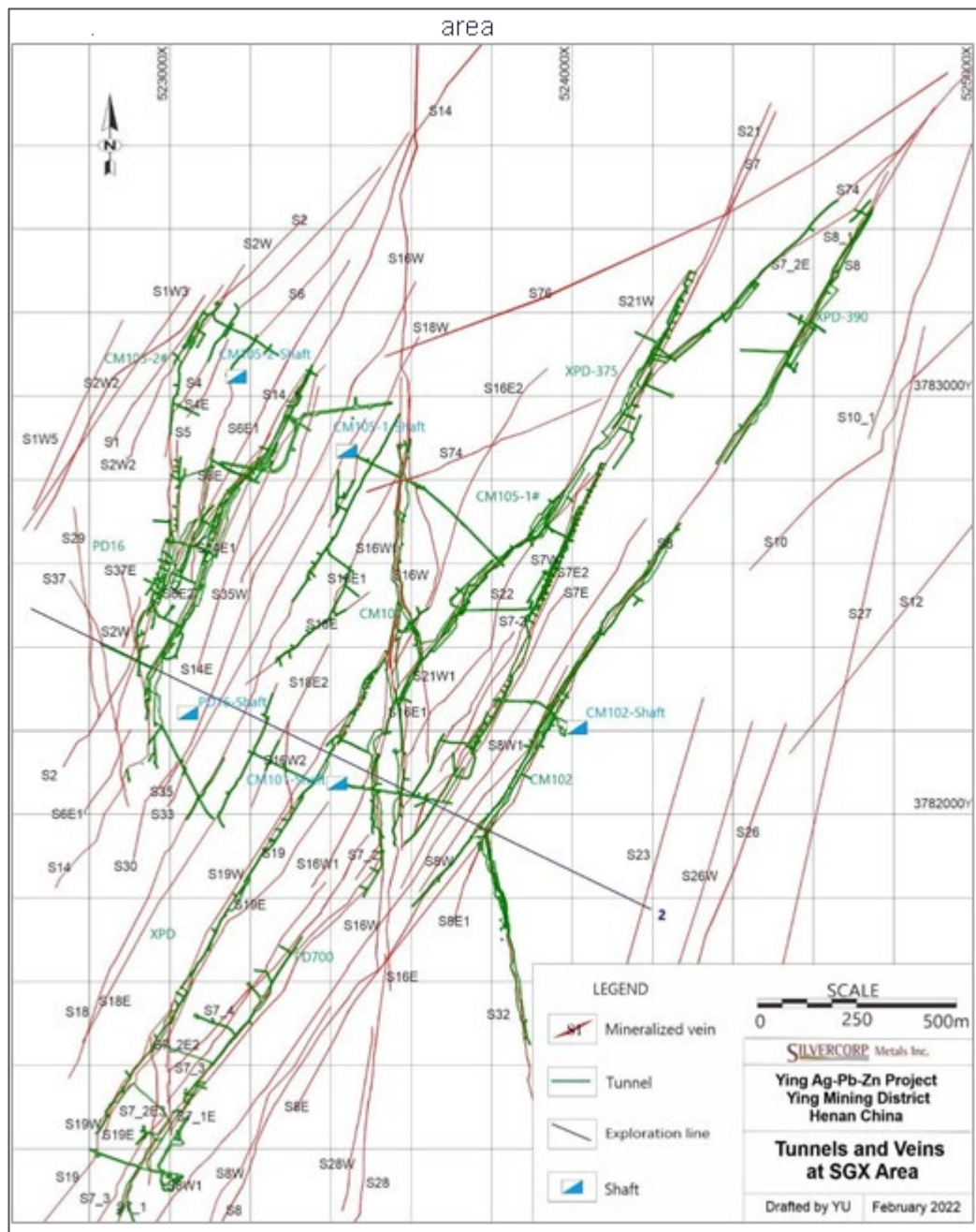


Source: NI 43-101 Report dated September 2022.

SGX area

The currently defined silver-lead-zinc mineralisation in the SGX area occurs within 82 veins which arise in 8 major and 2 minor vein systems. Figure 5-10 shows the exploration and development tunnels (tunnels) and veins in the SGX area.

Figure 5-10: Tunnels and veins in the SGX area



Source: NI 43-101 Report dated September 2022.

The SGX veins have been extensively mapped and sampled at various levels in the underground workings and by drilling. Results show that approximately 30% of the material filling the veins is strongly mineralised with massive, semi-massive, veinlet, and disseminated galena and sphalerite over narrow widths ranging from 0.3–5 m or more with a weighted average true width of 0.77 m. Other than galena and sphalerite, the most common metallic minerals are small amounts of pyrite, chalcopyrite, hematite, and very small amounts of wire silver, silver-bearing sulfosalts (mainly pyrargyrite), silver-bearing tetrahedrite (known as freibergite), and possibly acanthite (silver sulfide). The metallic minerals are confined to the veins where they occur as massive accumulations or disseminations. The galena mineralisation often occurs as massive tabular lenses comprised of coarsely crystalline aggregates or fine-grained granular ‘steel galena’ bodies, which can be up to 1 m thick and 100 m or more in vertical and horizontal dimensions. Sphalerite, in its dark-coloured, iron-rich form is often known as ‘blackjack’ and occurs with the galena as coarse bands or aggregates. Alternating bands of galena, sphalerite, pyrite, and quartz are common near the vein margins.

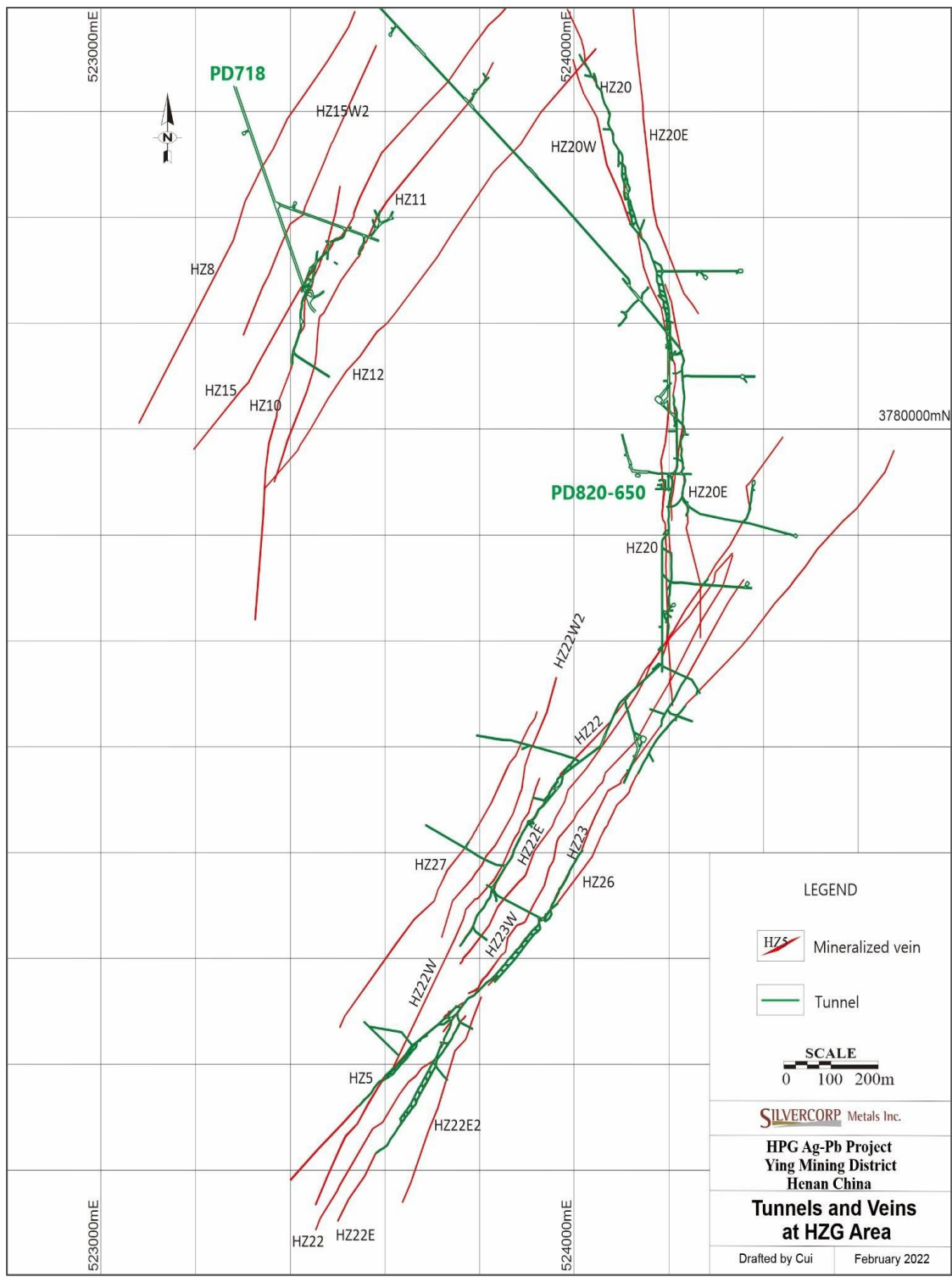
HZG area

The HZG mine area, south of the SGX area, hosts 23 silver-lead-zinc veins in which mineralisation has been defined to date. Underground and surface sampling and drilling indicates that 14% to 23% of the vein filling material in these veins is strongly mineralised over a true weighted average width of 0.55 m (ranging from 0.30–2.64 m). The veins contain distinctly more copper but lower zinc than the district’s many other veins. One of the largest HZG veins defined to date, HZ20, contains an average of 0.688% Cu, which occurs mostly in chalcopyrite and tetrahedrite. The tetrahedrite commonly forms massive lenses, probably filling tension gashes that are distributed in relay-like fashion near the vein margins and in ladder-like fashion near the centre of the veins. The chalcopyrite occurs as disseminated crystals in the gangue and in the tetrahedrite. Other sulfides present include galena (up to several per cent locally) and pyrite.

The contact of the HZG veins with the wall rock is sharply marked by shearing and gouge. The gangue is predominantly quartz-ankerite with conspicuous amounts of bright green fuchsite, a chrome-bearing muscovite alteration product that is especially abundant near the HZG vein margins. Fuchsite apparently occurs nowhere else in the Ying property, although it is a common alteration product in many greenstone-related mesothermal gold districts throughout the world.

The HZG veins mostly trend northeast–southwest, bending north-northeast–south-southwest towards the western margin, although there are a few vein systems that trend approximately north–south as shown on Figure 5-11.

Figure 5-11: Tunnels and veins in the HZG area

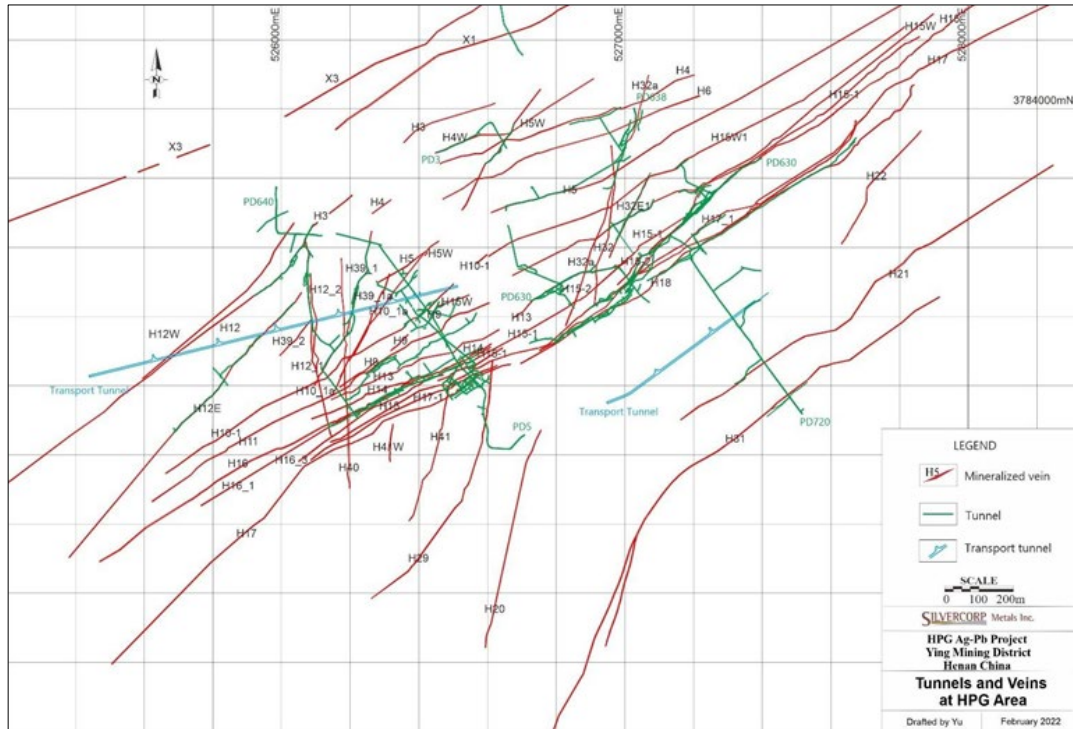


Source: NI 43-101 Report dated September 2022.

HPG area

The HPG Mine area is located in the central part of the district, immediately northeast of the SGX Mine. Figure 5-12 shows the tunnels and veins in the HPG area. Mineralisation is currently defined in 47 veins. Sampling at various levels in the workings along these vein structures indicates that 27% to 50% or more of the vein material is mineralised, ranging from 0.30–5.76 m in width and averaging 0.77 m.

Figure 5-12: Tunnels and veins in the HPG area



Source: NI 43-101 Report dated September 2022.

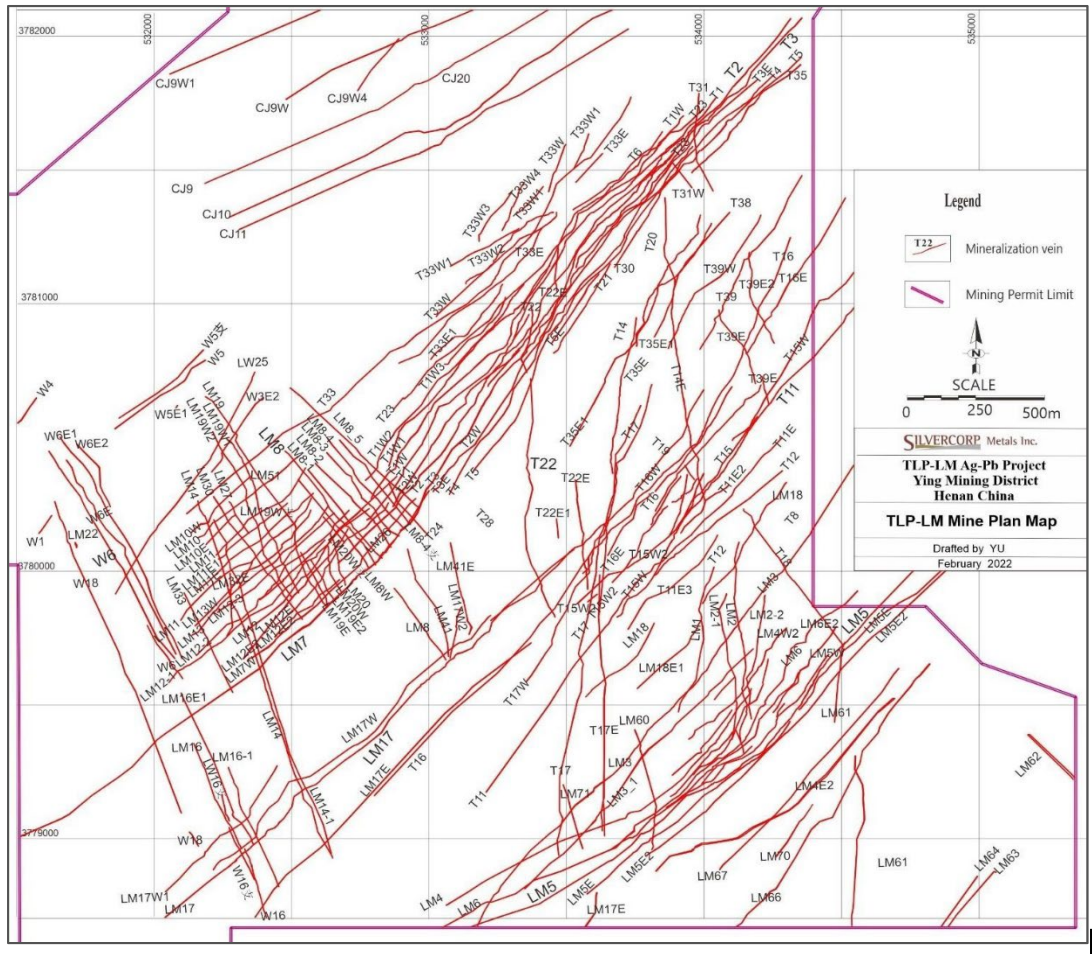
The veins occur in relatively permeable fault-fissure zones and are extensively oxidised from the surface to depths of about 80 m. Within this zone, the veins show many open spaces with conspicuous box-work lattice textures resulting from the leaching and oxidation of sulfide minerals. Secondary minerals present in varying amounts in this zone include cerussite (lead carbonate), malachite (copper carbonate), and limonite (hydrous iron oxide). Beneath this oxide zone, sulfide minerals are mixed with secondary oxide minerals in the vein, with sulfides becoming increasingly abundant downward to about 150 m depth, beyond which fresh sulfides are present with little or no oxidation.

The dominant sulfides are galena, typically comprising a few per cent to 10% of the vein, together with a few per cent of sphalerite, pyrite, chalcopyrite, and freibergite-tetrahedrite. Other metallic minerals in much smaller amounts include argentite, native silver, native gold, bornite, and various sulfosalts. The minerals occur in narrow massive bands, veinlets or as disseminations in the gangue, which consists of quartz, sericite, and carbonate, occurring as dolomite and calcite with some ankerite.

TLP and LM area (TLP, LME and LMW)

There are 76 known veins at TLP, 88 known veins at LMW and 30 known veins at LME. Figure 5-13 shows the distribution of veins in the TLP and LM area. TLP contains no gold-rich veins; LME has one gold-rich vein – LM4E2; LMW has four gold-rich veins – LM22, LM26, LM50 and LM51.

Figure 5-13: Distribution of mineralised veins in the TLP-LM area



Source: NI 43-101 Report dated September 2022.

Extensive underground sampling at various levels along or across the main veins indicates that a significant amount of the vein-filling material is strongly mineralised with massive, semi-massive and disseminated galena, as well as minor amounts of chalcopyrite and sphalerite over widths from 0.3–10 m or more. Other metallic minerals present in much smaller amounts include pyrite, hematite, and very sparse amounts of acanthite.

The veins at TLP mostly dip westward while those at LM dip steeply both east and west. Previous mining and stoping along the Vein T1 and Vein T2 structures at TLP indicate that the mineralisation plunges shallowly to the north within structural zones extending hundreds of metres to a thousand metres or more along strike. The main mineralisation occurs as massive accumulations or disseminations in the veins. The galena often occurs as massive tabular lenses

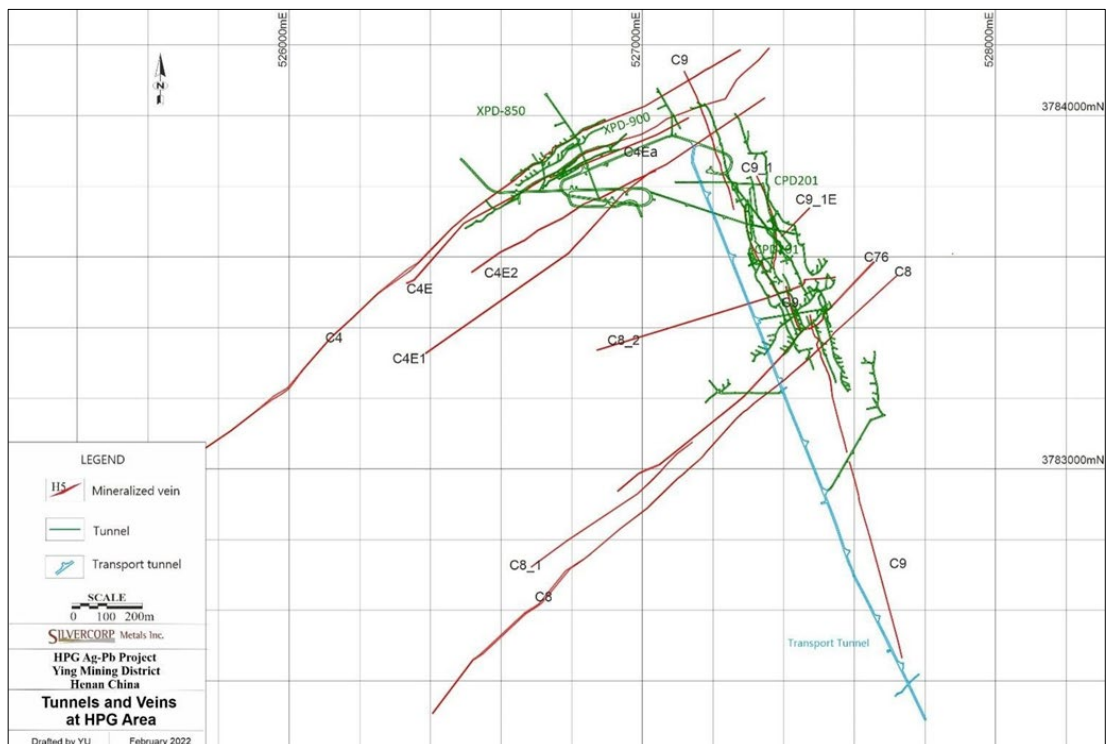
comprised of coarsely crystalline aggregates or fine-grained granular steel galena bodies, which can be up to 1 m thick and 100 m or more in both vertical and horizontal dimensions.

Most of the silver in the TLP-LM veins is present as microscopic inclusions in the galena. It appears that silver:lead ratios are distinctly different between veins of the northern TLP area (North Zone) and the southern TLP and LM area (South Zone). Based upon 15 verification samples collected for a previous Technical Report (Broili et al., 2008), veins in the South Zone appear to have much higher zinc contents and higher silver:lead ratios (90–130 g of silver for each per cent of lead) than veins from the North Zone (5–15 g of silver for each per cent of lead), as well as proportionally less gold. It is interpreted that this difference is the result of zonation or reflects differences in the level of exposure.

DCG area

The DCG area is located in the northeast part of the district, immediately north of the TLP Mine (Figure 5-14). Mineralisation is currently defined in 10 veins. The largest two veins, C76 and C9 based on Measured and Indicated Mineral Resources expressed as silver equivalent metal, account for 80% of the Mineral Resources defined to date at DCG. Vein C9 has a different d orientation from the other veins in that it extends to the north-northwest with a dip direction of ~70–90°, while the other veins extend to the northeast.

Figure 5-14: Tunnels and veins in the HPG area



Source: NI 43-101 Report dated September 2022.

The veins occur in relatively permeable northeast striking fault-fissure zones and are oxidised from the surface to depths of ~50 m. Weak silver-lead mineralisation at surface was exposed by trenches at around the 200 m interval. The grade improves with depth.

The dominant sulfides are galena, typically comprising a few per cent to 10% of the vein, together with a few per cent sphalerite and pyrite and minor argentite. The minerals occur in narrow massive bands, veinlets, or as disseminations in the gangue, which consists of quartz, sericite, and carbonate, occurring as dolomite and calcite with some ankerite. The dominant mineralisation is silver-lead.

5.2.3 Data collection

Since acquiring the Ying Mine, Silvercorp has initiated systematic drilling programs to target veins in other locations vertically and laterally and explore for new mineralised structures in less explored or unexplored areas in the mine. Drill hole samples have historically been collected at lengths that range between 5 cm and 2 m. The minimum sample length was increased to 20 cm in recent programs.

Other than drilling, the projects have been explored primarily by underground development (termed tunnelling) and sampling. Tunnels are typically developed along and across the veins on nominal 40–50 m spaced levels, with infill to 20–25 m levels where warranted. Raises and declines are developed to provide access to the veins between levels. Underground samples comprise a composite of chips collected from channels cut into the walls or faces of the tunnels and cross-cuts. Faces are typically sampled along sample lines perpendicular to the mineralised vein structure on 5 m intervals within mineralised zones, and increasing to 15 m or 25 m intervals within non-mineralised zones. Sampling of mineralised zones typically encompass samples of adjacent wall rock in addition to the visible mineralisation or vein. Sample lengths have historically ranged between ~20 cm and 2 m. The minimum sample length was recently increased to 40 cm.

The drilling samples are sent to the nine certified commercial laboratories, and the tunnelling samples are sent to the Ying Mine site laboratory for analysis. From 2010, quality assurance and quality control (QA/QC) procedures have been used to monitor for accuracy, precision and contamination of the sample stream during sampling, preparation and analysis. The QC sample results show an overall acceptable analytical accuracy and the sample database is acceptable for Mineral Resource estimation purposes.

The database used for the 2021 Mineral Resource estimation of 356 veins comprises surface and underground diamond drill holes, and underground samples collected from channels cut into tunnels, raises, and cross-cuts. The database details are shown in Table 5-4.

Table 5-4: Summary of the database for the Ying Mine

Mine	No. of veins	No. of channel samples	No. of drill holes	Metres of channel samples	Metres of drill core samples
SGX	82	76,682	2,500	40,609.4	76,428.0
HZG	23	18,486	541	8,144.1	21,359.8
HPG	47	18,172	1,035	12,040.5	50,718.2
TLP	76	68,024	1,639	40,079.7	69,620.0
LME	30	15,198	829	9,432.2	37,892.4
LMW	88	26,523	1,245	14,011.8	66,545.7
DCG	10	2,053	253	1,686.9	20,256.3
Total*	356	225,138	8,042	126,004.6	342,820.4

Notes:

¹ Compiled by AMC (2022) using individual mine databases.

² *Totals are approximate due to minor overlap, and duplication of data in individual mine databases.

5.2.4 Resource estimation

Mineral Resources are not directly shown in *SVM Ying NAV Calculation 2022.10.05.xlsx* (the 'Ying Model'). Based on the Mineral Reserves and mining schedule in the Ying Model, SRK considers that the Mineral Resources disclosed in *NI 43-101 Technical Report Update on the Ying Ag-Pb-Zn Property in Henan Province, People's Republic of China* (the 2022 Ying Technical Report), that was prepared by AMC Mining Consultants (Canada) Ltd (AMC) and reported on 3 November 2022 have been used as the basis of the Ying Model.

The Mineral Resource estimates for the SGX, HZG, HPG, TLP, LME, LMW, and DCG deposits at the Ying Mine were prepared by Silvercorp for a total of 356 veins using the inverse distance squared (ID2) interpolation method in Micromine software. The data, parameters and methodologies were reviewed by independent Qualified Persons (QPs), namely Mr Rod Webster, MAIG; Mr Simeon Robinson, PGeo, MAIG; and Dr Genoa Vartell, PGeo of AMC. Mr Webster takes responsibility for the SGX, HPG, HZG LMW, and DCG estimates, Mr Robinson takes responsibility for the TLP estimate and Dr Vartell takes responsibility for the LME estimate. The Mineral Resource for Ying Mine is shown in Table 5-5.

Table 5-5: Mineral Resources of Ying Mine, as at 31 December 2021

Mine	Resource category	Tonnes (Mt)	Au grade (g/t)	Ag grade (g/t)	Pb grade (%)	Zn grade (%)	Au metal (koz)	Ag metal (Moz)	Pb metal (kt)	Zn metal (kt)
SGX	Measured	3.51	0.05	290	5.56	2.75	5.48	32.81	195.38	96.62
	Indicated	3.13	0.01	247	4.67	2.17	0.57	24.86	146.14	68.04
	Meas + Ind	6.64	0.03	270	5.14	2.48	6.05	57.66	341.52	164.66
	Inferred	3.98	0.01	232	4.63	1.93	0.7	29.75	184.3	76.79
HZG	Measured	0.51	-	372	1.2	-	-	6.15	6.18	-
	Indicated	0.51	-	358	0.91	-	-	5.91	4.68	-
	Meas + Ind	1.03	-	365	1.06	-	-	12.06	10.86	-
	Inferred	0.55	-	326	0.83	-	-	5.75	4.55	-
HPG	Measured	0.77	1.37	94	3.87	1.4	33.91	2.31	29.73	10.72
	Indicated	0.92	1.6	68	3.17	1.22	47.36	2.01	29.22	11.26
	Meas + Ind	1.69	1.5	80	3.49	1.3	81.27	4.32	58.95	21.98
	Inferred	1.45	2.61	91	3.43	1.2	121.87	4.26	49.78	17.43
TLP	Measured	2.45	-	221	3.43	-	-	17.41	83.93	-
	Indicated	2.01	-	189	3.08	-	-	12.16	61.84	-
	Meas + Ind	4.46	-	206	3.27	-	-	29.58	145.77	-
	Inferred	3.76	-	180	2.86	-	-	21.78	107.46	-
LME	Measured	0.45	0.1	357	1.73	0.35	1.45	5.11	7.71	1.54
	Indicated	1.02	0.22	315	1.67	0.42	7.17	10.35	17.06	4.3
	Meas + Ind	1.47	0.18	327	1.69	0.4	8.62	15.46	24.77	5.85
	Inferred	1.49	0.65	221	1.45	0.41	30.86	10.55	21.58	6.03
LMW	Measured	0.94	0.21	325	2.63	-	6.45	9.78	24.65	-
	Indicated	2.16	0.36	232	2.04	-	24.84	16.12	43.91	-
	Meas + Ind	3.09	0.31	260	2.22	-	31.28	25.9	68.56	-
	Inferred	1.51	0.07	235	2.36	-	3.63	11.39	35.52	-
DCG	Measured	0.15	2.57	75	1.19	0.3	12.67	0.37	1.82	0.46
	Indicated	0.2	3.33	101	2.26	0.2	21.5	0.65	4.54	0.39
	Meas + Ind	0.35	3	90	1.8	0.24	34.17	1.02	6.36	0.85
	Inferred	0.32	1.44	98	2.7	0.21	14.77	1	8.58	0.67
All	Measured	8.78	0.21	262	3.98	1.25	59.96	73.94	349.4	109.34
	Indicated	9.95	0.32	225	3.09	0.84	101.44	72.06	307.39	83.99
	Meas + Ind	18.73	0.27	242	3.51	1.03	161.4	146.01	656.79	193.34
	Inferred	13.05	0.41	201	3.15	0.77	171.83	84.46	411.77	100.92

Source: AMC Mining Consultants (Canada) Ltd, NI 43-101 Technical Report Update on the Ying Ag-Pb-Zn Property in Henan Province, People's Republic of China, reported on 3 November 2022

The current estimates for Ying Mine are based on a mineralised domain that has been interpreted based on relevant Ag eq cut-off grades (SGX, HPG, and HZG –140 g/t Ag eq; TLP, LMW, LME, and DCG – 120 g/t Ag eq) for each mine. Domain boundaries were digitised on cross sections, snapped to drill hole traces where appropriate. Most veins incorporated a minimum downhole thickness of 0.4 m.

The Mineral Resource estimation description of Ying Mine is outlined in Table 5-6.

Table 5-6: Key parameters of Mineral Resources Estimate (Ying Mine)

Item	Description
Software	Micromine TM
Drill hole database	Underground channel – 225,138 samples, 126,004.6 m total Drill hole – 8,042 holes, 342,820.4m total. Details in Table 5-4
Cut-off grade	SGX 170 g/t Ag eq; HZG 170 g/t Ag eq; HPG 180 g/t Ag eq; TLP 155 g/t Ag eq; LME 180 g/t Ag eq; LMW 160 g/t Ag eq; DCG 155 g/t Ag eq. Ag eq (equivalent formulas) by mine: SGX = Ag g/t+37.79*Pb%+20.76*Zn%. HZG = Ag g/t+36.31*Pb%. HPG = Ag g/t+69.41*Au g/t+36.84*Pb%+24.73*Zn%. TLP = Ag g/t+36.65*Pb%. LME = Ag g/t+35.84*Pb%+10.44*Zn%. LMW = Ag g/t+36.88*Pb%. DCG = Ag g/t+36.84*Pb%+24.73*Zn%. Ag eq formulas used for significant gold bearing veins: SGX (Veins S16W ,Au, S18E and S74) = Ag g/t+66.25*Au g/t+37.79*Pb%+20.76*Zn%. LME (Vein LM4E2) = Ag g/t+66.70*Au g/t+35.84*Pb%+10.44*Zn%. LMW (Veins LM22, LM26, LM50 and LM51) = Ag g/t+65.78*Au g/t+36.88*Pb%. DCG (Veins C9, C76) = Ag g/t+69.41*Au g/t+36.84*Pb%+24.73*Zn%.
Density	SGX and HPG: 2.643339 + 0.0524358 x Pb% + 0.011367 x Zn%, calculated using the Pb and Zn assay results. DCG and HZG: 2.70, average of the 17 measurements. TLP: 2.92, adopted from previous government exploration reports. LME and LMW: 2.93, the minimum and maximum values were removed from the dataset.
Number of veins	356
Composite length	Sample compositing was completed by vein, using a primary composite length of 0.4 m, and a minimum composite length of 0.2 m. Residual samples (less than 0.2 m, left after compositing) were combined with the previous composite if the composite occurred within the same vein.
Block size	Models were rotated around the Z-axis to align the X-axis across the strike of the vein and the Y-axis along the strike of the vein. SGX, LMW, DCG :parent: 0.8 m*10m*10m (x, y, z), minimum: 0.2 m * 2m * 2m (x, y, z) HZG, HPG,TLP,LME, DCG :parent: 0.8 m*10m*10m (x, y, z), minimum: 0.1 m * 1m * 1m (x, y, z)
Grade capping	Grade capping was applied during the estimation process. All capping thresholds were selected by the relevant QP using flagged, composited sample data provided by Silvercorp. Grade caps were typically defined at the upper break of the dominant sample population defined by the histogram or log probability plot. Outliers were then reviewed in a 3D context to determine whether samples reflected clustered high-grade zones which could be sub-domained, or were random high-grade occurrences. Details in Table 5-7.

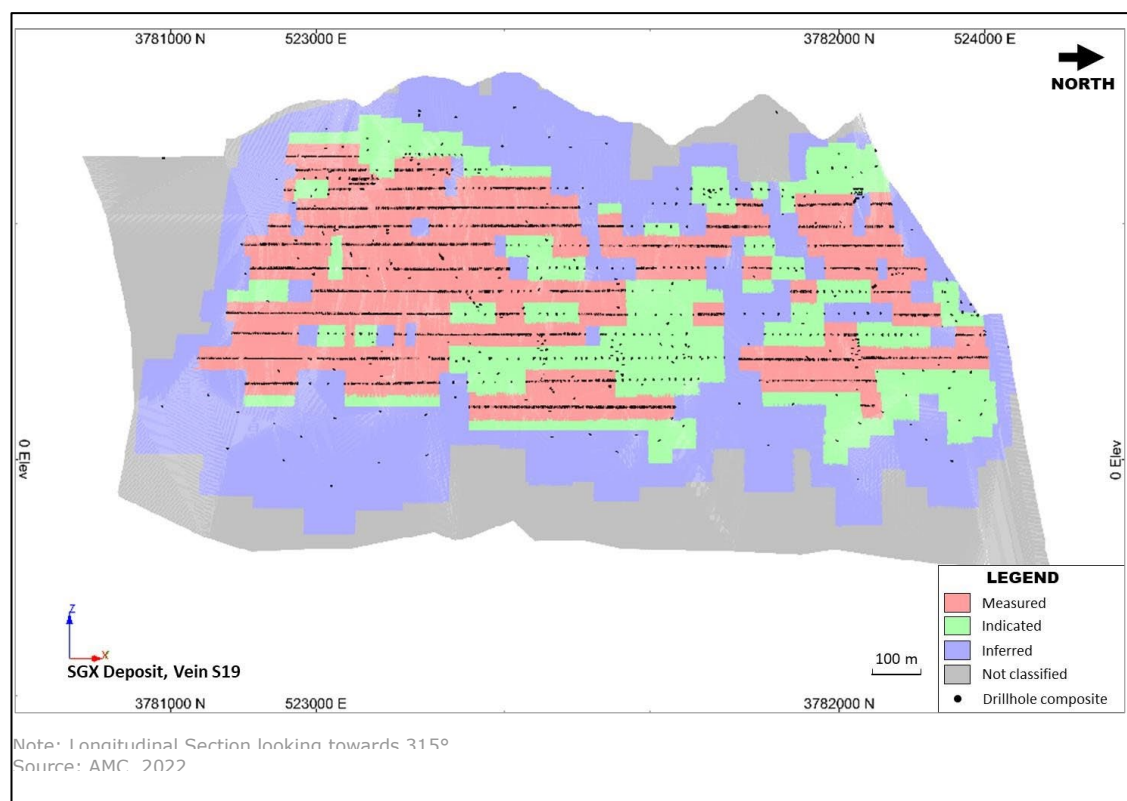
Item	Description
Grade interpolation	Silver, lead, zinc, and in select veins gold were estimated using ID2 method for each vein within hard domain boundaries. Three pass, omnidirectional search was used for all estimates.
Search volume	Pass 1: 25 m radius sphere Pass 2: 50 m radius sphere Pass 3: 200 m radius sphere
Number of composites	Minimum: 4 for pass 1 and 2, 3 for pass 3 Maximum: 12 for all three passes Maximum allowed per hole or channel: 2 for all three passes.
Mining depletion and write-offs	The depleted area was coded ('0' for mined and '1' for remained ore) to the resource models for remained Mineral Resource reporting respectively of each mine, as at 31 December 2021.
Mineral Resource classification	<p>Measured Resources are defined by the presence of exploration tunnelling. The boundary of Measured Resources is determined by extrapolating 20–25 m up and down-dip from the exploration tunnels where channel samples are less than 15 m apart, No Measured Resources are extrapolated along strike from the ends of an exploration tunnel.</p> <p>Indicated Resources are defined by either exploration drilling or exploration tunnelling. A basic drilling grid of 50 m (along strike) × 100 m (up and down-dip) is used to delineate Indicated Resources. A minimum of three holes is required to define an Indicated Resource block. Boundaries of drill-defined Indicated Resource blocks are determined by extrapolating 25 m along strike and 50 m up and down-dip from the hole closest to the boundary. Boundaries of tunnel-defined Indicated Resources are defined by extrapolating 40–50 m up and down-dip from the exploration tunnel. No Indicated Resources are extrapolated along strike from the ends of an exploration tunnel.</p> <p>Inferred Resources are either defined by a low density of holes or extrapolated from drill-defined Indicated Resource blocks. Boundaries of Inferred Resource are determined by extrapolating 50 m along strike and 100 m up and down-dip from the hole closest to the Indicated boundary. No Inferred Resources are extrapolated from exploration tunnels.</p> <p>Figure 5-15 shows the Mineral Resource classification of Vein S19 of SGX Mine.</p>

Sources: AMC Mining Consultants (Canada) Ltd, NI 43-101 Technical Report Update on the Ying Ag-Pb-Zn Property in Henan Province, People's Republic of China, reported on 3 November 2022

Table 5-7: Grade capping summary at Ying Mine

Mine	Element	Number of veins	Number of veins top-cut	Lowest top-cut	Highest top-cut
SGX	Au (g/t)	3	1	10	10
	Ag (g/t)	82	39	100	8,000
	Pb (%)	82	32	0.6	70
	Zn (%)	82	15	0.35	50
HZG	Ag (g/t)	23	10	100	8,000
	Pb (%)	23	15	1	30
	Au (g/t)	47	27	1.5	65
HPG	Ag (g/t)	47	28	140	2,500
	Pb (%)	47	31	1.3	55
	Zn (%)	47	28	0.15	36
TLP	Ag (g/t)	76	70	180	5,300
	Pb (%)	76	58	5	46
LME	Au (g/t)	1	1	9.5	9.5
	Ag (g/t)	30	25	520	5,400
	Pb (%)	30	26	0.35	30
	Zn (%)	30	27	0.18	5.5
LMW	Au (g/t)	4	2	10	60
	Ag (g/t)	88	31	60	5,000
	Pb (%)	88	34	0.2	50
DCG	Au (g/t)	2	1	20	20
	Ag (g/t)	10	5	3.5	2,000
	Pb (%)	10	3	1	4
	Zn (%)	10	5	0.11	1

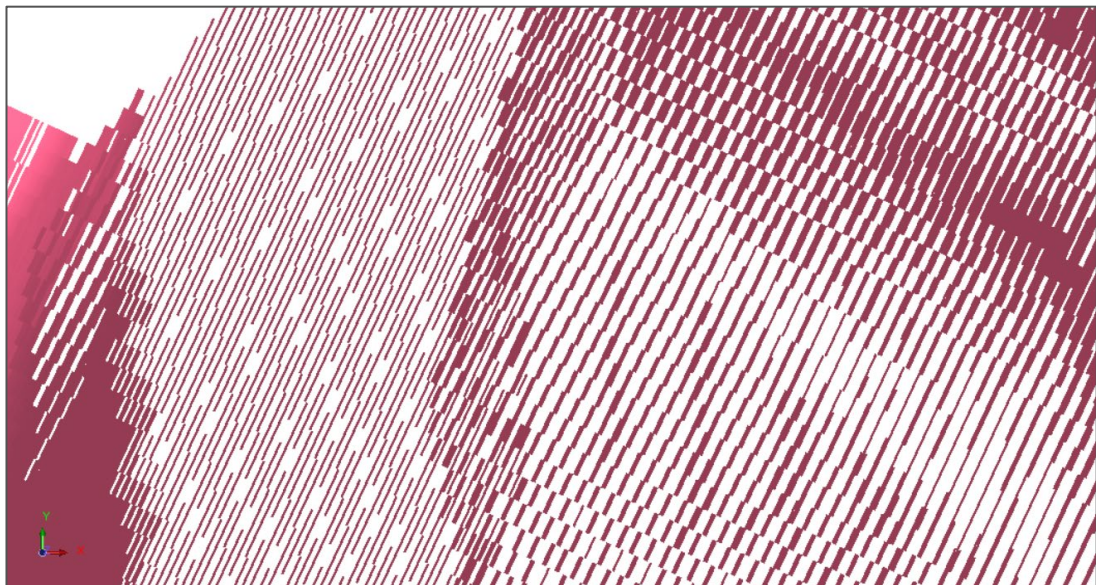
Figure 5-15: Mineral Resource classification longitudinal projection SGX mine: Vein S19



Based on its review of the 2022 Ying technical report and the associated block models, SRK notes the following:

- A block was assigned a zone code when its centroid was located in the wireframe model of the mineralised zone, which makes many blocks isolated or scattered due to the thin thickness of mineralised zones. This may lead to biased grade distribution due to discontinuously located blocks. Figure 5-16 is an example of isolated or scattered blocks.
- The maximum number of composites allowed to interpolate grade is two per drill hole or tunnel. Considering the nominal composite length of 0.4 m and block size, some composites in a drill hole or tunnel will be skipped during grade interpolation.
- There is no description of support effect regarding composite length. Neglecting this may lead to biased grade distribution when interpolating grades to a block.
- De-clustering was considered during grade interpolation, which may lead to seriously clustering effects due to unevenly spaced channels and drill holes.
- Anisotropy of grades are not considered for the ID2 method, and this may lead to biased grade distribution.

Figure 5-16: Local view of block model for Vein S14-1 – SGX



Source: SRK Consulting

5.2.5 Risks and opportunities

Risks

The prospecting licences have expired, and about 25% of the Mineral Resource falls below the current mining licence. According to the current mineral rights management policy, exploration activities in the deep and upper parts of the mining licence area are allowed. There is no material risk if Silvercorp submits the required documentation to the mining rights management department, pays the royalty and fees, and changes the mining rights elevation limit.

Opportunities

SRK has been advised that the residual Mineral Resource at Ying Mine does not reduce because any new Mineral Resource likely to be defined by exploration is likely to be greater than that consumed by mining, and mineralisation remains open at depth.

5.2.6 Prospectivity

Mineralisation has not been closed off at depth, and exploration is ongoing at Ying Mine.

Previous exploration activities have been used to good effect to upgrade the confidence in the defined Mineral Resource (i.e. improve the classification category), explore for new mineralised zones within the previously unexplored portions of vein structures, and test for down-dip and along strike extensions of the known vein structures.

5.2.7 SRK comments

SRK has reviewed Silvercorp's supplied reports, database, grade estimate method, parameters, and procedures, and conducted a site visit to the component mine areas of the Ying Mine from 28–29 August 2023. Based on its review, SRK notes the following:

- The overall Mineral Resource estimation process and outcome is considered reasonable.
- SRK is able to reproduce the resource base as stated in the NI 43-101 technical report using the block model provided by Silvercorp.
- There is additional potential for depth extensions to the presently defined Mineral Resource.
- Approximately 25% of the currently defined Mineral Resource lies within the current mining licence, with the remainder held under prospecting licences. The renewal of the mining licence and planned extension of the permit to lower mining depths is part of the ordinary course of business in China and should present no undue delays or surprises as long as Mineral Resources exist and are appropriately defined within the tenures, the required documentation is submitted, and the applicable government resources taxes and fees are paid.
- The current insertion rates of QA/QC samples as part of the mine's data verification procedures are not aligned with prevailing industry best practice. SRK has been advised by site personnel that management of the laboratory has been strengthened and the QC sample insertion rate was being reviewed this year.
- It should be noted that Silvercorp has not publicly disclosed a Mineral Resource estimate since 31 December 2021. SRK was advised by Silvercorp, that the resource base available after 31 December 2021 may be greater or less than that shown in Table 5-5 due to the combination of ongoing mine production and additional exploration works conducted on site.
- Based on the available information for each mine comprising the Ying Complex, namely SGX_LOM_43-101(20220907)_33.xlsx, HZG_LOM_43-101(20220712)_Rev2.xlsx, HPG_LOM_43-101(20220824).bs_rev2.xlsx, TLP_LOM_43-101(20220907).xlsx, LME_LOM_43-101(20220907).Rev1.bs.xlsx, LMW_LOM_43-101(20220902).xlsx and DCG_LOM_43-101(20220824)_Rev2.bs.xlsx, SRK has attempted to estimate the residual Mineral Resources as presented in Table 5-8, which are exclusive of Mineral/Ore Reserves.

- In doing so, SRK has assumed that the mine production over the intervening period has been carried out in accordance with the production plan as at 31 December 2021.

Table 5-8: ‘Residual’ Mineral Resource Statement, as at 30 September 2023

Mine	Category	Quantity (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au metal (koz)	Ag metal (koz)	Pb metal (Mlb)	Zn metal (Mlb)
SGX	Measured	1.07	0.04	256	4.93	2.68	1.24	8.83	52.99	28.74
	Indicated	0.75	0.01	188	3.28	2.12	0.30	4.53	24.59	15.89
	Measured and Indicated	1.82	0.03	228	4.25	2.45	1.54	13.35	77.59	44.63
	Inferred	3.98	0.01	232	4.63	1.93	0.70	29.75	184.30	76.79
HZG	Measured	0.18	-	304	1.12	-	-	1.80	2.06	-
	Indicated	0.19	-	267	0.94	-	-	1.65	1.81	-
	Measured and Indicated	0.38	-	285	1.03	-	-	3.45	3.87	-
	Inferred	0.55	-	326	0.83	-	-	5.75	4.55	-
HPG	Measured	0.44	1.19	87	3.90	1.25	16.95	1.25	17.32	5.54
	Indicated	0.53	1.18	66	3.16	1.24	20.29	1.13	16.82	6.59
	Measured and Indicated	0.98	1.19	76	3.49	1.24	37.25	2.38	34.14	12.13
	Inferred	1.45	2.61	91	3.43	1.20	121.87	4.26	49.78	17.43
TLP	Measured	1.03	-	177	3.13	-	-	5.88	32.32	-
	Indicated	1.09	-	147	2.84	-	-	5.17	31.11	-
	Measured and Indicated	2.13	-	162	2.98	-	-	11.05	63.43	-
	Inferred	3.76	-	180	2.86	-	-	21.78	107.46	-
LME	Measured	0.23	0.01	326	1.69	0.34	0.11	2.41	3.89	0.77
	Indicated	0.43	0.03	264	1.27	0.40	0.44	3.62	5.41	1.71
	Measured and Indicated	0.66	0.03	285	1.42	0.38	0.54	6.03	9.30	2.48
	Inferred	1.49	0.65	221	1.45	0.41	30.86	10.55	21.58	6.03
LMW	Measured	0.41	0.06	271	2.69	-	0.84	3.60	11.10	-
	Indicated	1.01	0.26	1,133	1.87	-	8.40	36.62	18.83	-
	Measured and Indicated	1.42	0.20	882	2.11	-	9.24	40.22	29.93	-
	Inferred	1.51	0.07	235	2.36	-	3.63	11.39	35.52	-
DCG	Measured	0.07	2.45	70	0.80	0.28	5.34	0.15	0.54	0.19
	Indicated	0.08	1.81	72	2.43	0.23	4.87	0.19	2.04	0.19
	Measured and Indicated	0.15	2.10	71	1.70	0.25	10.21	0.34	2.58	0.38
	Inferred	0.32	1.44	98	2.70	0.21	14.77	1.00	8.58	0.67
All	Measured	3.44	0.22	216	3.49	1.02	24.48	23.92	120.22	35.24
	Indicated	4.09	0.26	403	2.46	0.60	34.30	52.91	100.61	24.38
	Measured and Indicated	7.53	0.24	317	2.93	0.79	58.78	76.83	220.82	59.63
	Inferred	13.06	0.41	201	3.15	0.77	171.83	84.48	411.77	100.92

Source: SRK estimates based on Silvercorp data

5.3 Mining and Ore Reserves

The Ying Mining District has been intermittently mined over many years by small-scale, local miners.

Silvercorp commenced mining in the district at the SGX Mine in April 2006. The current mining activities continue to be focused on SGX, but now also include HZG (satellite deposit to SGX), HPG, TLP, LME, LMW and DCG mines, as shown in Figure 5-2.

SGX is the largest of Silvercorp's mines within the Ying Mine complex, producing about 38% of the annual tonnes and 46% of the silver ounces for the total operation in fiscal years 2021 and 2022. The Ag-Pb-Zn mineralisation is found in at least 78 veins with the five largest vein systems (S7, S8, S2, S19, and S16) accounting for over 60% of this mineralisation. Vein widths range from around 0.3–5.1 m, with resuing the predominant mining method up to date, and only about 3% mined by shrinkage stoping in FY2022, on a tonnage basis. Mining is currently planned down to the 60 mRL. Adjacent to the SGX underground are the ore and waste sorting facilities, main office, and engineering, and administration buildings.

The other Ying mines are summarised in Table 5-9.

Table 5-9: Summary of the mines at the Ying Mine Complex

Mine	SGX	HZG	HPG	TLP	LME	LMW	DCG
Location	Western part of Ying	Satellite to SGX, 4 km to the south of SGX	Central part of Ying	11 km to SGX	Near TLP, 12 km to SGX	Near TLP, 12 km to SGX	2.7 km to northwest of TLP
Operation by Silvercorp	2004	2011	2007				
Vein	At least 78 veins	23 known veins	47 veins	76 veins	30 veins	83 veins, & 5 Au-Ag veins	
Main vein	5 largest veins account for 60% of mineralisation	6					
Width of vein	0.3–5.1 m	0.2–3.0 m	0.3–2.7 m	0.3–5.0 m	Similar	Similar	Similar
Access	8 adits 1 decline	5 adits 1 decline	7 adits 1 decline	8 adits 1 decline	1 adit, 3 shafts, 2 incline shafts, 1 decline, connected with TLP decline	2 adits 1 decline are being constructed, shared access with TLP and LME	1 decline constructed since April 2021
Production systems (sections)	7 systems	5 systems	5 systems	7 systems			
Mining method, on tonnage basis	97% resuing, 3% shrinkage	100% resuing	82% resuing, 18% shrinkage	100% resuing	100% resuing	93% resuing, 7% shrinkage	Mining started in May 2021
Contribution in FY2021 and FY2022	38% ROM feed, 46% silver metal in conc.	7% ROM feed, 9% silver metal in conc.	9% ROM feed, 3% silver metal in conc.	29% ROM feed, 23% silver metal in conc.	6% ROM feed, 7% silver metal in conc.	10% ROM feed, 12% silver metal in conc.	22.5 kt ROM feed planned in FY2023

Source: Summarised from AMC's 2022 NI43-101 Technical Report of Ying Property

5.3.1 Methods and design

Geotechnical and hydrogeological considerations

There is no specific geotechnical or hydrogeological study data available for the mines within the Ying Mine Complex. In general, the ground at the current mining openings is in good condition. Support is only installed where necessary, with rock bolts (split sets) being used for hanging wall support on occasion. Timber and/or steel I-beams are used for unstable locations.

The water inflow evident to date is not significant during operations, and was also evident during SRK's site visit. Dewatering facilities are installed and operated effectively.

Mine access

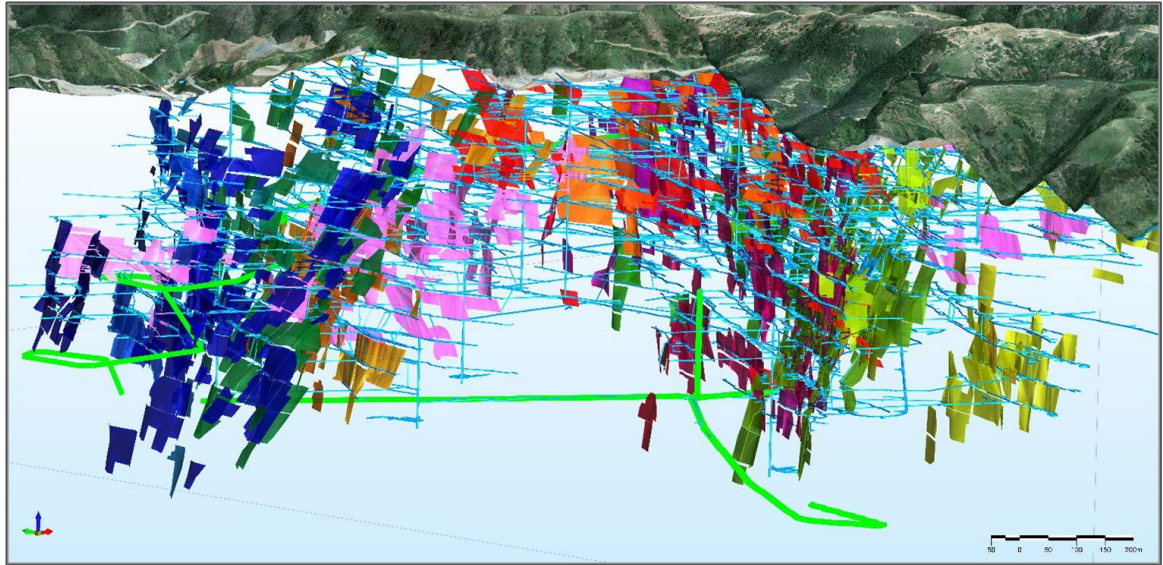
All underground mining techniques are based on the geometry and depth of mineralisation defined to date. As the mines within the Ying Mine Complex are located in narrow valleys, a series of adits provide underground access at each mine. Most interval levels are connected to an internal shaft or incline haulage way (incline shaft). Since 2012, all mines at Ying have modified the mine design to a decline (ramp) system combined with the previous system, connected on each level. During SRK's site visit, all mines were able to be accessed via decline, although some declines had not reached the bottom level of the proposed mine development.

The mine access for personnel and materials transportation is complex with five types evident and used on both a standalone basis and in combination.

- adit and portal
- incline haulage way (incline shaft)
- decline (ramp)
- internal shaft (relayed shaft) with single cage
- shaft, with single cage.

An orthogonal view of the SGX mine design is presented in Figure 5-17.

Figure 5-17: An orthogonal view of the SGX mine design



Source: Silvercorp, 2022

Examples of the underground access system are presented in Figure 5-18.

Figure 5-18: Underground access and level drive at the TLP and LMW mines



Source: SRK site visit, August 2023

Mining method

Resue stoping and shrinkage stoping are the predominant mining methods used at the mines within the Ying Mine Complex. These methods are considered to be the most effective given the geometry and orientation of the known mineralised veins (i.e. vertical and/or sub-vertical). A minimal amount of mining using the room and pillar method has been introduced into flat-dipping (~15–30°) veins. Sub-level open stoping with delayed backfill has also been adopted for one vein in the LMW mine, which is wider than 4 m. SRK also inspected one stope which is used primarily for testing and piloting training.

The typical layout of each stoping block for resuing and shrinkage is presented in Figure 5-19 and Figure 5-20. The key parameters for the two stoping methods are shown in Table 5-10.

Figure 5-19: Typical resue stoping method

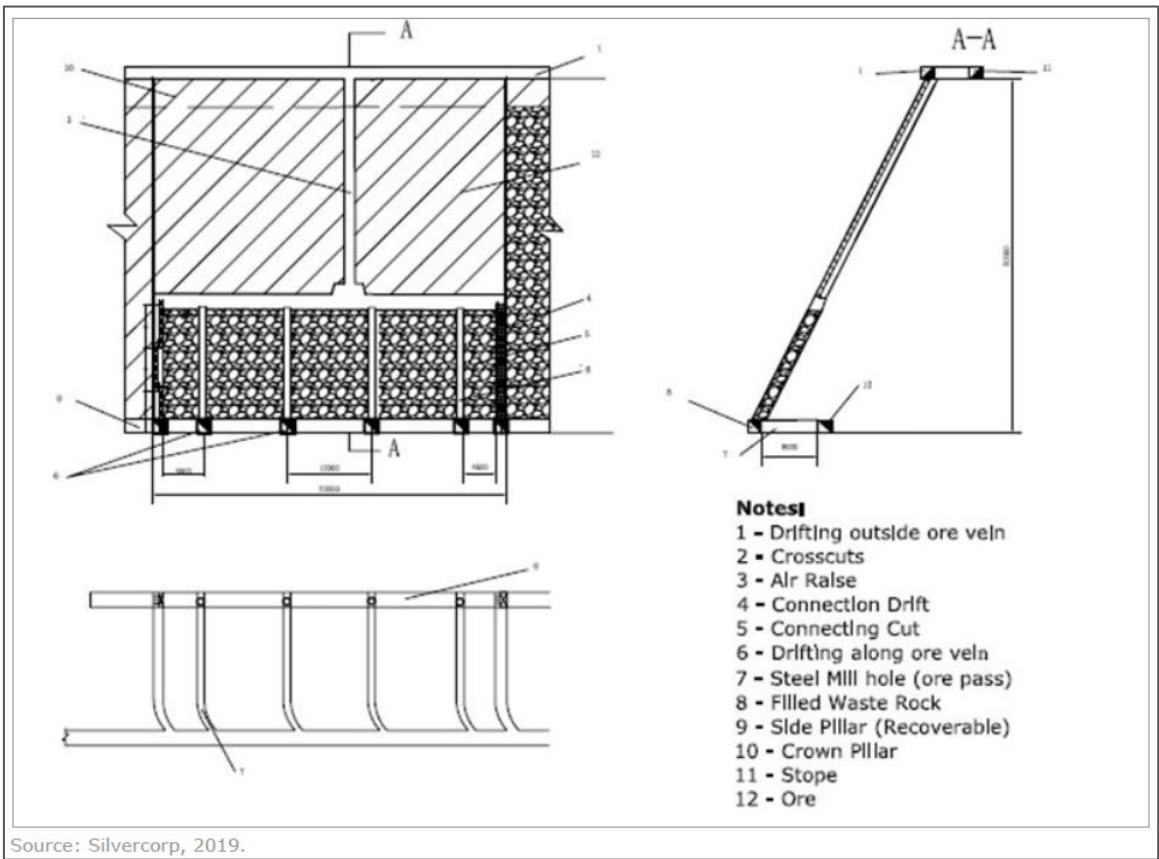


Figure 5-20: Typical shrinkage stoping method

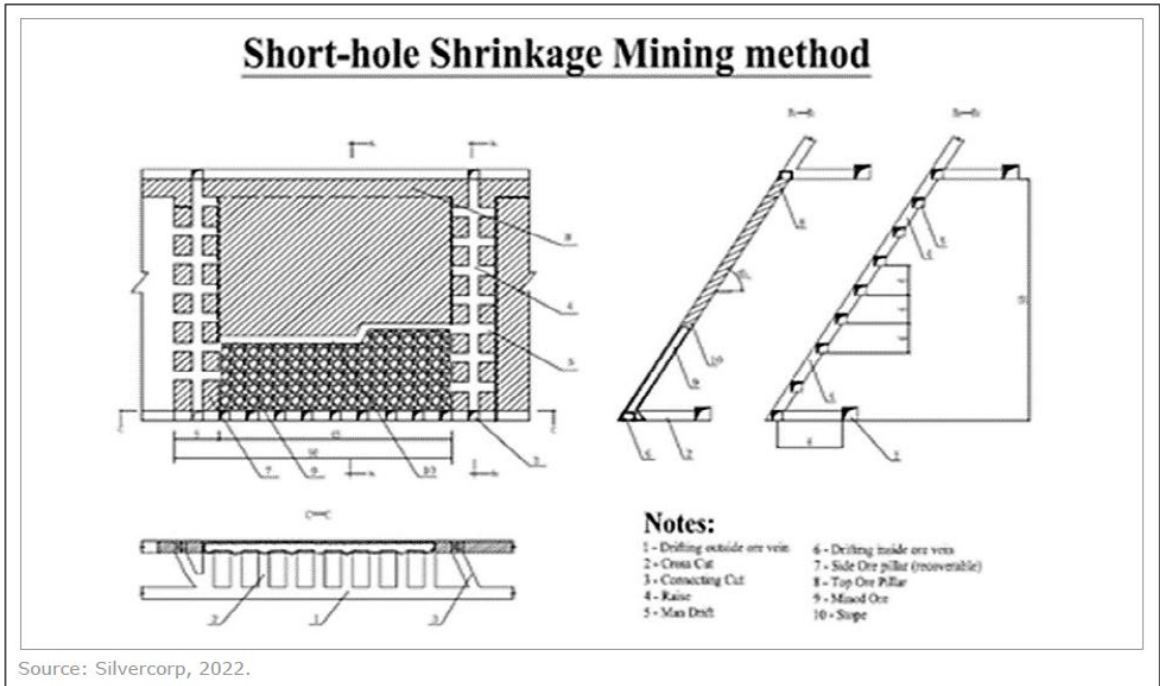


Table 5-10: Parameters for the mining methods

Method	Resuing	Shrinkage
Apply to	High-grade, 0.1–0.8 m	>0.8 m
Minimum mining width	0.3 m	0.8 m
Block height (level interval)	50 m	50 m
Block length along strike	40–60 m	40–60 m
Cross-cut (drawpoint) interval	15 m	~5 m
Level drive stand-off	>6 m	>6 m
Lift height	1.8–2 m	1.8–2 m
Muck in stope	By hand or scraper winches	Scraper winches or hand
Raise	2 man Access raises with steel-lined or timber sets	
Sill (crown) pillar thickness	3 m	>3 m
Fill	Waste mining from footwall	n/a

Source: Summarised from AMC’s 2022 *Technical Report of Ying Property*

SRK was informed during its site visit that the minimum mining width of the resuing method has been increased from 0.5 m to 0.6 m. The key considerations for this change included:

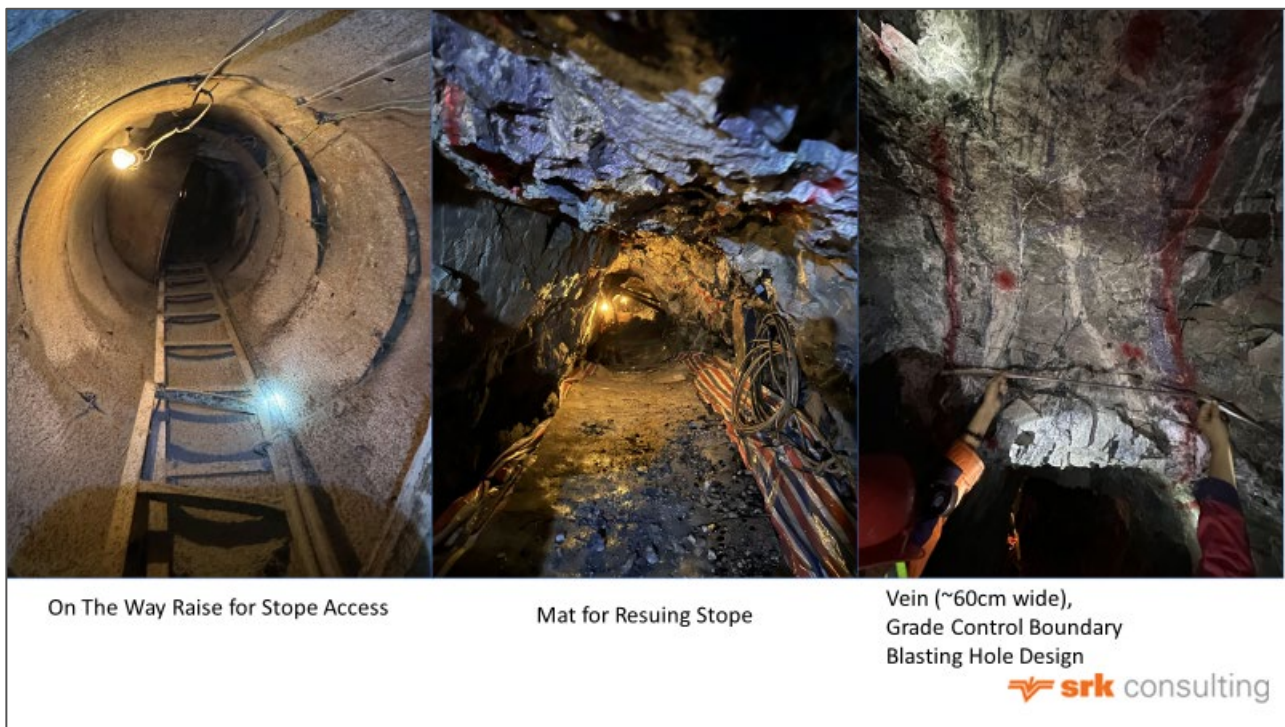
- employ more in-stope scraper winches rather than hand mucking
- enhance blasting efficiency and lower the unit explosive consumption costs
- introduce pre-processing flow to separate waste from ROM feed.

Stoping management

Silvercorp has developed a stope management protocol and stope management manual at the Ying Mine. The purpose of stope management is to reduce dilution by implementing stope operation procedures prepared by the Mining Quality Control Department. The department has a total of nine technical staff, including management, mine engineers, geologists, and technicians, and reports directly to Silvercorp’s Beijing office. The mine engineers in the group are responsible for supervising the stope operation procedure, with stope inspections occurring at least once per day to check that the mine contractors are following the procedures. The geologists and geological technicians are responsible for stope geological mapping and sampling, which occurs every 3–5 m of stope lift. The department also measures the mined area of all stopes at the end of each month for mine contract payment purposes. Figure 5-21 shows a typical resuing stope and vein condition.

Based on the data collected during the stope mapping and sampling, an update of the Mineral Resources is applied to individual stopes monthly, supporting the quarterly rolling mine plan.

Figure 5-21: Typical resuing stope condition at the TLP Mine



Source: SRK site visit, August 2023

Material haulage

ROM material is mined from the stope and waste is excavated from development headings and is loaded into 0.7 m³ rail ore cars by rocker shovel from either the cross-cut drawpoint or heading directly. The ore cars are pushed by hand or by locomotives (electro-motion) along the level drive to the shaft, incline shaft station then hoisted by shaft cage or inclined haulage way to surface. When the mined material nears the decline system, the underground truck is loaded by drawpoint equipped with vibration feeder at the bottom of the ore pass, which is fed from the upper level by

a railway ore car. Figure 5-22 shows the typical conditions underground as evidenced by SRK during its site inspection.

Figure 5-22: Typical underground conditions



Source: SRK site visit, August 2023

Equipment and operation

Most of the key mining equipment is provided by Silvercorp and is maintained and operated by contractors. Silvercorp monitors and manages the equipment and schedules the maintenance and replacement plan.

Workforce

Silvercorp operates the mines in the Ying Mine Complex using mainly contractors for mine development, production, ore transportation and exploration. The mill plant and surface workshops are operated and maintained by Silvercorp personnel. Silvercorp provides its own management, technical services, and supervisory staff to manage the mine operations. Each mine is run by a mine manager supported by one or two deputy mine managers.

During SRK’s site visit, the owner staff across the Ying Mine Complex was estimated by Silvercorp at approximately 1,000, and the technical team of geologists, mine engineers and processing staff were estimated at +100, +170, +100, respectively. Contractor numbers were estimated at more than 1,000 miners across the seven mine sites.

Mining facilities

Mine ventilation at the mines within the Ying Mine Complex is designed in accordance with Chinese regulations. Annual checks and testing for the primary ventilation fans are conducted by certified third parties. Underground routine monitoring (real-time) is well established by Silvercorp and the ventilation systems can be controlled remotely.

Backfill such as tailings is not used at the Ying mines. Shrinkage stopeing does not require fill, however Silvercorp has committed to evaluate the opportunities to dispose of waste material as backfill or to leave the mined-out void in future.

Within the resue stopes, waste from the footwall is mined to achieve the minimum mining width for the mining platform. The waste, which forms the working platform for the miner, is left in the stope as fill.

A backfill plant was constructed at LMW in June 2023, as shown in Figure 5-23. The purpose of this backfill plant is:

- support the planned sub-level open stoping method for vein #LM7
- deplete the waste volume, as the backfill material is sourced for the aggregate plant
- provide an opportunity to fill the mined-out shrinkage stope for both safety and waste disposal.

Figure 5-23: Backfill plant at LMW



Source: SRK site visit in August 2023

The dewatering system across the seven mines has been constructed in accordance with Chinese safety regulations. The sump capacity is 6–8 hours of water at the average water yield. At least three sets of pumps are designed and installed at each station. Under normal circumstances, one pump is running, one is being maintained, and the third pump is on standby. The stages of relay pumping vary at each mine.

Water at the Ying mines is used for drilling and dust suppression. As per safety regulations, fire prevention systems are constructed at each portal with a head pond containing 100–200 m³ of water depending on the requirements. Pipelines are also installed from surface to the various underground levels. An additional water pond in HPG Mine of 300 m³ was constructed to pump underground water to the No.2 processing plant on the surface.

The power supply facilities support both the underground mining operations and surface processing and administration infrastructure. The power supply enters the Ying Mine through the local government network via three transmission lines at SGX mine and is then reticulated around the rest of the complex.

Explosives storage magazines are also constructed at each mine with design capacities supporting the respective operation.

Since late 2015, Silvercorp has implemented a workplace safety and work quality checklist system to reinforce operational process control. A feature of this initiative is an internal 'Enterprise Blog' (EB) system as part of the management of Mine Production and Safety Information, which the company implemented in August 2015. The EB is an internet social media system that facilitates and makes transparent the distribution and flow of work-related knowledge and information for parties at different locations.

5.3.2 Ore Reserves

The Ore Reserves (Mineral Reserves) were stated in AMC's 2022 Ying Technical Report dated 3 November 2022, in accordance with the CIM Standard Definition and NI 43-101. The Ore Reserves are summarised in Table 5-11 for each mine within the Ying Mine Complex as at 31 December 2021. The Ore Reserves were estimated by Silvercorp under the guidance of independent QP, Mr H A Smith, PEng, who took responsibility for those estimates.

In total, 46.9% of the Ore Reserve tonnage is categorised as Proved with the remainder classified as Probable. About 66% of the defined Measured and Indicated Mineral Resources are converted into Ore Reserve (on a tonnage basis and also on a contained metal basis).

Table 5-11: Ore (Mineral) Reserve Statement for Ying Mine summary, as at 31 December 2021

Mine	Category	Mt	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Metal contained in Mineral Reserves			
							Au (koz)	Ag (Moz)	Pb (kt)	Zn (kt)
SGX	Proven	2.62	0.05	267	5.12	2.46	4.0	22.53	134.1	64.5
	Probable	2.61	0.00	230	4.41	1.90	0.3	19.33	115.2	49.7
Total Proven & Probable		5.23	0.03	249	4.76	2.18	4.2	41.86	249.3	114.2
HZG	Proven	0.37	-	350	1.08	-	-	4.17	4.0	-
	Probable	0.36	-	347	0.77	-	-	4.06	2.8	-
Total Proven & Probable		0.73	-	348	0.93	-	-	8.23	6.8	-
HPG	Proven	0.35	1.41	89	3.38	1.39	15.8	1.00	11.7	4.8
	Probable	0.44	1.80	59	2.76	1.04	25.7	0.85	12.2	4.6
Total Proven & Probable		0.79	1.63	73	3.03	1.19	41.5	1.85	24.0	9.4
TLP	Proven	1.55	-	219	3.15	-	-	10.94	49.0	-
	Probable	1.02	-	204	2.91	-	-	6.70	29.7	-
Total Proven & Probable		2.58	-	213	3.05	-	-	17.64	78.7	-
LME	Proven	0.23	0.16	349	1.59	0.32	1.2	2.62	3.7	0.7
	Probable	0.68	0.30	316	1.62	0.40	6.6	6.91	11.0	2.7
Total Proven & Probable		0.91	0.27	325	1.61	0.38	7.9	9.53	14.7	3.4
LMW	Proven	0.57	0.33	321	2.27	-	6.0	5.86	12.9	-
	Probable	1.29	0.55	242	1.87	-	23.0	10.06	24.1	-
Total Proven & Probable		1.86	0.48	266	1.99	-	28.9	15.92	37.0	-
DCG	Proven	0.09	2.41	73	1.38	0.28	6.8	0.20	1.2	0.2
	Probable	0.13	3.84	104	1.87	0.15	15.4	0.42	2.3	0.2
Total Proven & Probable		0.21	3.25	91	1.67	0.20	22.2	0.62	3.5	0.4
Ying Mines	Proven	5.78	0.18	255	3.75	1.22	33.8	47.32	216.6	70.3
	Probable	6.54	0.34	230	3.02	0.87	70.9	48.32	197.5	57.2
Total Proven & Probable		12.32	0.26	241	3.36	1.03	104.7	95.65	414.1	127.5

Source: AMC's 2022 Ying Technical Report

SRK has reviewed the estimated input parameters, progress, and completed selective validation of several stoping blocks, to provide a high-level opinion regarding the Ore Reserve estimates, which are considered reasonable and allow for ongoing operations of the respective mines.

Mineral Resource estimate for conversion to Ore Reserves:

- The Mineral Resources estimated under the CIM standard definition were reviewed by independent geologists.
- Measured and Indicated Mineral Resources categories are applied to conversion.

Study status and site visit:

- The Ying mines are in operation and hold the necessary licences – the operation practices could achieve more than those outlined in previous PFS level studies.
- The QP Mr Smith has a long involvement with Ying's Ore Reserves estimates having completed previous reviews in 2012, 2013, 2014, 2017 and 2020. Mr Smith visited the Ying Mine in July 2016 for 3 days. The other contributor to the Ore Reserve estimates is a Silvercorp employee who works on site and visits the other sites frequently.

Cut-off parameters

- There are three classes of cut-off grades applied to the mines at the Ying Mine Complex, which are:
 - Full break-even cut-off grade, which is used as a normal flag to determine whether a given stope should be mined or not
 - Marginal stoping cut-off grade, which is used for a given stope accounting for all development and completed drilling and the costs are covered by the nearby stope
 - Development cut-off grade, which is used for to determine whether ore drive material is sent to the waste dump or the processing plant.
- Full break-even cut-off grade $Ag\ eq\ (g/t) = (\text{operating cost/t} + \text{sustaining capital cost/t} + \text{mineral resources tax/t}) / (\text{Ag value/g} \times \text{processing recovery} \times \text{payable})$.
- The costs are considered as FY2023 budget on an individual mine basis, the budget also considers the historical costs and the mine plan.
- During SRK's site visit and discussion with the mine planner, SRK was advised that another cut-off grade of 500 g/t Ag eq is employed during mine planning, to decide if the sill (crown) pillar for the stope should be left in place. If the stope grade is more than 500 g/t Ag eq, an artificial sill pillar would be constructed to replace the ore pillar.

Workflow of estimates

1. Design the mining stope outline and divide the mineral structures into stope blocks as mineable scope. The pillars are also evaluated, but excluded in conversion and mine plan, treating them as design loss.
2. Boolean operation with the end of month survey of the stope.
3. Interrogate against grade model (block model) to get the critical parameters, such as Mineral Resource category, grades, thickness, etc.
4. Classify the stope into mining method based on the thickness (horizontal) and then applying the modifying factors:
 - Minimum mining width: 0.5 m for resuing and 1.0 m for shrinkage; before planned dilution, 0.4 m for resuing and 0.8 m for shrinkage is considered.
 - Planned dilution: if the thickness is lower than the minimum mining width, planned dilution (0 grade) to the minimum mining width.
 - Dilution: apply unplanned dilution with zero grade to the stope. Factor 0.05 m on the hanging wall and footwall for resuing stope and 0.1 each wall for shrinkage stope.
 - Further factor dilution of 2% (if more than 2 m wide), 3% (between 2 m and 1 m) and 4% (<1 m wide), are also applied for shrinkage as broken ore is completely draw when mining is finished.
 - Estimate the stope grade and filtered by break-even cut-off grade and 500 g/t Ag eq, to apply different ore loss factors. If the stope grade is more than 500 g/t Ag eq, the in situ sill pillar is recovered.
 - Factor ore loss as 95% and 92% for resuing and shrinkage method respectively.

- Visually and manually filter the stopes considering the practical conditions with the local mine planning engineer.
5. Sum the eligible material in stopes as the potential Ore Reserves and then conduct mine planning and scheduling.

In general, the stated Ore Reserves provide a reasonable estimate of the in situ tonnages and grades available for mining at these narrow vein deposits. The mining methods employed are highly selective, and the company has initiated activities to minimise dilution which include:

- Placement of rubber mats and/or conveyor belting over the waste fill floor in resuing stope immediately to serve as a barrier between ore and waste.
- Hand sorting in the stope before ore mucking and off-stope to upgrade the ore delivered to the plant.
- Conducting high intensity QC processes for each cut of stoping, in terms of grade control sampling, design, drilling, blasting and mucking, to achieve the dilution targets.

The method of designing stope blocks via mineable shape optimisation is not seen by SRK as the best methodology, therefore the Excel spreadsheet basis mineable Mineral Resource with dilution and loss allowance are applied. The parameters for loss and dilution are validated using historical data from recent years.

The summary of average dilution as recorded by mine and method is presented in Table 5-12. After reviewing the Ore Reserve conversion database, the estimated dilution rate is reconciled with the stated records which are ~15% for resuing and ~20% for shrinkage. Figure 5-24 provides an example for the SGX Mine.

Table 5-12: Average dilution parameters by mine and method

Mine	Dilution %	
	Resuing	Shrinkage
SGX	15.3%	20.1%
HZG	18.3%	24.0%
HPG	15.2%	22.2%
TLP	15.6%	20.0%
LME	15.0%	17.2%
LMW ¹	15.3%	16.9%
DCG	11.7%	16.9%
Total Ying	15.5%	19.5%

Note: ¹Small amount of room and pillar mining also planned at LMW (< 2% of Ying total) – estimated dilution 23.1%.

Source: AMC 2022 Ying Technical Report (data duration is unknown)

Figure 5-24: Dilution planned for stopes at SGX Mine

Level	Stope number	类别	TONNES	Category								true_wid h (m)	Mining Metho	Mining Width(m)	Planned Dilutio	Ore Loss(%)	Reserve					
				ID- TONNE	MS- TONNE	Ageq (g/t)	Au (g/t)	Ag (g/t)	Pb(%)	Zn(%)	TONNES						Ageq(g/t)	Au (g/t)	Ag (g/t)	Pb(%)	Zn(%)	
176	300	XPD-519-300-6-SICC	SICC	8353	6313	2040	740	0	334	10.65	0.15	1.69	S	1.89	13%	8%	8687	654	0.00	296	9.42	0.14
178	300	XPD-519-300-9-SICC	SICC	8773	3506	5267	597	0	221	9.08	1.58	0.98	S	1.18	22%	8%	9827	490	0.00	181	7.46	1.30
179	300	XPD-519-300-11-SICC	SICC	5012	5012	1007	0	428	14.68	1.21	0.65	R	0.75	12%	5%	5349	897	0.00	381	13.07	1.08	
177	160	XPD-519W-160-13-ZCCC	ZCCC	12854	12854	707	0	292	10.72	0.47	1.11	R	1.21	8%	5%	13138	657	0.00	271	9.96	0.44	
177	260	XPD-57_1-260-N5-ZCCC	ZCCC	5822	31	5792	685	0	371	7.05	2.24	0.64	R	0.74	14%	5%	6308	690	0.00	325	6.19	1.97
179	300	XPD-57_1-300-11A-ZCCC	ZCCC	4879	4879	568	0	195	6.52	6.12	0.88	R	0.98	10%	5%	5104	516	0.00	177	5.92	5.56	
131	300	XPD-57_1-300-53-ZCCC	ZCCC	5182	1851	3330	605	0	235	7.46	4.21	0.85	R	0.95	10%	5%	5436	547	0.00	213	6.75	3.81
169	210	XPD-57_2-210-N2-ZCCC	ZCCC	5189	5189	1134	0	512	16.26	0.36	1.20	R	1.30	7%	5%	5254	1064	0.00	481	15.26	0.33	
166	160	XPD-58-160-11A-SICC	SICC	8523	4365	4158	630	0	399	5.94	0.34	0.74	R	0.84	12%	5%	9095	561	0.00	355	5.29	0.30
168	210	XPD-58-210-15A-SICC	SICC	2994	2994	290	0	159	3.35	0.17	0.74	R	0.84	13%	5%	3215	256	0.00	141	2.97	0.15	
184	210	XPD-58E-210-15-ZCCC	ZCCC	4435	2445	1990	395	0	302	2.29	0.29	1.74	R	1.84	8%	5%	4490	374	0.00	286	2.17	0.27
185	260	XPD-58E-260-11-ZCCC	ZCCC	6106	3153	2953	465	0	331	2.48	1.95	0.66	R	0.76	15%	5%	6647	406	0.00	289	2.17	1.70
187	450	CM101-S18E-450-N1-ZCCC	ZCCC	923	923	339	3	101	0.44	0.31	0.67	R	0.77	15%	5%	1009	295	2.82	88	0.38	0.27	
115																						
117		RESUING		3113770	1468555	1645215	554		292	5.47	2.56		RESUING		15%	5%	3401920	482		254	4.76	2.22
118		SHRINKAGE		1600634	899348	761285	557		286	5.72	2.52		SHRINKAGE		20%	8%	1831885	465		239	4.77	2.10
119		TOTAL		4774403	2367903	2408500	555		290	5.56	2.55		TOTAL		17%	6%	5233805	476		249	4.76	2.18

Source: Silvercorp spreadsheet - SGX_LOM_43-101(20220907)_33.xlsx

‘Depleted’ Ore Reserves as at 30 September 2023

For the purpose of estimating the Ore Reserves as close as possible to the Valuation Date, SRK has depleted the Ore Reserve estimate as at 31 December 2021 for production over the intervening period using the following files as provided by Silvercorp. In doing so, SRK has assumed that mine production was aligned with the schedules outlined in these files (as no more accurate information was available for SRK’s review). The resulting depleted Ore Reserves as at 30 September 2023 are outlined in Table 5-13.

- SGX_LOM_43-101(20220907)_33.xlsx
- HZG_LOM_43-101(20220712)_Rev2.xlsx
- HPG_LOM_43-101(20220824).bs_rev2.xlsx
- TLP_LOM_43-101(20220907).xlsx
- LME_LOM_43-101(20220907).Rev1.bs.xlsx
- LMW_LOM_43-101(20220902).xlsx
- DCG_LOM_43-101(20220824)_Rev2.bs.xlsx.

Table 5-13: ‘Depleted’ Ore Reserves at Ying Mine, as at 30 September 2023

Deposit	Classification	Quantity (Mt)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au metal (koz)	Ag metal (Moz)	Pb metal (Mlb)	Zn metal (Mlb)
SGX	Proved	2.2	0.1	256	4.9	2.5	3.9	18	243	122
	Probable	2.5	0.0	227	4.4	1.9	0.3	18	245	107
	Total	4.8	0.0	241	4.6	2.2	4.2	37	488	228
HZG	Proved	0.3	-	350	1.1	-	-	3	7	-
	Probable	0.4	-	348	0.7	-	-	4	6	-
	Total	0.6	-	349	0.9	-	-	7	12	-
HPG	Proved	0.3	1.3	81	3.4	1.3	11.1	1	19	7
	Probable	0.4	1.8	57	2.8	1.1	24.1	1	26	10
	Total	0.7	1.6	66	3.0	1.2	35.2	1	45	17
TLP	Proved	1.3	-	217	3.2	-	-	9	88	-
	Probable	0.9	-	206	2.9	-	-	6	59	-
	Total	2.2	-	212	3.1	-	-	15	147	-
LME	Proved	0.2	0.2	347	1.5	0.3	1.2	2	6	1
	Probable	0.6	0.3	319	1.6	0.4	6.6	7	23	6
	Total	0.8	0.3	325	1.6	0.4	7.9	9	29	7
LMW	Proved	0.5	0.3	319	2.2	-	4.6	5	23	-
	Probable	1.2	0.6	239	1.9	-	21.9	9	51	-
	Total	1.7	0.5	261	2.0	-	26.4	14	74	-
DCG	Proved	0.1	2.5	57	1.2	0.3	5.5	0	2	0
	Probable	0.1	3.7	101	1.9	0.2	13.0	0	5	0
	Total	0.2	3.3	84	1.7	0.2	18.4	0	6	1
Total	Proved	4.8	0.2	249	3.7	1.2	26.2	38	388	131
	Probable	6.2	0.3	229	3.0	0.9	65.9	46	415	123
	Total	11.0	0.3	238	3.3	1.0	92.1	84	803	254

Source: SRK analysis using Silvercorp data

5.3.3 Production schedule

Annual ore production is projected to rise from the current level of around 650 kt to 785 kt in 2023 and then to 938 kt by 2026. From 2027 through to 2032, a further sustained increase is projected for an average of over 950 kt/a. From 2033 through to the envisaged end of mine life for the current Mineral/Ore Reserves, annual production is projected to steadily decline from 885 kt to 343 kt by 2037, as economic mining is completed at HZG, HPG, and DCG, followed by TLP and LME, and then finally the SGX and LMW mines.

The mine schedule is strategic and designed to achieve the grade target as provided by mine management. The progress of mine sequencing and scheduling is:

- Stope by stope planning considering the current mining activities and grade targets
- Design the ore drive as grade control or production exploration development as necessary

- Factored stope preparation development, such as level drive, cross-cut, raises based on the stope geometry parameters
- Design and schedule the mine layout development, such as decline, lower-level ore drive (exploration drive) for long-term consideration
- Summation of the scheduling result and optimisation.

The productivity applied to the mine schedule is summarised as:

- Resuing stope: maximum 600 t/m, the typical planned productivity is 300–500 t/m
- Shrinkage stope: 1,200 t/m including the broken ore mucking period, the typical planned productivity is ~1,000 t/m
- Decline:
 - 120 m/month with jumbo drilling and mechanical mucking
 - 60 m/month with jackleg drilling and mechanical mucking
- Level drive or ore drive:
 - 50 m/month with jackleg drilling and hand mucking
 - 60 m/month with jackleg drilling and mechanical mucking
- Shaft: 60 m/month
- Raises: all consider 40 m/month as jackleg drilling, though three set raise boring machines are equipped on site.

Based on its review of the supplied detailed mine schedules, SRK can confirm that the mine schedule files agree with that coded in the model *SVM Ying NAV Calculation 2022.10.05.xlsx*.

5.3.4 SRK comments

SRK has reviewed the supplied reports, database, inputs to the Ore Reserve estimates and estimation procedure, and conducted a site visit between 30 and 31 August 2023 for the operating conditions and facilities.

In general, the mining design and operation at Ying Mine are stable with the underground mine layout set-up. The stoping method is well established at each of the mines and current mining practice relies on using experienced and skilled miners.

Due to the narrow vein mining method used, the development headings and the working stopes are vast and widely dispersed throughout the mine sites, which adds significant complexity to both the operation and safety management aspects of the Ying Mine Complex. The company also has to face increased mechanisation and hence a smaller workforce as aligned to the experience of other mines across China.

Silvercorp has commenced investigating various activities designed to increase productivity including the introduction of increased mechanisation, automation and digitisation equipment or systems, such as designing and developing declines to give access for mobile equipment, replacing hand loading with rocker shovels, introducing electric rakes (scrapers, slushers) in stope mucking to replace hand mucking, introducing integrated systems on remote control shaft

hoisting, pumps, and ventilation fans. Greater use of bulk mining methods has also been considered and piloted.

SRK recommends that the mechanical cut and fill method using jumbos and loaders be considered as the backfill plant is now in-place.

There are no material rock mechanics studies applicable to the various mine sites, as SRK was advised there are good rock mass qualities throughout the complex. However, SRK recommends a periodic rock mechanics review, even for areas using the pilot sub-level open stoping method. A good understanding of the inherent rock mass will provide greater confidence with the mine design and plan.

Based on its review, SRK offers the following conclusions:

- The inputs, workflow, and validated detailed stopes show the Ore Reserves estimates are well supported.
- The mine schedule is reasonable. The vast majority of stopes (nearly 100 stopes per year) in operation and the complex systems rely on an experienced mine planner who manually optimises the mine schedules (i.e. no mine planning optimisation software is used).
- The mining method and equipment used are suitable and operated by skilled miners.
- The annual production rate increases in the plan from the 650 kt/a up 950 kt/a by 2026 but will depend on diligent planning and production management.
- The infrastructure and development requirement proposed are not considered to be a material risk, as they are either in place or under construction, or have been planned with sufficient time available for execution. A risk to the project is the limited space for the waste dumps at TLP, LME and LMW, which has been identified by Silvercorp. Activities to mitigate the risk include the development of an aggregate factory and reopening of a closed waste dump as well as the backfill plant, and are presented in Figure 5-25.
- On review of the Silvercorp model (SVM Ying NAV Calculation 2022.10.05.xlsx), SRK noted that the TLP Mine Plan had utilised the 'Geo Grade' and not the 'Mined Ore Grades' which includes the mining dilution etc. for the TLP schedule, silver, lead and zinc grades. Table 5-14 summarises the revised silver, lead and zinc grades for TLP Mine.

Figure 5-25: Waste dump in TLP and aggregate factory typical shrinkage stoping method



Source: SRK site visit in August 2023

Table 5-14: Revised silver, lead and zinc grades for TLP Mine

Year	Ag (g/t)	Pb (%)	Zn (%)
2024	208	2.98	0.32
2025	217	3.11	0.33
2026	240	2.87	0.33
2027	237	2.95	0.33
2028	235	3.02	0.37
2029	222	2.89	0.35
2030	217	2.94	0.38
2031	208	2.83	0.23
2032	189	3.07	0.44
2033	171	3.82	0.27
2034	177	3.26	0.29

Source: SRK analysis using Silvercorp data.

5.3.5 Mining operating and capital costs

Operating costs

Silvercorp has provided SRK with actual monthly operating costs from April 2022 (first month of FY2023) to September 2023 (last month of Q2 of FY2024), in the categories of mining costs (including capitalised costs) for each of its mining sections (or shafts) and general administration costs for the entire project. SRK has summarised the costs and listed them as the average of FY2023 and Q1 and Q2 FY2024 in Table 5-15, Table 5-16 and Table 5-17 listing the mining costs for each mining section of Ying Mine.

Table 5-15: Mining costs for each mining section of Ying Mine

Mining section	SGX*		TLP		LME	
	FY2023	Q1&2FY2024	FY2023	Q1&2FY2024	FY2023	Q1&2FY2024
Mining operation costs						
Direct mining costs						
Unit resuing mining costs (RMB/t)	325.77	326.62	93.18	265.58	290.87	338.34
Unit shrinkage mining costs (RMB/t)	162.00	173.67	137.07	131.31	255.49	0.00
Unit common cost (RMB/t)	172.24	169.85	144.11	146.68	308.06	427.99
Unit drilling costs (RMB/m)	207.64	219.30	320.59	403.81	233.98	220.91
Unit drilling costs (RMB/t)	16.05	5.95	30.10	12.50	133.37	184.12
Mining prep Unit costs (RMB/m)	2,267.60	2333.93	1,845.76	1848.60	1,938.69	2103.11
Unit mining cost (RMB/t)	583.74	566.29	505.67	460.94	839.97	1032.50
Unit shipping costs (RMB/t)	26.28	23.40	22.50	21.73	22.21	22.65
Sustaining capital						
Unit capitalised drilling cost (RMB/m)	292.28	236.46	215.89	289.47	294.06	272.56
Unit capitalised drilling cost (RMB/m)	43.17	37.04	18.88	25.42	203.79	158.68
Exploration tunnelling unit cost (RMB/m)	2,431.06	2576.95	1,909.64	1965.28	2,105.97	2149.37
Other development tunnelling (RMB/m)	3,900.35	2921.21	2,466.84	3123.52	2,660.03	2837.74
Growth capital						
Ramp development (RMB/m)	5,981.71	6718.09	2,663.57	3124.88	4,691.83	4087.40
PPE (RMB/t)	23.99	17.65	33.57	5.23	80.11	25.13

Source: Data provided by Silvercorp

Note: *SGX may be named as YING mining section somewhere else.

Table 5-16: Mining costs for each mining section of Ying Mine (continued)

Mining section	LMX		HPG		HZG	
Item	FY2023	Q1&2FY2024	FY2023	Q1&2FY2024	FY2023	Q1&2FY2024
Mining operation costs						
Direct mining costs						
Unit resuing mining costs (RMB/t)	298.12	288.96	296.08	264.34	311.43	292.54
Unit shrinkage mining costs (RMB/t)	126.88	153.57	118.79	150.21	192.12	130.87
Unit common cost (RMB/t)	202.60	206.31	190.74	192.85	176.53	135.48
Unit drilling costs (RMB/m)	202.34	219.34	88.67	198.88	219.52	241.78
Unit drilling costs (RMB/t)	88.05	105.13	15.13	7.82	66.69	28.31
Mining prep Unit costs (RMB/m)	2,354.00	2441.07	2,037.35	1651.67	2,313.07	2395.83
Unit mining cost (RMB/t)	634.53	693.87	544.39	464.90	636.57	504.93
Unit shipping costs (RMB/t)	22.16	21.49	19.57	18.86	31.00	30.42
Sustaining capital						
Unit capitalised drilling cost (RMB/m)	1,114.04	391.56	350.61	234.99	288.80	207.04 185.40
Unit capitalised drilling cost (RMB/t)	63.22	30.19	94.40	61.25	46.51	32.47
Exploration tunnelling unit cost (RMB/m)	2,219.72	2132.35	2,094.89	2261.96	2,448.23	2602.88
Exploration tunnelling unit cost (RMB/t)	63.22	3345.19	94.40	1795.03	46.51	2875.43
Other development tunnelling (RMB/m)	2,989.42		2,872.68		2,799.09	
Growth capital						
Ramp development (RMB/m)	4,060.16	36.82	4,661.81	21.30	4,129.15	6.80
PPE (RMB/t)	163.90	391.56	70.90	234.99	64.88	207.04

Sources: Data provided by Silvercorp

Table 5-17: Mining costs for each mining section of Ying Mine (continued)

Mining section	DCG	
	FY2023	Q1&2FY2024
Mining operation costs		
Direct mining costs		
Unit resuing mining costs (RMB/t)	281.71	302.61
Unit shrinkage mining costs (RMB/t)		96.82
Unit common cost (RMB/t)	185.16	126.44
Unit drilling costs (RMB/m)	258.82	131.04
Unit drilling costs (RMB/t)	127.23	19.23
Mining prep Unit costs (RMB/m)	1,976.66	2026.07
Unit mining cost (RMB/t)	740.44	548.96
Unit shipping costs (RMB/t)	22.16	23.04
Sustaining capital		
Unit capitalised drilling cost (RMB/m)	239.13	162.59-
Unit capitalised drilling cost (RMB/t)	231.19	155.24
Exploration tunnelling unit cost (RMB/m)	2,121.16	2086.84
Other development tunnelling (RMB/m)		0.00
Growth capital		
Ramp development (RMB/m)		0.00
PPE (RMB/t)	184.32	-1.62

Sources: Data provided by Silvercorp

Table 5-18 and Table 5-19 provide details of the labour, reclamation and environmental management costs and general administration costs respectively at Ying Mine.

Table 5-18: Average labour, reclamation and environmental management costs of Ying Mine

Item	FY2023	Q1&2-FY2024
Safety and environmental protection costs (RMB/t ore)	2.37	2.33
Maintenance and repairing cost (RMB/t ore)	1.65	1.57
Assaying cost (RMB/t ore)	0.91	0.65
Officing, communications etc. (RMB/t ore)	1.00	1.31
Others (RMB/t ore)	0.30	0.12
Compensation fees for land used (RMB/t ore)	0.19	0.20
Total cost for management (RMB)	4,973,157.00	2,604,081
Unit cost (RMB/t ore)	6.43	6.18
Labour cost		
Salary and bonus (RMB/t ore)	20.69	21.88
Insurances (RMB/t ore)	3.25	3.25
Welfares (RMB/t ore)	2.01	1.77
Workers union fees (RMB/t ore)	0.41	0.36
Training costs (RMB/t ore)		0.02
Total labour cost (RMB)	20,380,607.29	11,506,730
Unit cost (RMB/t ore)	26.36	27.29
Reclamation and environmental management		
Other basic construction (not including ore shipping tunnels)	6.62	0.59
Basic construction subtotal (RMB/t ore)	6.62	0.59
Equipment purchase (RMB/t ore)	2.67	0.66
Total basic construction and equipment (RMB)	7,180,469.90	529,812
Total unit cost for basic construction and equipment (RMB/t ore)	9.29	1.26
Total milling cost (RMB)	69,888,985.07	34,507,066
Total unit milling cost (RMB/t)	90.41	81.83

Sources: Data provided by Silvercorp

Table 5-19: G&A costs of Ying Mine

Item	Unit	FY2023	Q1&2 FY2024
Ore milled	tonne	773,055.78	421,677
General administrative costs	RMB	23,958,326.97	12,439,487
Labour costs	RMB	30,114,407.98	17,858,244
Unit G&A cost	RMB/t ore	69.95	71.85

Sources: Data provided by Silvercorp

SRK recommends that the averages from the FY2023 and Q1FY2024 production records be used in the financial model, as summarised in Table 5-20, with assumptions that the shrinkage mining cost is RMB140/t; development tunnelling (ramp) is RMB4,500/m, and exploration

tunnelling for resources is RMB2,600/m, if the actual production records do not include such costs in some mining sections.

Table 5-20: The inputs for various parameters SRK recommends to using in the Ying Mine model (RMB)

Mining Section (Shaft)	SGX	TLP	LME	LMW	HZG	HPG	DCG	YING Camp
Direct Mining costs								
Unit resuing mining costs (RMB/t)	326.06	283.52	304.02	294.58	287.50	303.75	289.79	
Unit shrinkage mining costs (RMB/t)	172.17	134.15	140.00	134.53	136.98	135.74	102.48	
Unit common cost (RMB/t)	171.39	145.04	339.87	203.99	191.47	159.29	161.46	
Expensed drilling cots (RMB/t)	12.46	24.32	146.83	94.44	12.61	50.57	83.65	
Mining prep Unit costs (RMB/Metre)	2,292.47	1,846.83	1,970.96	2,392.42	1,919.84	2,340.79	1,993.70	
Unit Mining costs (RMB/t)	579.65	489.52	891.04	656.72	516.94	581.27	663.17	
Unit shipping costs (RMB/t)	25.26	22.22	22.32	21.91	19.33	30.77	22.50	
Sustaining Capital								
Unit capitalized drilling cost (RMB/t)	41.00	21.24	191.82	50.87	82.95	40.61	200.54	
Exploration tunnelling unit cost (RMB/metre)	2,483.64	1,931.64	2,116.30	2,180.93	2,170.77	2507.27	2,111.96	
Other development tunnelling (RMB/metre)	3,342.19	2,705.90	2,680.95	3,126.55	2,456.86	2,835.69	2,600.00	
Growth Capital								
Ramp development (RMB/metre)	6,275.53	2,782.13	4,212.64	3,720.55	4,700.30	4,139.86	4,500.00	
PPE (RMB/t)	21.74	23.34	65.53	116.39	53.77	40.48	109.29	
Milling Cost								87.03
G&A								70.62

Sources: SRK Analysis on data provided by Silvercorp

The government fee and other tax used in Silvercorp's financial model was simplified from the fee and surtax based on VAT payable, SRK believes that the value can be used as the fee and tax, if the VAT issue will be simplified.

Capital costs

Capital expenditures (CAPEX) to construct the mines, ore processing plants, and various facilities and exploration have been invested. Silvercorp has provided SRK with the previous CAPEX summarised in different categories. Table 5-21 and Table 5-22 list details of the original costs, cumulative amortisation, and net book value (US\$ terms) of the CAPEX as at 31 December 2022, and 30 June 2023, respectively, for the Ying Mine Complex.

Table 5-21: Previous CAPEX into Ying Mine as at 31 December 2022 (RMB)

As at 31 December 2022			
Item	Costs	Cumulative Amortisation	Net book Value
Ying Mine			
Building – 20 years	383,330,652.06	143,091,882.01	240,238,770.05
Underground construction – 20 years	281,051,110.97	219,677,774.72	61,373,336.25
Production Machinery – 10 years	96,033,212.01	67,253,943.78	28,779,268.23
Electric Machinery – 10 years	45,297,994.15	31,689,047.89	13,608,946.26
Tools and small equipment – 5 years	6,851,323.23	3,367,034.42	3,484,288.81
Vehicle – 5 years	43,091,677.65	32,651,626.46	10,440,051.19
Computer and other electronic equipment – 5 years	25,789,381.97	19,249,000.38	6,540,381.59
Office furniture and equipment – 5 years	4,908,602.25	2,559,904.34	2,348,697.91
Construction in Progress	35,368,444.09		35,368,444.09
Construction in Process	109,035,279.87		109,035,279.87
Intangible assets – land use rights (50 years)	20,467,399.20	4,365,035.20	16,102,364.00
Intangible assets – software (5 years)	14,063,438.90	7,848,582.97	6,214,855.93
Mineral rights and properties	1,185,921,557.88	1,063,086,050.91	122,835,506.97
Henan Total	2,251,210,074.23	1,594,839,883.08	656,370,191.15

Sources: Data provided by Silvercorp

Table 5-22: Previous CAPEX into Ying Mine as at 30 September 2023 (RMB)

As at 30 September 2023			
Item	Costs	Cumulative Amortisation	Net book Value
Ying Mine			
Building – 20 years	387,064,702	152,141,475	234,923,227
Underground construction – 20 Years	281,117,149	225,512,553	55,604,596
Production Machinery – 10 Years	99,532,307	70,810,408	28,721,898
Electric Machinery – 10 Years	46,014,511	34,691,087	11,323,425
Tools and small equipment – 5 Years	7,820,791	3,871,582	3,949,209
Vehicle – 5 Years	43,515,567	34,485,669	9,029,898
Computer and other electronic equipment – 5 Years	26,206,763	20,367,300	5,839,463
Office furniture and equipment – 5 Years	5,185,213	2,982,772	2,202,441
Building Construction in Progress	67,995,047		67,995,047
Tunnel Construction in Process	142,921,658		142,921,658
Intangible assets – Land use rights (50 Years)	20,467,399	4,688,730	15,778,669
Intangible assets – software (5 Years)	14,063,439	8,648,304	5,415,135
Mineral rights and properties	1,222,283,158	1,110,016,826	112,266,332
Henan Total	2,364,187,705	1,668,216,706	695,970,999

Sources: Data provided by Silvercorp

The net book values can be considered for further depreciation and amortisation.

Silvercorp provided the new CAPEX required for the Ying Mine in two categories:

- Sustaining capital:
 - capitalising the expenses from Exploration tunnelling – grade control, Development tunnelling, and Facilities and equipment.
- Growth capital:
 - capitalising the expenses from Exploration tunnelling – New and upgrade resources, Capitalised drilling and to build 3rd Mill and TSF. SRK notes that the 3rd mill and extra TSF are needed, although not urgently, SRK recommends to keeping the CAPEX, while the investment schedule may be adjusted to a couple of years later than the plan in the financial model).

Table 5-23 summarises the new CAPEX required for the Ying Mine in the financial/NPV models as provided by Silvercorp in US\$/t ore mined.

Table 5-23: New CAPEX required in the Silvercorp NPV models (US\$/t)

CAPEX Item	Unit	Ying
Sustaining capital		
Exploration tunnelling – grade control	US\$/t	1.35
Development tunnelling	US\$/t	2.46
Facilities and equipment	US\$/t	8.87
Growth capital		
Exploration tunnelling – New and upgrade resources	US\$/t	8.67
Capitalised drilling	US\$/t	6.29
3rd Mill and TSF	US\$/t	5.50

Sources: Data provided by Silvercorp

Tax obligations

Based on the data provided by – and discussions with – Silvercorp, the subsidiary entities operating the Ying Mine have the following tax obligations.

Enterprise Income Tax: in China, the normal enterprise income tax is 25% of the taxable income. Silvercorp has advised SRK that as a HNTE, the subsidiary entities operating Ying Mine are subject to a tax rate of 15% of taxable income for a 3-year term, which is renewable.

Resource tax:

- 3% of the net amount of sales from lead (Pb) and zinc (Zn) mineral products
- 2% of the net amount of sales from silver (Ag) mineral products
- No resource tax for gold (Au) and copper (Cu), since they are by-products.

Value added tax (received):

- 13% of the net amount of sales, excluding the revenue from gold (Au).

Surtax/surcharge:

- City construction fee: 5% of VAT payable
- Education surtax: 7% of VAT payable.

Smelter charges

The following are the smelter charge for each metal in each company:

Ying Mine:

- smelter charge for gold: 17.00%
- smelter charge for silver: 9.00%
- smelter charge for lead: 5.00%
- smelter charge for zinc: 26.00%.

5.4 Metallurgical testwork and process design

5.4.1 Process flowsheet

At present, Silvercorp's Ying Mine runs two processing plants, Plant 1 (Xiayu Plant) and Plant 2 (Zhuangtou Plant), with a total current design capacity of approximately 2,600 t/d. The Xiayu Plant has been in production since March 2007, with design capacity of 600 t/d. The Zhuangtou Plant has been in production since December 2009, with design capacity of 2,000 t/d (expanded from 1,000 t/d in October 2011).

Silvercorp planned to construct a new plant (Plant 3) to expand the existing processing capacity, which was designed by the Changchun Gold Design Institute in March 2022 and has a design capacity of 3,000 t/d. Plant 3 is under construction and the operation date has not been scheduled.

The final products are lead concentrate, zinc concentrate, copper concentrate and Knelson gold concentrate.

The overall process flowsheets for the three plants are similar and comprise crushing, grinding, gravity, flotation and dewatering. The specific process flowsheets of the three plants is described as follows.

Plant 1 process flowsheet

Until Plant 3 is operating, gold-bearing ores from the HPG Mine will be fed to Plant 1. When there is insufficient gold-bearing ore, Plant 1 will process LG ores from the DCG, LMW, TLP, and HZG mines. The production process flowsheet for Plant 1 is shown in Figure 5-1 and described as follows:

Crushing and screening

The plant adopts a two-stage closed-circuit crushing process, with a raw ore feed size of no more than 200 mm and a final crushed product size of less than 16 mm, after which the feed is sent to the fine ore bin for grinding.

Grinding and classification

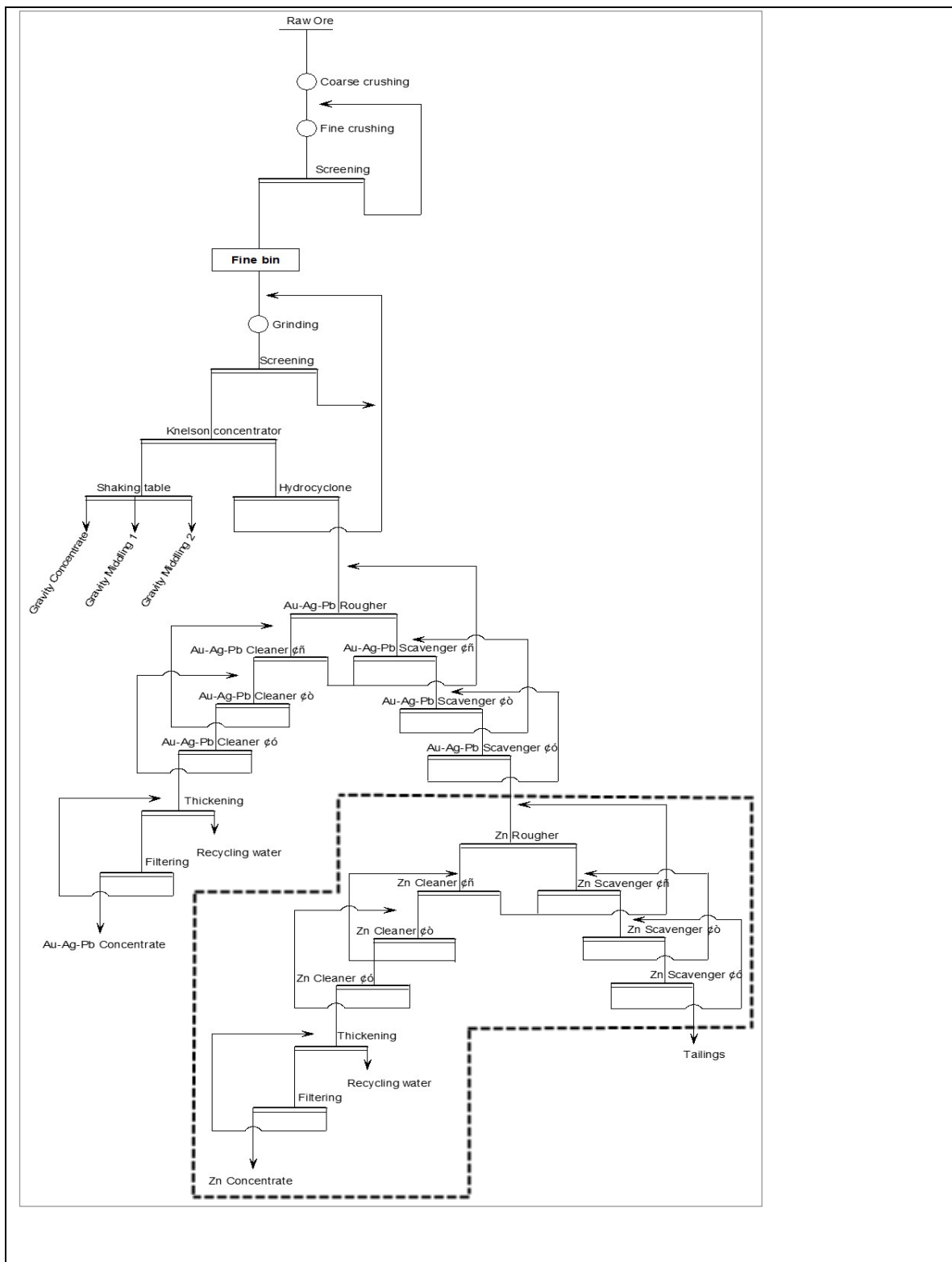
Crushed ore is conveyed to a closed milling circuit consisting of two trains, each with a grate-discharge ball mill and a spiral classifier. The spiral classifiers were replaced by hydrocyclones to reduce the overgrinding of galena minerals and improve the classification efficiency.

The grind size is 61–63% passing 75 µm and the overflow density is maintained at 40% solids w/w.

Gravity separation

In line with metallurgical test results carried out by Changchun Gold Research Institute (CCGRI) in 2021, Plant 1 was upgraded by adding a gravity separation circuit.

Figure 5-1: Production flowsheet of Ying Mine Plant 1



Source: Data provided by Silvercorp

Note: Zinc circuit not in use.

A Knelson concentrator was added to process the products discharged by the ball mill to recover coarse gold. At the same time, a linear screen was added in front of the Knelson to remove the coarse ore particles larger than 2 mm.

The concentrate from the Knelson concentrator is cleaned with a shaking table. The tailings from the concentrator are classified by hydrocyclones, with coarse materials returning to the ball mill for further grinding, and fine materials enter the flotation system.

Flotation

The overflow (O/F) of the hydrocyclones flows to the lead rougher conditioning tank mixing with flotation reagents, and then to the lead rougher flotation cells. The lead flotation circuit is 'one roughing + two scavenging + three cleaning', to obtain lead concentrate.

Concentrate dewatering

The lead concentrate adopts a two-stage dewatering process, with the first stage using a thickener and having a discharge concentration of 50–60%; the second stage uses a ceramic filter, and has a final concentrate moisture content of 7–10%.

Tailings handling

Tailings are directly pumped through up to four discharge outlets into the Zhuangtou tailings storage pond located at the northern creek between Plant 1 and Plant 2.

Reclaimed process water from the tailings pond is recycled for re-use in the milling process.

Plant 2 process flowsheet

The flowsheet of Plant 2 is very similar to Plant 1, with minor changes as follows:

- Plant 2 adopts a three-stage closed-circuit crushing process
- no gravity separation
- flotation circuit (lead sulfide flotation – zinc sulfide flotation (2 × 1,000 t/d), no copper flotation).

Plant 3 process flowsheet

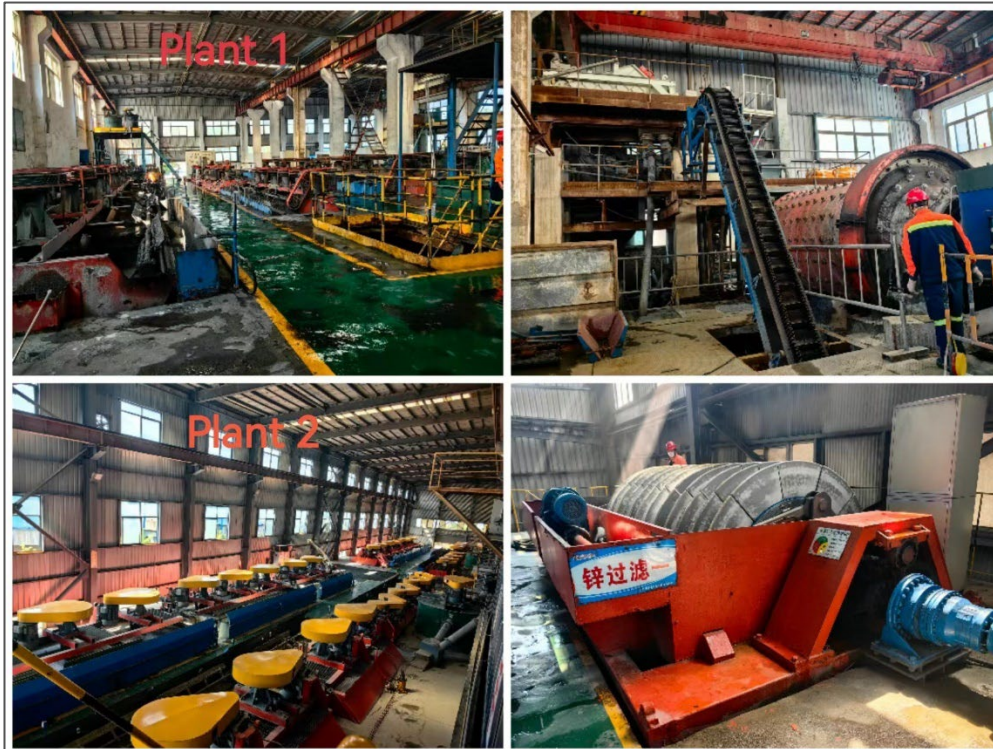
The general process for Plant 3 is very similar to that of Plant 1 and Plant 2, and will consist of the following:

- A jaw crusher is used for coarse crushing of raw ore.
- The grinding operation circuit is semi autogenous grinding milling+ ball milling (SAB). The components are arranged as one circuit with processing capacity of 3,000 t/d.
- The gravity concentration operation includes a Knelson concentrator, a vertical mill for regrinding Knelson gold concentrate, and a concentrate shaking table.
- The flotation circuit mainly includes lead-copper flotation, zinc flotation, and copper/lead separation flotation.

- The product is dewatered by a two-stage circuit. A thickener is used for concentration, and a ceramic filter is used for filtration (including lead concentrate filtration, zinc concentrate filtration, copper concentrate filtration and gold concentrate filtration).
- Tailings will discharge to TSF 3 – the Shimengou TSF – which is under construction.

General view photographs of Plant 1 and Plant 2 are shown in Figure 5-2.

Figure 5-2: General view photographs (Plant 1 and Plant 2)



Source: SRK site visit in August 2023

Based on the process flowsheets for the three plants in Ying Mine, SRK notes the following:

- Plant 1 has upgraded by installing a gravity separation circuit: including Knelson concentrator, shaking table, and cyclone classification in one train, to process gold-bearing ores. This system can recover coarse gold effectively.
- To optimise profitability, HG lead concentrate (53–60% Pb) from Plant 2 is blended with medium grade lead concentrate (40–50% Pb) from Plant 1 before shipping to clients.
- Plant 3 adopts an SAB grinding flowsheet, which would reduce the construction area, is easy to realise centralised automatic control, and avoid dust and intermediate step blockage.
- The Plant 3 equipment is large, and the processing capacity is high, and a more advanced technology is employed. The flowsheet is also more flexible, and can handle silver-lead-zinc ore, silver-lead ore, copper-lead ore and gold ore.

5.4.2 Supporting testwork

Prior to the operation of the mines and the construction of processing plants, many metallurgical tests had been carried out by various institutes for the Ying Mine project, which are shown in Table 5-24.

Table 5-24: The historical testwork for the Ying Mine project

No.	Date	Test Institute	Test type	Sample source
1	1994	Changsha Design and Research Institute (CDRI)	Laboratory testwork	TLP
2	2005	Hunan Nonferrous Metal Research Institute (HNMRI)	Laboratory testwork	SGX
3	2007	Tongling Nonferrous Metals Design Institute (TNMDI)	Laboratory testwork	HZG
4	2021	Changchun Gold Research Institute (CCGRI)	Laboratory testwork	HPG
5	2021	CITIC Heavy Industry Machinery Co., Ltd. (CITIC)	Laboratory comminution test, Bond grinding work index test, Bond metal wear index test	Sulfide ore from SGX, TLP, LME, and LMW, and oxide ore from TLP and HPG

Sources: Data provided by Silvercorp

Plant 1 and Plant 2 were designed based on the HNMRI testwork (2005) because SGX is the main deposit and the HNMRI testwork was the most comprehensive. Plant 3 was designed based on the CCGRI testwork (2021) on the HPG deposit.

In the following subsections, SRK introduces the experiment content and results of the HNMRI testwork.

HNMRI metallurgical testwork (SGX)

To develop a process flowsheet with appropriate operating parameters as a basis for the industrial scale implementation of lead, zinc, and silver recovery, HNMRI was commissioned to conduct a laboratory process test study on the SGX deposit in 2005.

The closed-circuit test adopted the conventional Pb/Zn separation process by differential flotation (Pb and Zn flotation both adopted one roughing + two scavenging + three cleaning), and the results are shown in Table 5-25. The results show that under the process and technological conditions, the grade of lead concentrate is 68.18%, and the recovery rate is more than 90%. The grade of zinc concentrate is 59.61% with recovery greater than 85%. The recovery rate of silver can reach more than 93%.

Table 5-25: Test results from HNMRI testwork (SGX)

Product	Yield	Grade			Recovery		
	(%)	Pb (%)	Zn (%)	Ag(g/t)	Pb (%)	Zn (%)	Ag (%)
Lead Conc.	7.84	68.18	6.24	4,196.52	90.89	9.39	85.12
Zinc Conc.	7.49	2.10	59.61	453.80	2.67	85.67	8.79
Tailings	84.67	0.45	0.30	27.80	6.44	4.94	6.09
ROM	100.00	5.88	5.21	386.50	100.00	100.00	100.00

Source: HNMRI metallurgical testwork, 2005

Note: Conc. – concentrate

CCGRI metallurgical testwork (HPG)

In 2021, CCGRI was commissioned to carry out mineral processing tests for HPG mineralisation. The purpose was to conduct a comprehensive mineral processing test on gold ore, obtain a recovery plan for gold, silver, lead, and zinc, and provide a basis for production process optimisation.

The closed-circuit test results are shown in Table 5-26. The results indicated that free particle gold could be recovered effectively by using a Knelson concentrator for gravity separation. The total recovery rates for gold, silver and lead were 95.00%, 88.46% and 96.90% respectively from the gravity and Au/Ag/Pb flotation concentrate. The zinc grade is 44.96% and the recovery rate is 74.44% in the zinc concentrate.

Table 5-26: Test results from CCGRI testwork (HPG)

Product	Mass yield (%)	Grade				Recovery			
		Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Total Au (%)	Total Ag (%)	Total Pb (%)	Zn (%)
Gravity Conc.	0.0072	10,077.10	63,421.80	42.88	0.05	95.00	88.46	96.9	—
Shaking Table Conc1	0.0047	2,108.62	20,305.57	44.62	0.04				—
Shaking Table Conc2	0.38	207.60	7,078.65	50.01	2.07				0.40
Au-Ag-Pb Conc.	10.45	12.66	1,972.70	48.37	3.28				17.05
Zn Conc.	3.33	2.08	445.87	1.18	44.96	2.23	5.5	0.72	74.44
Tails	85.83	0.10	19.01	0.15	0.19	2.77	6.04	2.38	8.11
ROM	100.00	3.10	270.00	5.42	2.01	100.00	100.00	100.00	100.00

Source: CCGRI metallurgical testwork, 2021

Based on the above test results, SRK notes the following:

- The gravity separation-flotation combined process proved to perform better at recovering gold, silver, lead, and zinc in gold ore. In particular, the gravity separation process could recover more free particle gold and improve the overall recovery rate of gold.
- Of the CCGRI metallurgical testwork on the HPG deposit, SRK suggests adding a Cu-Pb separation flotation reagent exploration test, to provide a design basis for Plant 3.

5.4.3 Process throughput and metallurgical recovery

Process throughput

Table 5-27 and Table 5-28 show the process throughput from each mine milled at Plant 1 and Plant 2 respectively. Table 5-29 summarises the concentrate grade and output indexes for Plant 1 and Plant 2 in FY2023.

Table 5-27: Ore feed to Plant 1 (FY2023)

Item	Unit	SGX	HZG	HPG	TLP	LME	LMW	DCG	Subtotal
Ore milled	t	-	51,878	11,092	47,173	373	82,374	4,787	197,677
Feed grade (Pb)	%	-	1.47	1.77	2.77	1.55	2.52	0.91	2.22
Feed grade (Zn)	%	-	-	1.12	-	-	-	-	0.06
Feed grade (Ag)	g/t	-	285	83	228.17	426	315	83	268
Feed grade (Au)	g/t	-	-	1.64	-	-	0.24	0.92	0.21
Contribution	%	-	26.24	5.61	23.86	0.19	41.67	2.42	100.00

Sources: Data provided by Silvercorp

Note:1. HZG includes BCG.

2. Numbers may not compute exactly due to rounding.

Table 5-28: Ore feed to Plant 2 (FY2023)

Item	Unit	SGX	HZG	HPG	TLP	LME	LMW	DCG	Subtotal
Ore milled	t	289,933	2,417	57,989	180,511	33,631	6,764	3,934	575,179
Feed grade (Pb)	%	6.11	1.57	3.56	2.63	1.51	2.91	3.83	4.42
Feed grade (Zn)	%	1.60	-	1.10	-	0.31	-	-	0.94
Feed grade (Ag)	g/t	329	312	131	192	272	311	78	261
Feed grade (Au)	g/t	-	-	0.46	-	0.01	0.06	0.05	0.05
Contribution	%	50.41	0.42	10.08	31.38	5.85	1.18	0.68	100.00

Sources: Data provided by Silvercorp

Note:1. HZG includes BCG.

2. Numbers may not compute exactly due to rounding.

Table 5-29: Concentrate quality of Plant 1 and Plant 2 (FY2023)

Items	Unit	SGX	HZG	HPG	TLP	LME	LMW	DCG	Subtotal
ROM									
Ore milled	t	289,933	54,296	69,082	227,684	34,004	89,138	8,721	772,856
Feed grade (Pb)	%	6.11	1.47	3.27	2.66	1.51	2.55	2.23	3.86
Feed grade (Zn)	%	1.60	-	1.11	-	0.31	-	-	0.71
Feed grade (Ag)	g/t	329	286	124	200	274	315	81	263
Feed grade (Au)	g/t	-	-	0.65	-	0.01	0.22	0.53	0.09
Pb Concentrate									
Pb conc output	t	28,128	1,591	4,797	13,135	980	4,680	454	53,765
Pb conc yield	%	9.70	2.93	6.94	5.77	2.88	5.25	5.20	6.96
Pb grade	%	61.53	47.06	43.07	41.62	47.39	46.45	33.97	52.79
Ag grade	g/t	3,271	9,405	1,598	3,252	9,088	5,803	1,363	3,609
Au grade	g/t	0.04	0.06	8.20	0.01	0.26	3.69	9.08	1.16
Pb metal output	t	17,306	749	2,066	5,467	464	2,174	154	28,381
Ag metal output in Pb conc	kg	92,015	14,967	7,664	42,708	8,904	27,155	619	194,032
Au metal output in Pb conc	kg	1.16	0.09	39.32	0.10	0.26	17.25	4.12	62.29
Zn Concentrate									
Zn conc output	t	5,862	-	1,036	2	70	-	-	6,970
Zn conc yield	%	2.02	-	1.50	0.001	0.206	-	-	0.902
Zn grade	%	48.40	-	50.00	61.68	48.91	-	-	48.65
Ag grade	g/t	285	-	111	237	832	-	-	265
Zn metal output	t	2,838	-	518	1.22	34	-	-	3,391
Ag metal output in Zn conc	kg	1,671	-	115	0.47	58	-	-	1,845
Knelson concentrate									
Au conc output	t	-	-	3.19	-	-	1.95	0.27	5.41
Au conc yield	%	-	-	0.005	-	-	0.002	0.003	0.001
Au grade	g/t	-	-	541	-	-	624	140	551
Ag grade	g/t	-	-	776	-	-	1,239	536	931
Au metal output in Knelson conc	kg	-	-	1.73	-	-	1.21	0.04	2.98
Ag metal output in Knelson conc	kg	-	-	2.48	-	-	2.41	0.15	5.03

Sources: Data provided by Silvercorp

Note: 1. HZG includes BCG.

2. Numbers may not compute exactly due to rounding.

According to the above three tables, combined with the historical production data from FY2019 to FY2022 in AMC’s 2022 Ying Technical Report, SRK notes:

- Approximately 25% of the ore was processed at Plant 1, with an average daily processing rate of about 600 t/d, reaching the design capacity. The main ore supplies are from LMW (42%), TLP (24%) and HZG (26%), which account for 92%. The ore from the SGX mine does not feed to Plant 1.
- About 75% of the ore was processed at Plant 2, with an average daily processing rate of about 1,700 t/d versus the design capacity of 2,000 t/d. Ore from all mines was used as the feed for Plant 2, and the mainly ore supply was from SGX (50%), TLP (31%) and HPG (10%).
- SGX has remained the largest contributor to production at about 37% of total, and TLP remains the second largest contributor at about 29%.
- There has been an overall production increase of close to 7% in the last three fiscal years.
- SGX, TLP, and HPG ores are rich in lead, and TLP, LMW, LME, DCG and HZG have little zinc.
- Silver and lead grades in lead concentrate have been relatively stable but the average lead grade is still lower than the design value of 60%.
- Zinc grade in zinc concentrate has shown a small increase since 2019, and the average zinc grade is significantly higher than the design value of 45%.
- The total milled ore throughput is 772,856 t in FY2023, with an average daily processing rate of about 2,300 t/d. The maximum production capacity of mining scheduling in the financial model is 975,503 t in FY2028. With the operation of Plant 3, the production capacity will reach 990,000 tpa, so SRK considers that the production scheduling in the model is reasonable.

Metallurgical recovery

SRK has analysed and summarised the historical metallurgical recovery rate of all mines from FY2022 to FY2023. According to the table, combined with the historical production data in AMC’s *NI 43-101 Technical Report Update*, the recovery indicators and comments on each mine suggested by SRK in the financial model are shown in Table 5-30.

Table 5-30: Overall metal recovery and SRK recommendations

Items	FY2022	FY2023	Q2- FY2024	Average	Model	SRK Recommendations	Comments
SGX Mine							
Pb Recovery	97.60	97.63	97.34	97.52	97.50	Accepted base case	Base case is supported by operational performance and is closely to the historical indexes of recent 2.5 fiscal years.
Zn Recovery	60.93	61.14	70.22	64.10	63.30	Accepted base case	
Ag Recovery	95.65	96.36	95.90	95.97	95.00	Accepted base case	

Items	FY2022	FY2023	Q2- FY2024	Average	Model	SRK Recommendations	Comments
Au Recovery	-	73.50	66.03	69.77	90.70	69.77	The recovery rate of gold in lead concentrate began to be calculated and recorded in January 2023, so SRK recommends that the average recovery rate of January to March 2023 and April to September 2024 may be suitable for the calculation index.
TLP Mine							
Pb Recovery	92.00	90.33	92.48	91.60	93.40	91.60	It is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model.
Zn Recovery	-	-	-	-	-	-	
Ag Recovery	92.66	94.00	94.19	93.62	92.40	Accepted base case	The comment is the same as above
Au Recovery					-	-	
LME Mine							
Pb Recovery	91.94	90.37	86.16	89.49	92.00	89.50	It is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model.
Zn Recovery	30.15	32.51	38.55	33.74	35.60	Accepted base case	The comment is the same as above
Ag Recovery	95.11	95.61	94.07	94.93	94.00	Accepted base case	The comment is the same as above
Au Recovery		81.60	71.07	76.34	90.70	76.34	No Nelson gravity separation. The recovery rate of gold in lead concentrate began to be calculated and recorded in January 2023, so SRK recommends that the average recovery rate of January to March 2023 and April to September 2024 may be suitable for the calculation index.
LMW Mine							
Pb Recovery	96.29	95.62	96.15	96.02	97.10	Accepted base case	The comment is the same as above
Zn Recovery					-	-	
Ag Recovery	96.57	96.76	96.10	96.48	95.60	Accepted base case	The comment is the same as above
Au Recovery		92.69	88.57	90.63	90.70	Accepted base case	The comment is the same as above
HZG+BCG Mine							

Items	FY2022	FY2023	Q2- FY2024	Average	Model	SRK Recommendations	Comments
Pb Recovery	94.88	93.70	93.64	94.07	95.10	Accepted base case	The comment is the same as above
Zn Recovery	-	-	-	-	-		
Ag Recovery	96.52	96.37	95.34	96.08	95.90	Accepted base case	The comment is the same as above
Au Recovery					-	-	
HPG Mine							
Pb Recovery	91.80	91.43	90.66	91.30	93.50	91.30	It is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model.
Zn Recovery	68.18	67.80	68.68	68.22	65.90	68.20	It is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model.
Ag Recovery	87.74	89.82	87.24	88.27	86.30	88.30	It is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model.
Au Recovery		91.37	88.97	90.17	89.10	Accepted base case	The comment is the same as above
DCG Mine							
Pb Recovery	67.32	79.26	79.01	75.20	93.50	75.20	The recovery rate index fluctuates greatly in historical production, with the highest index is 91.37% and the lowest is 77.15% from October 2022 to March 2023. SRK recommends the average recovery rate of 75.20% for the calculation index.
Zn Recovery	-	-	-	-	35.60	-	Through review the "Monthly Process Plant Production Reports", SRK noted that there is no Zn feed grade and Zn concentrate related index records in DCG mine, so there is no zinc value in the mine.
Ag Recovery	82.13	87.99	82.85	84.32	86.30	Accepted base case	The comment is the same as above
Au Recovery		90.70	84.88	87.79	89.10	Accepted base case	Enter to the Nelson gravity separation since January 2023, and it is closely to the average recovery rate.

Sources: Data provided by Silvercorp

5.4.4 Processing operating and capital costs

Silvercorp provided SRK with actual monthly operating costs from April 2022 (first month of FY2023) to September 2023 (last month of Q2 of FY2024) for milling costs. SRK has summarised the costs and listed them as the average of FY2023 and Q1 and Q2 FY2024 in Table 5-31.

Table 5-31: Milling costs of Ying Mine

Item	FY2023	Q1&2-FY2024
Ore milled (t)	773,055.78	421,677
Electricity (RMB/t ore)	30.22	29.94
Materials (RMB/t ore)	17.56	17.17
Steel balls (RMB/t ore)	4.68	4.49
Milling agent	6.19	5.65
Equipment parts	4.51	4.64
Maintenance and repair of equipment (RMB/t ore)	0.78	0.71
Others (RMB/t ore)	1.39	1.68
Total (RMB)	36,935,474.23	19,866,444
Unit cost (RMB/t ore)	47.78	47.11

Sources: Data provided by Silvercorp

5.5 Environment and Social

5.5.1 Permitting

According to the requirements of relevant Chinese laws and regulations, a series of environmental protection related licences and permits should be obtained during the operation of mines, such as a safety production permit, water use permit and site discharge permit.

Safety production permit

The safety production permits for Ying Mine are presented in Table 5-32.

Table 5-32: Details of the safety production permits for Ying Mine

Area and permit name	Safety Production Permit No.	Licensed activity	Expiry
Yuelianggou Lead-zinc-silver Mine Qiaogou Mining Area	[2021]XCDX007Y	Lead-zinc-silver Mine Underground Mining	24 April 2024
Yuelianggou Lead-zinc-silver Mine Shagou Mining Area	[2021]XCDX006Y	Lead-zinc-silver Mine Underground Mining	24 April 2024

Area and permit name	Safety Production Permit No.	Licensed activity	Expiry
Haopinggou Lead-zinc-silver-gold Mine	[2021]XCJC388Y	Lead-zinc-silver-gold Mine Underground Mining	19 September 2024
Dongcaogou Gold-silver Mine	[2021]XCJC409	Gold-silver Mine Underground Mining	12 December 2024
Tieluping-Longmen Silver-lead Mine TLPE Mining Area	[2022]XCDX001	Silver-lead-zinc Mine Underground Mining	21 February 2025
Tieluping-Longmen Silver-lead Mine TLPW Mining Area	[2022]XCDX004Y	Silver-lead-zinc Mine Underground Mining	19 January 2025
Tieluping-Longmen Silver-lead Mine LME Mining Area	[2022]XCDX002Y	Silver-lead-zinc Mine Underground Mining	19 January 2025
Tieluping-Longmen Silver-lead Mine LMW Mining Area	[2022]XCDX003Y	Silver-lead-zinc Mine Underground Mining	19 January 2025
Henan Found Zhuangtuo TSF	[2022]XCWK405Y	TSF Operation	20 November 2025
Henan Found Shiwagou TSF	[2022]XCWK409Y	TSF Operation	6 December 2025
Henan Found	[2022]XCGL001Y	Safety Management of Non-coal Mines	19 January 2025

Sources: Data provided by Silvercorp

SRK considers that the safety production permits listed above cover all mine sites and TSFs within the Ying Mine Complex.

Water use permit

The water use permit for Ying Mine is presented in Table 5-33.

Table 5-33: Details of the water use permit for Ying Mine

Water Use Permit No.	C410328S2022-0030
Issued to	Henan Found Mining Ltd
Issued by	Chifeng City Songshan District Water Bureau
Issue date	20 July 2022
Expiry date	19 July 2025
Water supply source	Surface water
Water use allocation	895,600 m ³ /year

Sources: Data provided by Silvercorp

Site discharge permit

Henan Found has registered the discharge of fixed pollution sources on 27 September 2021. The registration number is 91410000764897399A001X. The registration is valid until 13 April 2025. The permissible discharge of waste includes waste oil, fugitive dust and treated wastewater.

5.5.2 Environmental management and compliance

The basis of environmental policy in China is contained in the *2018 Constitution of the People's Republic of China*. Pursuant to Article 26 of the Constitution, the state protects and improves the environment in which people live and the ecological environment. It prevents and controls

pollution and other public hazards. The state organises and encourages afforestation and the protection of forests.

The following are other Chinese laws that provide environmental legislative support to the *Minerals Resources Law of the People’s Republic of China (2019)* and the *Environmental Protection Law of the People’s Republic of China (2014)*:

- *Environmental Impact Assessment (EIA) Law (2018)*
- *Law on Prevention & Control of Atmospheric Pollution (2018)*
- *Law on Prevention & Control of Noise Pollution (2021)*
- *Law on Prevention & Control of Water Pollution (2017)*
- *Law on Prevention & Control Environmental Pollution by Solid Waste (2020)*
- *Forestry Law (2019)*
- *Water Law (2016)*
- *Land Administration Law (2019)*
- *Protection of Wildlife Law (2022)*
- Regulations on the Administration of Construction Project Environmental Protection (2017).

In accordance with Chinese legislation, Ying Mine was subjected to a comprehensive EIA to assess the environmental impacts from the proposed development on the human and natural environment prior to the commencement of construction and mining operations. The company has provided SRK with a number of EIA reports and approvals for Ying Mine, which are presented in Table 5-34.

Table 5-34: Details of the EIA reports and approvals for Ying Mine

Project	Produced by	Production date	Approved by	Approval date
Yuelianggou Lead-zinc-silver Mine Resource Development and Utilisation Project	Luoyang City Environmental Protection Institute	May. 2006	Henan Province Environmental Protection Bureau	8 February 2006
Haopinggou Silver-lead Mine Development Project	Henan University of Technology Industrial Corporation	December 2015	Henan Province Environmental Protection Bureau	14 February 2016
Dongcaogou Gold-silver Mine Mining Project	Luoyang Jinghua Environmental Protection Company Ltd	January 2014	Henan Province Environmental Protection Bureau	8 July 2014
Tieluping-Longmen Silver-lead Mine Mining Project	Henan Jinhan Environmental Assessment Company Ltd	August 2015	Henan Province Environmental Protection Bureau	29 March 2016
Tieluping-Longmen Silver-lead Mine 2,000 t/d Processing Plant and Shiwagou TSF Project	Luoyang City Environmental Protection Institute	June 2009	Henan Province Environmental Protection Bureau	30 July 2009
Henan Found 3,000 t/d Processing Plant Project	Henan Jinglin Environmental Protection Company Ltd	October 2022	Luoyang City Environmental Protection Bureau Luoning Branch	19 April 2023

Project	Produced by	Production date	Approved by	Approval date
Henan Found Shimengou TSF Project	Henan Jinhan Environmental Assessment Company Ltd	April 2023	Luoyang City Environmental Protection Bureau Luoning Branch	19 April 2023

Sources: Data provided by Silvercorp

SRK has reviewed these EIA reports and approvals and concluded that Silvercorp’s EIAs cover the current main production facilities including mine sites, processing plants and TSFs. SRK also notes that Ying Mine prepared these reports in accordance with relevant Chinese legal requirements and obtained corresponding government approval.

5.5.3 Environmental considerations

The landform and topography in the mine site are modified by various installations including mining, waste rock and TSF infrastructure, haul roads, office buildings and dormitories, and other facilities. The previous development of Ying Mine may also have resulted in impacts to, or loss of, flora and fauna habitat, water loss and soil erosion. According to the EIA reports, Ying Mine is not located within any natural reserves or significant cultural heritage sites.

The Xiongershan provincial natural reserve is situated 1.8 km from Ying Mine. Ying Mine is located in a warm-temperate deciduous broad-leaved forest region with three main vegetation types, including broad-leaved forests, agricultural crops, and grasses and shrubs. The vegetation in the region is dominated by forest trees, followed by agricultural crops, with interspersed grass shrubs. Trees include Chinese oak, poplar, tung, rowan, chestnut and elm. Due to human activities, the habitat of fauna has been affected, and large terrestrial animals have basically no activities in this area. Wild rabbits and prairie chickens occasionally appear in remote forest areas. There are no endangered fauna and flora in the Ying Mine area.

There are many rivers in, and around, the Ying Mine Complex, such as Chongyang River, Dagou River, Shagou River. Furthermore, the Guxian Reservoir lies to the northwest of Ying Mine. In addition to Chongyang River and Xigou River in the mine site, other rivers flow into Guxian Reservoir.

Atmospheric precipitation is the main source of water recharge in this area. The potential negative impacts of Ying Mine on surface water and groundwater are due to the indiscriminate discharge of untreated production and domestic wastewater. In addition, the mining activities may lead to changes in the groundwater table. The EIA approvals require all the processing wastewater for Ying Mine to be collected and re-used for production. The discharge of mine water generated by Ying Mine is prohibited. During the site visit, SRK observed that mine water from Ying Mine was treated using a flocculation precipitation method. Polyacrylamide (PAM) and powdered activated carbon (PAC) were used as reagents for the treatment of mine waters.

A water monitoring report for Ying Mine was also provided to SRK for review. The test results show that the concentrations of copper, zinc, lead, cadmium, arsenic in precipitated mine water are below the detection limit. SRK recommends that quality monitoring be undertaken of the groundwater and surface water resources within the project area (including upstream and downstream of the project area), and also any site water discharges. SRK also recommends Silvercorp constructs an effective drainage system to divert run-off from undisturbed areas around disturbed areas. In addition, some prevention measures, such as surface hardening,

second containment facility and accident pool, are recommended to mitigate the water pollution risks.

Waste rock is mainly deposited into the waste rock dumps on each mine site. During SRK's site visit to Ying Mine, it was evident that a portion of the waste rock dump has now been reclaimed and planted with acacia and other vegetation. In addition, SRK was advised that waste rock was sold to a nearby construction material factory.

There are currently two TSFs operating for Ying Mine. The tailings generated by the two processing plants were discharged into the TSFs. The TSFs were built downstream of the processing plants and the village. There are no residents, industrial facilities, monuments or important transport hubs within 5 km downstream of the TSF ponds. Flood interception ditches have been constructed on both banks of the two TSFs, and a flood control dam is located upstream to intercept rainwater from outside the TSF and divert it downstream. Both TSFs are equipped with online safety monitoring systems. No geochemical characterisation of waste rocks or acid rock drainage assessment was provided to SRK as part of this review. However, the EIA reports state that toxicity leaching tests have been conducted on waste rock from Ying Mine. The waste rock for Ying Mine is not classified as hazardous waste using leaching toxicity. The waste rock is general industrial solid waste (Class I).

Hazardous materials have the characteristics of being corrosive, reactive, explosive, toxic, flammable and potentially biologically infectious, which pose a potential risk to human and/or environmental health. The hazardous materials will be generated mainly by the project's construction, mining, and processing operations and include hydrocarbons (i.e. fuels, waste oils, and lubricants) and oil containers, batteries, medical waste, etc. The leaks, spills or other types of accidental releases of hazardous materials may have negative impact on soils, surface water, and groundwater resources. The main hazardous materials for Ying Mine's operations comprise the storage and handling of hydrocarbons, processing reagents, etc. SRK observed during its site visit that there is a temporary storage of hazardous waste which seems to be consistent with Chinese legal requirements. SRK recommends that the collected waste oil, fuel tanks and reagents be stored with secondary containment which is in line with the recognised international industry management practices.

5.5.4 Social considerations

According to the relevant Chinese environmental legislation, public participation should be included within the environmental impact assessment. The results of public participation for the four mining licence areas of Ying Mine are summarised as:

- Yuelianggou – the construction of this project will have a positive impact on the development of the local economy. However, if the wastewater is not properly treated (cannot be recycled), it will cause pollution to the water environment. The public is more concerned about the wastewater discharge from the processing plant, and it is hoped that the processing wastewater is all recycled.
- Dongcaogou – the survey respondents all support the construction of this project and have no objections. Local people focus on the damage to the ecological environment, the pollution of surface water bodies, the management of waste rock dumps, and the vegetation restoration during the mine closure period.

- Tieluping-Longmen – 84.6% of respondents supported the construction of the project, and there was no objection. Local people hope the waste rock dump will be rehabilitated in time after the life of mine.
- Haopinggou – 95% of respondents agreed with the construction of the project and held a supportive attitude. The public has expressed concern about the ore transportation, haul road and fugitive dust. Some people complained about the crushing of the road surface by vehicles.

5.5.5 Mine Closure Plan

The Chinese national requirements for mine closure are covered under Article 21 of the *Mineral Resources Law of People’s Republic of China (2019)*, the Rules for Implementation of the Mineral Resources Law of the People’s Republic of China, the Mine Site Geological Environment Protection Regulations (2019), and the Land Rehabilitation Regulation (2011) issued by the State Council. In summary, these legislative requirements cover the need to conduct land rehabilitation, to prepare a geological environmental protection and reclamation plan, and to submit the plan for assessment and approval. In addition, a mine geological environment treatment and restoration fund account should be established by Ying Mine.

SRK has sighted the geological environmental protection and reclamation plans for the Dongcaogou, Haopinggou, Yuelianggou and Tieluping-Longmen mining licence areas. A land reclamation budget statement is also developed by Henan Found. Table 5-35 summarises the geological environmental protection and reclamation cost of Ying Mine.

Table 5-35: Details of the reclamation cost for Ying Mine

Areas	Geological environmental protection	Land reclamation	Total (RMB)
Dongcaogou	1,332,600	832,100	2,164,700
Haopinggou	3,466,600	4,106,200	7,572,800
Yuelianggou	6,737,800	11,662,700	18,400,500
Tieluping-Longmen	7,698,400	11,171,900	18,870,300
Shiwagou TSF	-	2,591,400	2,591,400
Zhuangtou TSF	-	1,046,600	1,046,600
Total (RMB)	19,235,400	31,410,900	50,646,300

Sources: Data provided by Silvercorp

In SRK’s opinion, these cost estimates appear reasonable given the anticipated timeframes before mine completion.

6 GC Mine

6.1 Overview

Silvercorp owns a 95% interest in the Gaocheng (Gaocheng or GC) mining operation (GC Mine) through its 100% ownership of the shares of Yangtze Gold Ltd (Yangtze Gold), which in turn wholly owns Yangtze Mining Ltd (Yangtze Mining). Yangtze Mining owns a 95% interest in a Sino-Foreign joint venture company, Anhui Yangtze Mining Co. Ltd (Anhui Yangtze).

Anhui Yangtze's main asset was the GC exploration permit which covers the GC Mine, and which was subsequently converted to a mining permit in November 2010. Guangdong Found Mining Co. Ltd. (China), (Guangdong Found), is the designated joint venture operating company of GC Mine. Yangtze Mining (H.K.) Ltd., a wholly owned subsidiary of Yangtze Mining, owns 95% of Guangdong Found.

The Mining Permit is registered in the name of Guangdong Found and is valid for 30 years to 24 November 2040. This permit covers the entire 5.5238 km² area of the GC Mine and permits mining from between the elevations of 315 m and -530 m asl. The permit also allows for the operation of an underground mine to produce silver, lead and zinc.

Various state-sponsored Chinese Geological Brigades and companies have conducted geological and exploration activities in the project area, with systematic regional geological surveys commencing in 1959. Historical drilling commenced in 2001.

Prior to Yangtze Mining acquiring GC Mine in 2005, illegal mining activity had resulted in the excavation of several tunnels and small-scale mining of veins V2, V2-2, V3, V4, V5, V6, and V10. It is reported that a total of 1,398 m of excavation comprising 10 adits and tunnels had been completed at the mine through this former illegal activity.

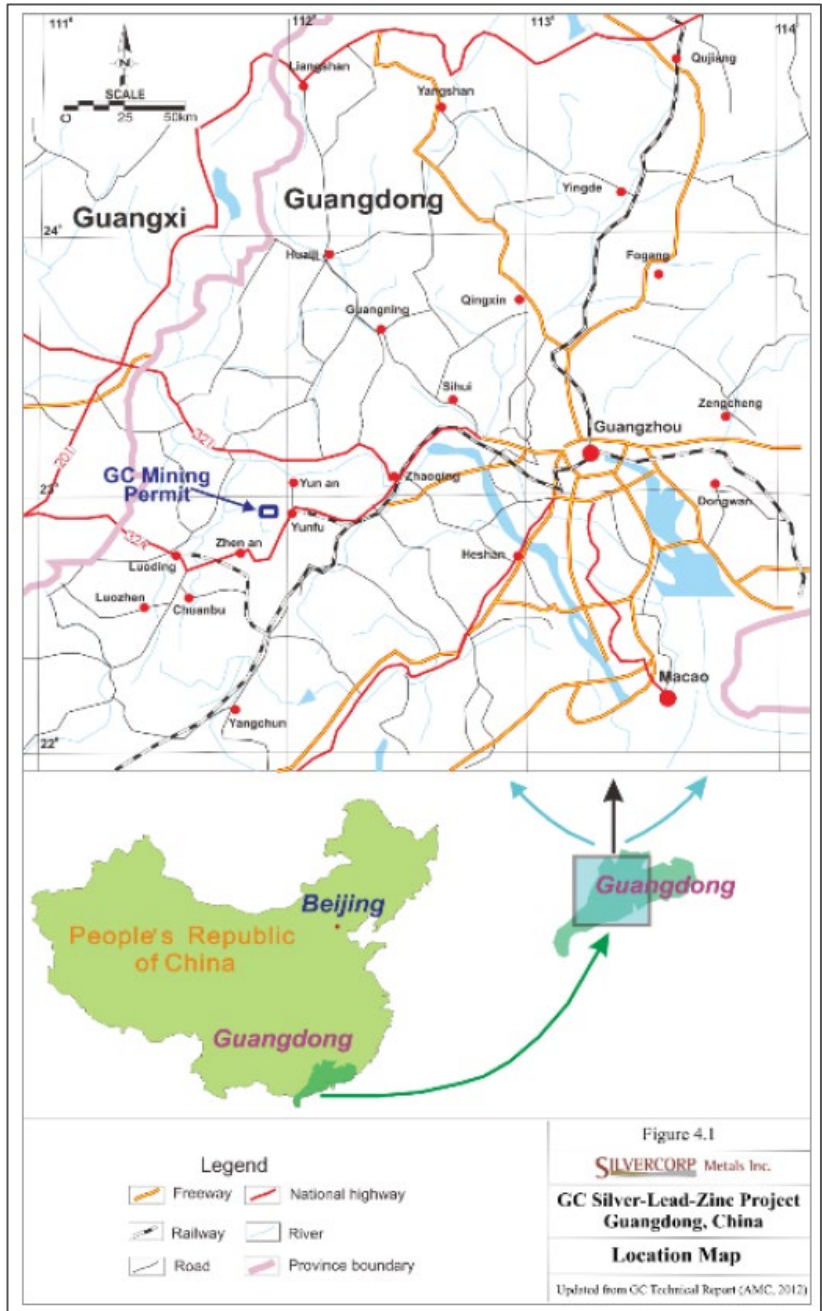
6.1.1 Location, access and climate

GC Mine is located near Gaocheng village, Gaocun Township, Yun'an District, Yunfu City, Guangdong Province, People's Republic of China (Figure 6-1). and is located west of the metropolitan city of Guangzhou, the capital of Guangdong Province. Guangzhou is located about 120 km northwest of Hong Kong and has a total population of about 14 million people. Access to the GC project from Guangzhou is via 178 km of four-lane express highway to Yunfu, then 48 km of paved road to the project site. A railway connection from Guangzhou to Yunfu is also available.

Altitudes in the region range from 78–378 m asl, usually 150–250 m asl, with relative differences of 50 m to 150 m. Vegetation is in the form of secondary forests of pine and hardwoods, bushes, and grasses. Topsoil covers most of the ground. Outcrops of bedrock can only be observed in valleys.

The region is characterised by a sub-tropical monsoon climate zone with average annual temperature of 20–22°C. Rainfall is mainly concentrated in spring and summer from March to August. Winters feature short periods of frost. GC Mine is able to operate year-round.

Figure 6-1: GC Mine location



Source: Silvercorp Metals Inc. NI 43-101 Report dated September 2022.

Streams are well developed in the district, with the Hashui Creek flowing through the GC Mine area. There is an existing water reservoir upstream of the mine. Small hydropower stations are developed in the region that are connected to the provincial electrical grid. There is a 10 kV powerline that passes through the mine area.

A power supply system consisting of a 5.8 km powerline, a 110 kV substation, and a 10 kV safety backup-circuit was completed in 2013. This system has sufficient capacity to support the current production and any envisaged future production expansion at GC Mine.

The economy of Yun'an district mainly relies upon agriculture and several small township industrial enterprises. Labour is locally available, and technical personnel are available in Yunfu as well as nearby cities. The Gaocheng village is located within the GC Mine area.

6.1.2 Tenure and land use

On 14 June 2010, Silvercorp announced that it had been issued an Environmental Permit for the Project from the Department of Environmental Protection of Guangdong Province, an essential document required for a mining permit application.

A Mining Permit was issued to Anhui Yangtze by the Ministry of Land and Resources of China on 24 November 2010. The permit is valid for 30 years to 24 November 2040, covers the entire 5.5238 km² area of GC Mine and permits mining between the elevations of 315 m and -530 m asl. The permit allows for the operation of an underground mine to produce silver, lead, and zinc. In June 2012, Anhui Yangtze transferred the mining permit to Guangdong Found, and a new mining permit was issued to Guangdong Found by the Ministry of Land and Resources of China on 6 June 2012.

The information supporting Table 6-1 and Table 6-2 has been provided by Silvercorp to SRK, supported by a letter dated 23 March 2021 from BaiRun Law Firm summarising the legal status of the mining licence. SRK has taken the supporting information in good faith having completed its own verification inquiries as part of its site investigations in August 2023.

Mining licence corner points of GC Mine are as shown in Table 6-1.

Table 6-1: Mining Permit coordinates

Point	X-coordinate	Y-coordinate
1	2536958.82	37591830.45
2	2536977.34	37594822.59
3	2535131.42	37594834.19
4	2535112.90	37591841.69

Source: Silvercorp Metals Inc.

Altitude is referred to the Yellow Sea 1956 Elevation System. The project survey control points were generated from three nearby national survey control points.

GC Mine lies within a single granted mining permit, Mining Permit C100002010113210083333, held by Guangdong Found. Key information is summarised in Table 6-2.

Table 6-2: GC Mine mining licence

Owner	Guangdong Found Mining Co. Ltd.
Owner's address	48 Zhenqian Rd, Gaocun Town, YunAn County, Yunfu City, Guangdong Province
Name of the mine	Guangdong Found Mining Co. Ltd. Gaocheng Lead-zinc Mine
Business category	Sino-Foreign Cooperative Joint Venture Enterprises
Types of ore mined	Zinc, lead, and silver ore
Mining method	Underground mining
Production capacity	330,000 t/year
Mine area	5.5238 km ²
Valid period	6 June 2012 to 24 November 2040
Issued date*	6 June 2012

Source: Silvercorp Metals Inc.

6.1.3 Agreements, contracts and taxes

There are no other material agreements and contracts supporting GC Mine other than the mining contractors' agreements and monthly concentrate sales agreements with major smelters.

There are no state or third-party royalty payments pertaining to GC Mine.

Currently, GC Mine is subject to Mineral Resources taxes, levied at 3% of revenue from lead and zinc, 2% of revenue from silver and 0% for Au. The Mineral Resource taxes, together with other government fees that are not tied to revenue, amount to approximately 5% of revenue.

SRK is not aware of any additional royalties, back-in rights, payments, agreements, environmental liabilities, or encumbrances particular to GC Mine other than those stated above.

6.1.4 Project history

Prior ownership

Prior to Yangtze Mining Ltd acquiring the project area in 2005, illegal mining activity resulted in the excavation of several tunnels and small-scale mining of veins.

In 2008, Silvercorp acquired a 100% interest in the shares of Yangtze Gold Ltd. which in turn wholly owned the entirety of Yangtze Mining.

Exploration and development work

Various state-sponsored Chinese Geological Brigades and companies have conducted geological and exploration work in the project area. Systematic regional geological surveys covering the area started in 1959. A brief history of the previous exploration work conducted in the area is outlined below:

- During the period from 1959 to 1960, No. 763 Geological Brigade of Guangdong Bureau of Geology (GBG) conducted a 1:200,000 scale regional geological survey and mapping survey,

and regional prospecting for Mineral Resources in the area. A geological map and geological reports were published as a result of these surveys.

- From 1964 to 1967, a Comprehensive Study Brigade of GBG conducted general prospecting and 1:50,000 scale geological mapping in the area, including the current project area, and submitted a geological report.
- In 1983, the Geophysical Survey Brigade of Guangdong Bureau of Geology and Mineral Resources (GBGMR) conducted a 1:200,000 scale airborne magnetic geophysical survey covering the current project area.
- In 1988, the Regional Geological Survey Brigade of GBGMR conducted a 1:200,000 scale stream sediment geochemical survey, which covers the current project area.
- In 1991, the Geophysical Survey Brigade of GBGMR conducted a 1:200,000 scale gravity geophysical survey covering the project area.
- In 1995, the Ministry of Geology and Mineral Resources completed the compilation and interpretation of 1:1,000,000 scale geochemical, geophysical, and remote sensing surveys covering the entire project area.
- During 1995 and 1996, the Geophysical Survey Brigade of GBGMR conducted a 1:50,000 scale soil geochemical survey, and defined some large and intensive Pb, Zn, Ag, Sn, W, and Bi geochemical anomalies, that cover the project area.
- During 1999 and 2000, the Guangdong Provincial Institute of Geological Survey (GIGS) conducted a 1:50,000 scale stream sediment survey, which covers the project area, and defined several intensive geochemical anomalies of Pb-Zn-Ag-Sn-Mn, leading to the discovery of the GC deposit.
- During 2001 and 2002, and again in 2004 and 2005, GIGS conducted general prospecting at the GC project area, and defined several mineralised bodies and estimated Mineral Resources for the GC deposit.
- During 2006 and 2007, contracted by Yangtze Mining, GIGS conducted detailed prospecting at the GC project area, and completed a 36-hole, 11,470 m surface diamond drilling program and 1,964 m³ of trenching and surface stripping to update and upgrade the Mineral Resources of the GC deposit.
- In 2008, Silvercorp completed a 22-hole, 10,083 m diamond drilling program, which resulted in the discovery of an additional 15 mineralised veins.

Prior to Yangtze Mining acquiring the project in 2005, illegal mining activity had resulted in the excavation of several tunnels and small-scale mining of veins – principally the V2, V2-2, V3, V4, V5, V6, and V10. GIGS reported that a total of 1,398 m of excavation across 10 adits and tunnels had been completed illegally on the deposit area.

In 2002, GIGS developed 66 m of tunnel to cross-cut veins V5 and V5-1. GIGS sampled and mapped adits denoted as ML1 to ML5, ML6, ML7, ML9, and PD12.

Yangtze Mining, after its purchase of the project in 2005, mapped and sampled the accessible tunnels at ML5 and ML8. Tunnel ML5 had exposure to vein V10 and tunnel ML8 had exposure to vein V2-2. Assay results from the tunnel samples were used in subsequent resource estimation.

Historical Mineral Resource estimates

GIGS prepared a resource estimate for nine mineralised veins for the GC project after the 2004–05 exploration season. GIGS has its own classification system of Mineral Resources/Reserves, which differs from the CIM and JORC Code standards.

Silvercorp acquired the project in 2008 and since that time, five resource estimates for the GC project have been reported under the following documents:

- Technical Report by SRK Consulting (SRK), dated April 2008 (titled *Technical Report on Gaocheng Ag-Zn-Pb Project and Shimentou Au-Ag-Zn-Pb Project, Guangdong Province, People's Republic of China*)
- AMC Technical Report (titled *NI 43-101 Technical Report Update on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*), effective date 18 June 2009
- AMC Technical Report (titled *NI 43-101 Technical Report on the GC Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*), effective date 31 December 2011
- AMC Technical Report (titled *NI 43-101 Technical Report Update on the Gaocheng Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*), effective date 30 June 2018
- AMC Technical Report (titled *NI 43-101 Technical Report Update on the Gaocheng Ag-Zn-Pb Project in Guangdong Province, People's Republic of China*), effective date 30 June 2019.

Current estimates of Mineral Resources and Mineral Reserves are discussed in the relevant sections of this report.

Production and costs

Table 6-3 summarises the recent production from GC Mine for the period spanning year-end 31 March 2021 to year-end 31 March 2023.

Table 6-3: Recent production and cost summary

Year-end 31 March	2023	2022	2021
Mined (t)	299,959	314,882	314,900
Processed (t)	299,597	318,042	316,179
<i>ROM grade</i>			
Silver (g/t)	75	75	85
Lead (%)	1.3	1.5	1.7
Zinc (%)	2.8	3.2	3.4
<i>Produced</i>			
Silver (Moz)	593	646	705
Lead (Mlb)	7.8	9.7	10.4
Zinc (Mlb)	16.3	20.2	20.9
Mining costs (US\$/t)	41.36	40.59	38.56
Processing costs (US\$/t)	16.93	16.31	12.88
Production costs per tonne of ore processed	58.29	56.90	51.44
All-in sustaining costs per tonne of ore processed	83.33	79.56	74.09
The cash costs per ounce of silver, net of by-product credits	-13.72	-20.91	-11.48
The all-in sustaining costs per ounce of silver, net of by-product credits	0.50	-8.07	0.00

Source: Silvercorp Metals Inc.

In Q1 Fiscal 2024 (the 3 months ending 30 June 2023), ore mined was 89,472 t and 86,286 t processed. The average ROM grades were 80 g/t Ag, 1.4% Pb, and 2.7% Zn, resulting in metal produced of 183 koz silver, 2.4 Mlb lead, and 5.0 Mlb zinc.

In Q2 Fiscal 2024 (the 3 months ending 30 September 2023), ore mined was 52,829 t and 48,239 t processed. The average ROM grades were 66 g/t Ag, 1.1% Pb, and 2.5% Zn, resulting in metal produced of 84 koz silver, 1.0 Mlb lead, and 2.4 Mlb zinc. Tonnes of ore mined and tonnes milled were down, due to a production disruption of five weeks.

For the six months ended 30 September 2023, the mining costs were US\$46.63/t, while the milling costs were US\$17.62/t. The production was US\$64.25/t, and the all-in sustaining production cost per tonne was US\$94.12. The cash costs, net of by-product credits, were -US\$1.99/oz of silver and the all-in sustaining costs, net of by-product credits was US\$14.49/oz of silver.

6.2 Geology and Resources

6.2.1 Regional setting and local mineralisation

GC Mine is located on the east margin of the Luoding basin, east of the major Wuchuan–Sihui fault within the north portion of the Yunkai uplift of the South China Orogenic Belt. Northeast striking structures and arc structures form the basic geological framework of the region. Deposits

on the mine occur at the intersection of a northeasterly striking fault zone and a near east–west striking fault zone.

Basement geology in the area comprises late Proterozoic Sinian sedimentary clastic and carbonate rocks, Palaeozoic (Ordovician, Silurian, Devonian, Carboniferous) sedimentary clastic and carbonate rocks, and Mesozoic (Triassic) coal-bearing clastic rocks and Cretaceous red clastic rocks. Ag-Pb-Zn poly-metallic deposits occur within late Proterozoic rocks. Cu-Pb-Zn, Mn and Au-Ag deposits occur within Palaeozoic rocks.

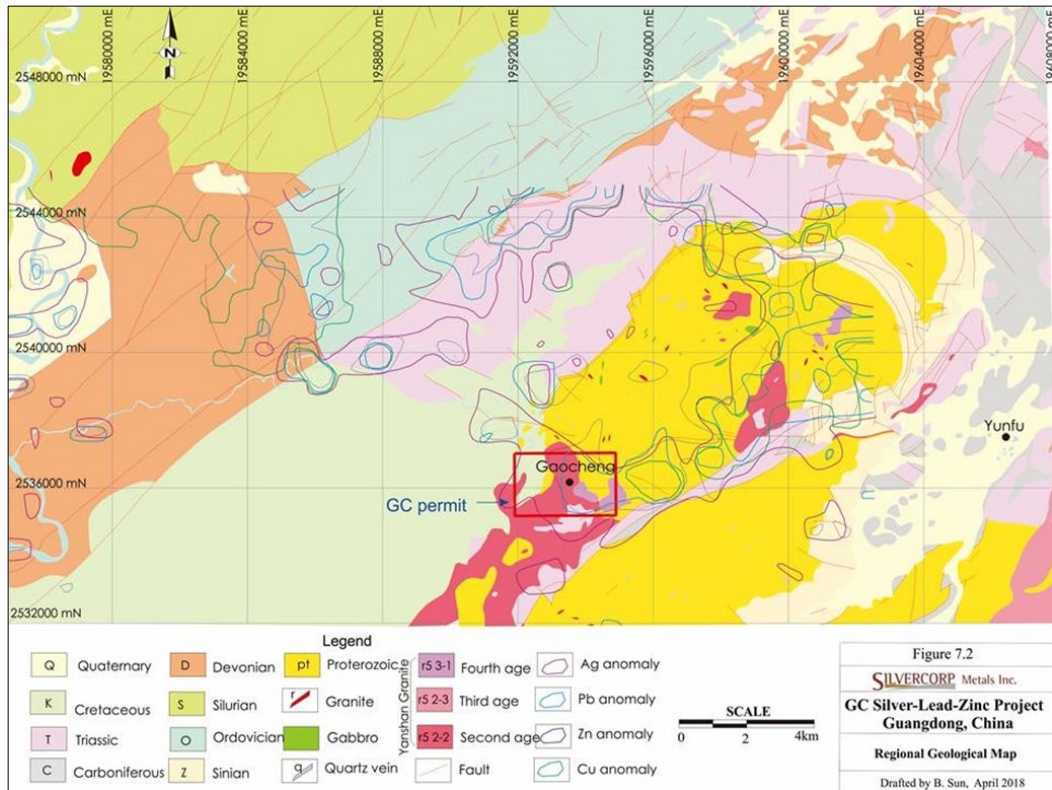
Three prominent sets of structures occur within the region:

- northeasterly striking structures comprising a series of folds and faults that host some mineralised bodies
- approximately east–west striking structures that dip steeply and contain structural breccias and quartz infill within the fault zones. Prominent alteration zones occur along both sides of these structures
- arc or ring structures that include folds and faults surrounding the Daganshan granite body. The Pb-Zn-Ag-Sn deposits, mineralisation showings, and Au-Ag-Pb-Zn geochemical anomalies occur in the arc/ring structural zone.

Palaeozoic granite batholiths and Mesozoic granite stocks and dykes occur commonly within the arc/ring structure. These intrusions are closely related with Pb-Zn-Ag poly-metallic mineralisation in the region.

The regional geology map is shown in Figure 6-2.

Figure 6-2: Regional geology map



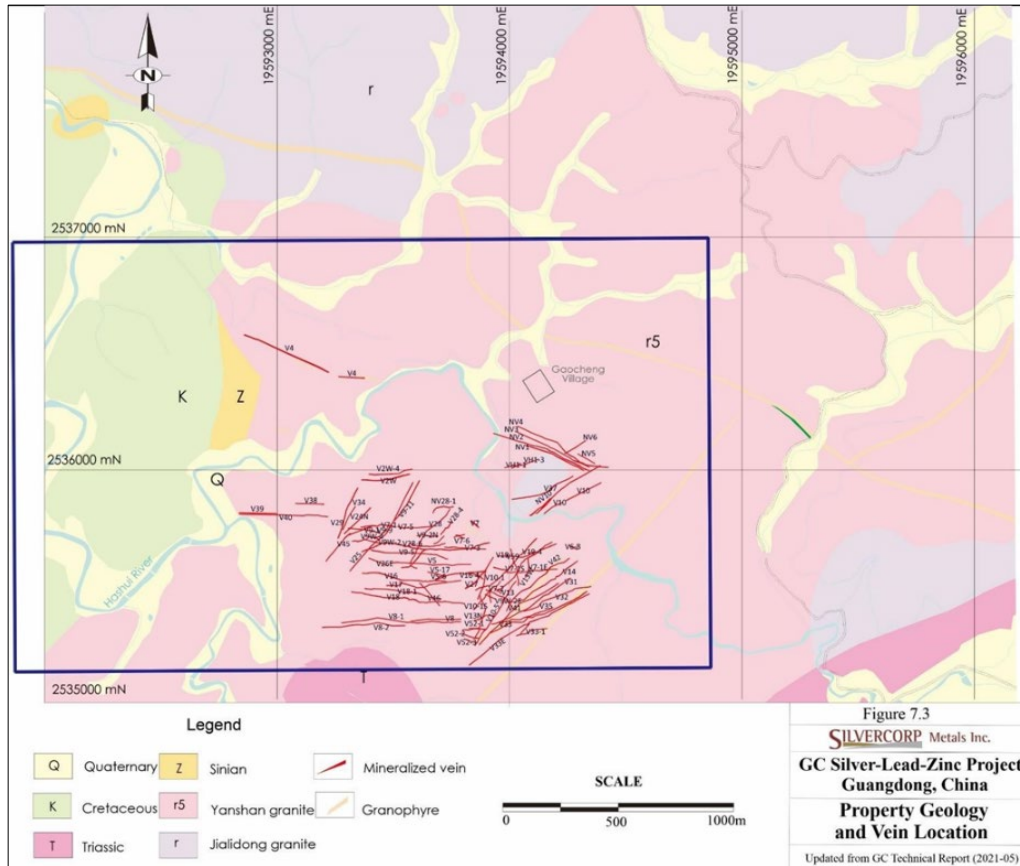
Source: NI 43-101 Report dated October 2021.

GC Mine is located at the intersection between the Wuchuan–Sihui Deep Fault zone and Daganshan arc/ring structural zone.

Basement rocks within the property encompass quartz sandstone, meta-carbonaceous siltstone, carbonaceous phyllite, calcareous quartzite, and argillaceous limestone of the Sinian Daganshan Formation; quartz sandstone and shale of the Triassic Xiaoyunwushan Formation; and sandy conglomerate and conglomerate of the Cretaceous Luoding Formation. These rocks are intruded by Palaeozoic medium-grained biotite granite, and Mesozoic fine-grained to medium-grained adamellite, brownish, fine-grained, biotite mylonite, granite porphyry, quartz porphyry, diabase, and aplite. The Mesozoic intrusive rocks intrude along the south and southwest contacts of the Palaeozoic granites. The majority of Ag-Zn-Pb mineralisation is hosted by the Mesozoic granite. The granite dips south and strikes approximately west-northwest, parallel to many of the mineralised veins on the property.

The local mine geology map is shown in Figure 6-3.

Figure 6-3: Local geology map of GC Mine



Source: NI 43-101 Report dated October 2021.

The poly-metallic mineralisation of the GC deposit belongs to the mesothermal vein infill style of deposit and exhibits the following characteristics:

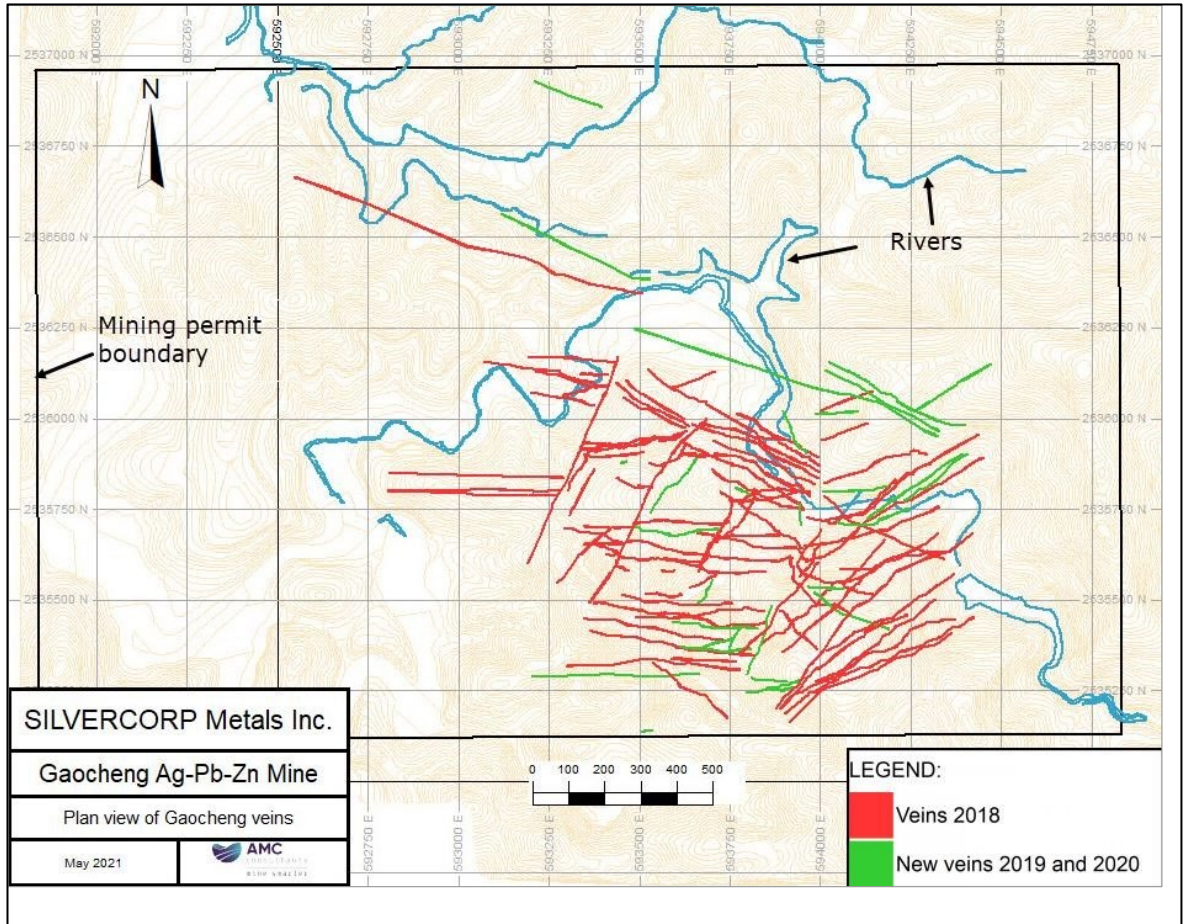
- The mineralisation occurs as veins that are structurally controlled within broader alteration zones. The alteration can reach more than a few metres along the faults distributing in both the hanging wall and footwall.
- The veins have a sharp contact with the host rocks and steeply dip at angles between 60° and 85°.

Ag-Zn-Pb mineralisation at the GC deposit can be divided into two types: primary and oxidised. The primary mineralisation is mainly composed of galena-sphalerite-silver minerals, which occur sparsely, as disseminations, veinlets and lumps. Primary mineralisation accounts for 95% of the entire Mineral Resource. Oxide mineralisation occurs on and near the surface.

Mineralised veins in GC Mine occur in relatively permeable fault-breccia zones. These zones are extensively oxidised from the surface to depths of about 40 m. Veins in this zone exhibit open space and boxwork lattice textures resulting from the leaching and oxidation of sulfide minerals. Secondary minerals present in varying amounts in this zone include kaolinite, hematite, and limonite.

The GC deposit consists of 156 veins. The plan view of veins is shown in Figure 6-4.

Figure 6-4: Plan view of veins at GC Mine



Source: NI 43-101 Report dated October 2021

6.2.2 Data collection

Various state-sponsored Chinese Geological Brigades and companies have conducted geological and exploration work in the project area. Systematic regional geological surveys covering the area started in 1959. In 2008, GC Mine completed a 1:10,000 scale soil geochemical survey on the southern portion of the mine, and conducted trenching and pitting programs based on the soil sampling. Drilling and underground tunnelling programs have been continually carried out since 2008.

Drilling completed at GC Mine comprises NQ sized (48 mm) diamond core collared from both surface and underground. Drill core is collected in wooden core trays by drilling personnel. Sample intervals are determined by the geologist based on the presence of veining and sulfide content, respecting geological and mineralisation contacts. Sample lengths generally range from 5 cm up to 2 m, averaging 1.1 m in length. After the core has been photographed, core to be sampled is cut in half with a rock saw. One half of the core is collected and placed into cotton bags and the other half of the core is returned to the core tray for archival storage (or quartered if a duplicate sample is required).

Underground samples comprise a composite of chips collected from channels cut into tunnels, cross-cuts, and the bottom of trenches. Tunnels are typically sampled along sample lines

perpendicular to the mineralised vein structure on 5 m intervals within mineralised zones and increasing to 15 to 25 m within non-mineralised zones. Samples collected from the walls of cross-cuts and the bottom of trenches are generally restricted to the thickness of the mineralised structure.

GC Mine has previously used two primary laboratories for sample preparation and analysis. ALS Chemex (Guangzhou) Co., Ltd. (ALS Guangzhou), part of ALS Global, located in Guangdong Province was used as the primary laboratory between 2008 and 2014. The GC Mine Site Laboratory (GC Lab) was used as the primary laboratory from 2014. The GC Lab is owned and operated by GC Mine and is not certified by any standards association.

From 2022, GC Mine used SGS Tianjin replacing ALS Guangzhou.

GC Mine has established QA/QC procedures which cover sample collection and processing at GC Mine. These QA/QC protocols have been progressively refined since 2011. Certified reference materials (CRMs) and coarse blanks have been included with drilling samples since 2011, and with underground samples since 2014. Field duplicates have been included with drilling samples since 2012 and with underground samples since 2014. Check (umpire) samples (pulp duplicates) have been sent to a separate 'umpire' laboratory since 2012.

In 2018, GC Mine further improved its QA/QC protocols to include regular and more frequent submission of CRMs, coarse blanks, and field duplicates with drilling and underground samples. Coarse reject duplicates and pulp duplicates were also incorporated into drill sampling programs. The proportion of check samples sent to a different laboratory was also increased. In 2019, GC Mine initiated real time monitoring of QA/QC protocols. QA/QC results related to drilling completed since 2014 confirm the reasonable accuracy and precision of associated data and these are acceptable for Mineral Resource estimation.

The data used in the 2020 Mineral Resource estimate for GC Mine consists of surface and underground diamond drill holes and channel samples. The underground channel samples are from tunnels, raises, and cross-cuts. Details are shown in Table 6-4 and Figure 6-5.

Table 6-4: Summary of database used

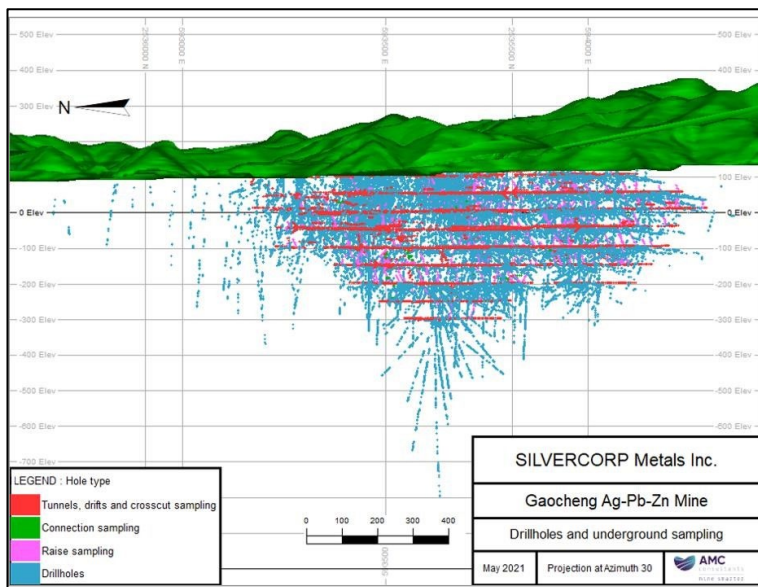
Year	Trench			Underground channel			Surface drill hole			Underground drill hole		
	No	No. of samples	Length (m)	No	No. of samples	Length (m)	No	Metres sampled	Length (m)	No	Metres sampled	Length (m)
2002							3	92	680			
2005							3	84	972			
2006				12	1,121	3,674						
2007	23	143	1,593	38	104	119	47	1,740	8,335			
2008							29	2,041	10,417			
2011				17	34	25						
2012				389	1,003	1,111						
2013				782	2,125	2,415	87	3,990	26,341	231	6,100	34,764
2014				832	2,138	1,806				187	3,480	29,545
2015	14	14	18	1,619	3,866	2,708	24	640	54	183	3,416	30,703
2016				1,732	4,432	3,418	4	99	370	131	2,120	12,633
2017				2,003	5,369	3,780	4	205	882	191	4,865	25,032
2018				2,188	5,700	3,601	187	5,291	24,778			
2019				2,991	7,620	4,685				197	5,686	25,506
2020				2,689	7,047	4,502				346	9,419	34,953
Total	37	157	1,611	15,292	40,559	31,844	388	14,182	72,829	1,466	35,086	193,136

Source: Silvercorp Metals Inc., reproduced as a check by AMC Mining Consultants (Canada) Ltd.

Notes:

- ¹ Drill data to 31 December 2020.
- ² Numbers may not add due to rounding.

Figure 6-5: View of GC drill holes and channel sampling



Source: NI 43-101 Report dated October 2021.

6.2.3 Mineral Resource estimation

Mineral Resources are not directly shown in the file 'SVM GC NAV Calculation 2021.09.17 with sensitivity for silver price V2.xlsx' (the GC Model). Based on the Mineral (Ore) Reserves and mining

schedule in the GC Model, SRK considered that it is the Mineral Resources disclosed in the *NI 43-101 Technical Report Update on the Gaocheng Ag-Zn-Pb Project in Guangdong Province, People's Republic of China* (the 2021 GC Technical Report), prepared by AMC Mining Consultants (Canada) Ltd and reported on 6 October 2021, that was used as the basis of the GC Model. The Mineral Resource statement is shown in Table 6-5, and is inclusive of Mineral (Ore) Reserves.

Table 6-5: Mineral Resource Statement, as at 31 December 2020

Classification	Quantity (Mt)	Ag (g/t)	Pb (%)	Zn (%)	Ag metal (koz)	Pb metal (Mlb)	Zn metal (Mlb)
Measured	5.286	88	1.3	3.1	14,906	154	360
Indicated	4.747	75	1.1	2.5	11,457	111	259
Measured and Indicated	10.033	82	1.2	2.8	26,363	265	619
Inferred	8.441	87	1.0	2.4	23,562	195	442

Sources: AMC Mining Consultants (Canada) Ltd, NI 43-101 Technical Report Update on the Gaocheng Ag-Zn-Pb Project in Guangdong Province, People's Republic of China, reported on 6 October 2021

Key descriptions of the Mineral Resources estimate for GC Mine are summarised in Table 6-6.

Table 6-6: Key parameters of the Mineral Resources estimate (GC Mine)

Item	Description
Software	Micromine™
Drill hole database	Trench: 157 samples, 1,611 m long Underground channel: 40,559 samples, 31,844 m long Surface drill hole: 14,182 samples, 72,829 m long Underground drill hole: 35,086 samples, 193,136 m long.
Cut-off grade	Silver equivalent (Ag eq) at 105 g/t. Ag eq = Ag g/t + 50.46*Pb% + 43.53*Zn% The vein was delineated on the basis of structure rather than grade.
Density	With respect to mineralised zones, Density=3.094919 + (0.040827 X Pb%) + (0.034253 x Zn%) + (0.000482 x Ag (g/t)). With respect to waste blocks, density is 2.60 t/m ³ .
Number of veins	156
Composite length	0.4 m
Block size	Parent: 0.8 m*10m*10m (x, y, z) Minimum: 0.2 m * 2m * 2m (x, y, z)
Grade capping	Grade capping was applied to composites. The capping values varied with mineralised domains. Capping summary is shown below: ■ Ag (g/t): 40 to 1,921 ■ Pb (%): 1 to 30 ■ Zn (%): 1.8 to 33
Grade interpolation	Inverse distance squared
Search volume	Pass 1: 25 m radius sphere. Pass 2: 50 m radius sphere. Pass 3: 200 m radius sphere.
Number of composites	Minimum: 4 for Pass 1 and Pass 2. 3 for Pass 3. Maximum: 12 for all three passes Maximum allowed per hole or channel: 2 for all three passes.

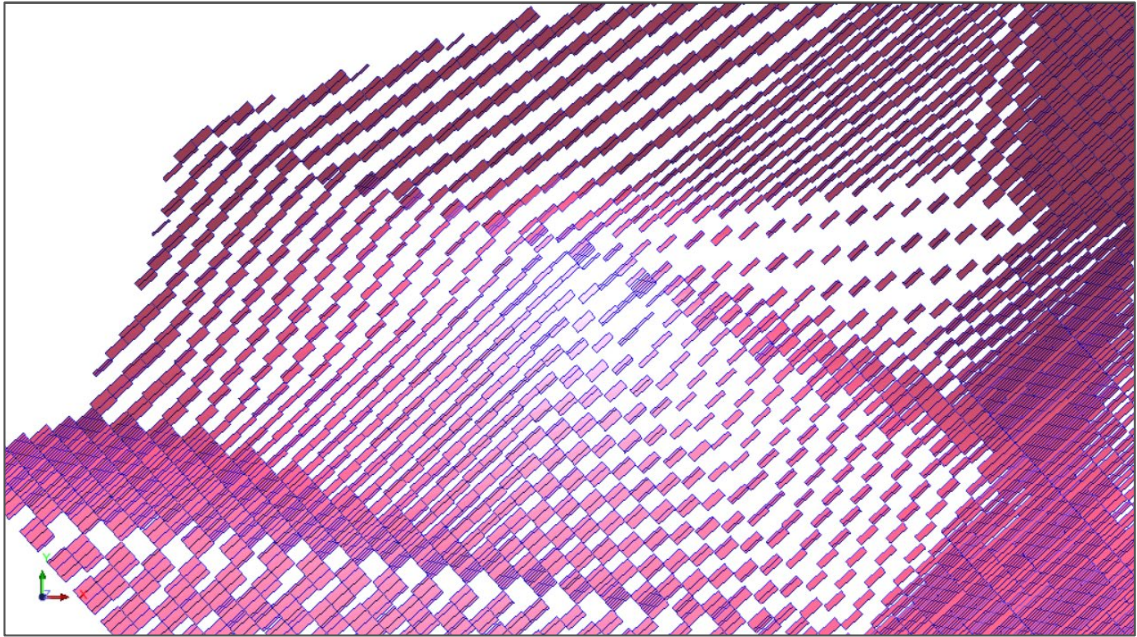
Item	Description
Mining depletion and write-offs	As at 31 December 2020.
Mineral Resource classification	Based on the three search passes used for the estimation, with manually created volumes based on sample density and the presence or absence of an exploration drive.

Sources: AMC Mining Consultants (Canada) Ltd, NI 43-101 Technical Report Update on the Gaocheng Ag-Zn-Pb Project in Guangdong Province, People's Republic of China, reported on 6 October 2021

After its review of the *2021 GC Technical Report* and the block models, SRK offers the following comments and recommendations:

- A block was assigned a zone code when its centroid was located in the wireframe model of the mineralised zone, which makes many blocks isolated or scattered due to the thin thickness of mineralised zones. Figure 6-6 is an example of isolated or scattered blocks. This may lead to biased grade distribution due to discontinuous blocks.
- The maximum number of composites allowed to interpolate grade is two per drill hole or tunnel. Considering the nominal composite length of 0.4 m and block size, some composites in a drill hole or tunnel will be skipped during grade interpolation. This may lead to biased grade distribution for mineralised zones with a thickness greater than 0.8 m.
- There is no description of support effect regarding composite length. Neglecting this may lead to biased grade distribution when interpolating grades to a block.
- Clustering effect was not described in the *2021 GC Technical Report*. De-clustering was not considered during grade interpolation, which may lead to serious clustering effects due to unevenly spaced channels and drill holes.
- The Ag eq was used to divide the Mineral Resources and waste materials. The primary products of GC Mine are lead concentrates and zinc concentrates. The sales revenue is mainly brought by the zinc metal. It would be better to use zinc equivalent to divide Mineral Resources and waste materials. This is negligible when estimating Mineral Resources but may lead to misunderstanding of GC Mine's primary commodity.
- The cost assumption is not shown in the *2021 GC Technical Report* to calculate the cut-off grade of Ag eq. It would be better to clearly show the cost assumption in the next technical report.
- Anisotropy of grades are not described in the *2021 GC Technical Report*. This may lead to biased grade distribution.

Figure 6-6: Local view of block model for Vein NV10



Source: SRK

SRK conducted a site visit to GC from 31 August to 01 September 2023, and completed the following:

- site inspection of the project area
- meeting with site representatives
- discussions with geologists
- visit to the drill core store
- visit to the site laboratory.

SRK visited the drill core store of GC Mine (Figure 6-7) and site laboratory (Figure 6-8), to understand the company's core storage protocols and procedures. SRK found that these procedures are standardised, and the analytical methods, processes are in line with conventional practice – the analysis results did not show significant bias or precision errors compared with umpire samples.

Figure 6-7: Drill core store of GC Mine



Source: SRK site visit, August 2023

Figure 6-8: Site laboratory of GC Mine



Source: SRK site visit, August 2023

Given the timing requirements of its mandate, SRK did not collect independent samples for data verification purposes.

6.2.4 Risks and opportunities

SRK did not find any material risks regarding Mineral Resources.

SRK has been advised by site personnel that the remaining Mineral Resource does not reduce because the new Mineral Resource by exploration is greater than that consumed by mining.

6.2.5 Prospectivity

The currently defined mineralisation is not closed-off at depth. Ongoing exploration and prospecting is undertaken along with infill drilling to upgrade the stated Mineral Resource category and test for additional or new mineralised zones.

6.2.6 SRK comments

SRK has reviewed the supplied reports, database, the grade estimate method, parameters, procedure, and conducted a site visit from 30–31 August 2023.

SRK notes the following:

- The overall Mineral Resource estimation procedure and output is considered reasonable.
- SRK was able to recreate the Mineral Resource base using the block model provided by Silvercorp, giving a result that is similar to that in the *2021 GC Technical Report*.
- There is the potential to define additional Mineral Resources at depth.
- It should be noted that Silvercorp has not publicly disclosed a Mineral Resource estimate for GC Mine after 31 December 2020. SRK was advised by Silvercorp that the current Mineral Resource base may be greater or less than that shown in Table 6-5 due to the combination of ongoing mine production and additional exploration works conducted on site.
- The Ore Reserve estimate was described in 'GC LOM 43-101(20210630).xlsx'. Based on the file, SRK has attempted to estimate the residual Mineral Resources as presented in Table 6-7, which are exclusive of Mineral (Ore) Reserves.
- In doing so, SRK has assumed that mine production over the intervening period has been carried out in accordance with the production plan as at 31 December 2020.

Table 6-7: 'Residual' Mineral Resource Statement, as at 30 September 2023

Classification	Quantity	Ag	Pb	Zn	Ag metal	Pb metal	Zn metal
	Mt	g/t	%	%	koz	Mlb	Mlb
Measured	2.881	73	1.0	2.5	6,720	64	160
Indicated	3.231	62	0.8	2.1	6,389	57	148
Measured and Indicated	6.112	67	0.9	2.3	13,109	121	307
Inferred	8.441	87	1.0	2.4	23,562	195	442

Sources: SRK Consulting

6.3 Mining and Ore Reserves

Mining to date has been conducted in two stages:

- Stage 1 targeted bringing the project into production as soon as practicable using mobile, rubber-tired, diesel-powered equipment (development jumbo, loader, and truck) with surface decline access down to -50 mRL.

- Stage 2 development from -50 mRL down to -300 mRL employs conventional tracked equipment (battery powered locomotives, rail cars, electric rocker shovels and pneumatic handheld drills) via a surface shaft access.

Currently, both the decline and shaft have been developed to the bottom of Stage 2, forming a hybrid underground access system.

GC Mine has operated since Q4 2014 and achieved the designed capacity in 2021, which is approximately 313 kt/a. Historical production records for GC Mine from FY2015 to Q3 of 2021 are presented in Table 6-8.

Table 6-8: GC Mine production from FY2015 to FY 2021 (Q1 to Q3)

Fiscal Year	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Q1 to Q3)	Total
Ore mined (tonnes)	253,321	257,575	260,746	245,783	284,217	287,632	264,388	1,853,662
Head grades								
Silver (g/t)	107	94	94	98	86	97	84	94
Lead (%)	1.35	1.76	1.44	1.45	1.51	1.89	1.68	1.59
Zinc (%)	2.65	2.53	2.81	2.78	3.00	3.32	3.44	2.94
S (%)	9.29	9.19	10.55	9.88	9.82	10.29	9.89	9.85

Sources: 2021 Technical Report GC Mine provided by Silvercorp

The rock mass condition is categorised as Fair to Good and it is anticipated that the vein and host rocks in the mine area will continue to be largely competent and require minimal ground support other than in weaker ground areas. Shrinkage and resuing stoping methods have been adopted at the mine and are as designed and applied by the project.

The required mining supporting facilities are constructed and operated.

6.3.1 Methods and design

Geotechnical and hydrogeological considerations

The rock mass condition is categorised as Fair to Good. AMC’s most recent assessment anticipated that the vein and host rocks in the mine area would generally be competent and, local conditions permitting, require minimal ground support. This has largely been confirmed in operations, with most areas deemed to require little or no support. Where Poor ground conditions have been encountered, ground support is provided, with a range of strategies available depending on the local situation. This includes either rock bolts with, or without, mesh, shotcrete only, shotcrete with rock bolts, shotcrete with rock bolts and mesh, timber, or heavier steel support.

Based on its review of the available geotechnical data and high-level assessments undertaken, AMC considered that the geotechnical aspects of the mine design were generally reasonable for mining study purposes. However, given the limited nature of the data, the geotechnical knowledge at GC Mine prior to commencement of operations was not considered to be at the level of detail normally associated with a similar mining operation or feasibility study in Canada.

The mine’s geotechnical knowledge has – at a practical level – been significantly advanced since the commencement of operations. AMC has recommended that, as part of ongoing operations at

GC Mine, geotechnical and ground support aspects should be continuously reviewed in a formal and recordable manner, bearing in mind previous recommendations, local and mine-wide operating experience in all rock types encountered, any advisable data collection, and looking to future mining development.

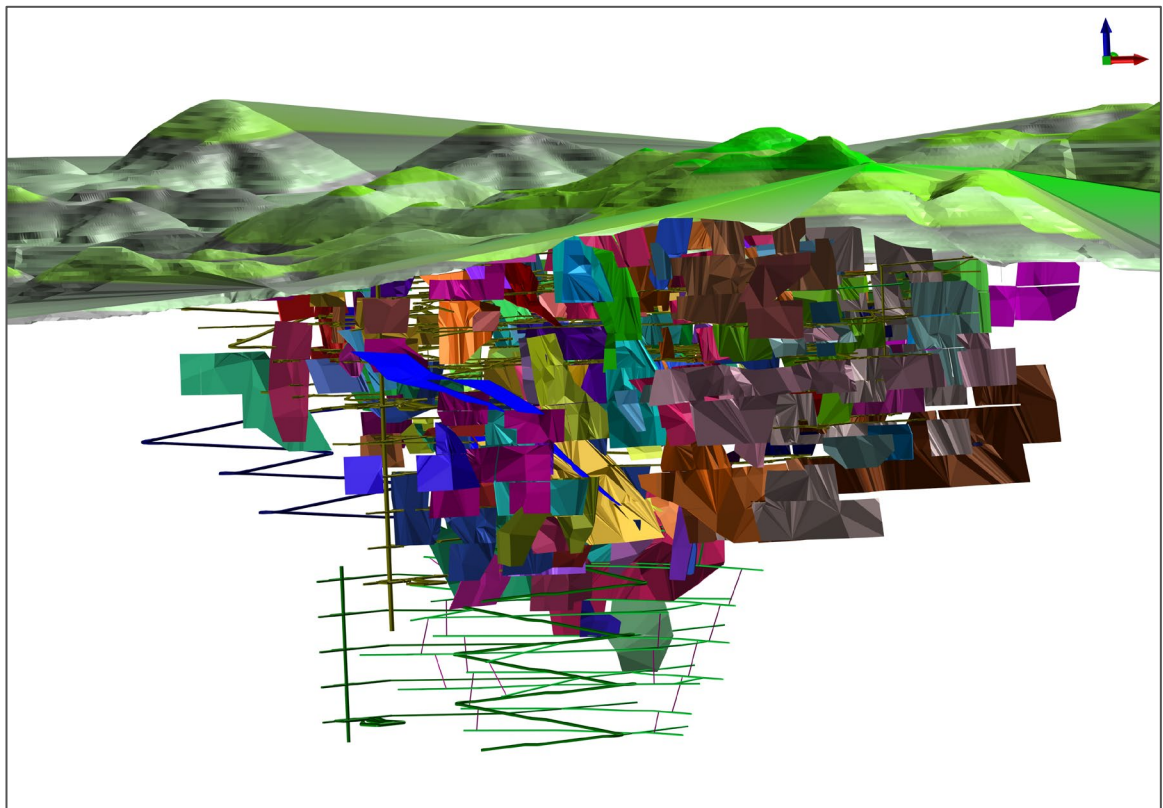
Specific hydrogeological investigations were not conducted. The mine design report presents discussion of hydrogeological conditions at GC Mine and states that hydrogeological exploration in the district is relatively inadequate. For AMC’s preliminary geotechnical assessments, minor water inflows (less than 5 L/min locally) were assumed. AMC notes that operating experience to date indicates that the assumption of minor water inflows is reasonable.

Mine access

GC Mine access for rock transport, materials supply and personnel is provided by two declines (Exploration Ramp, Main Ramp) and a shaft (Main Shaft). Secondary mine access for personnel emergency egress is provided by the Stage 1 and Stage 2 return airway shafts.

An orthogonal view of the GC Mine design is presented in Figure 6-9.

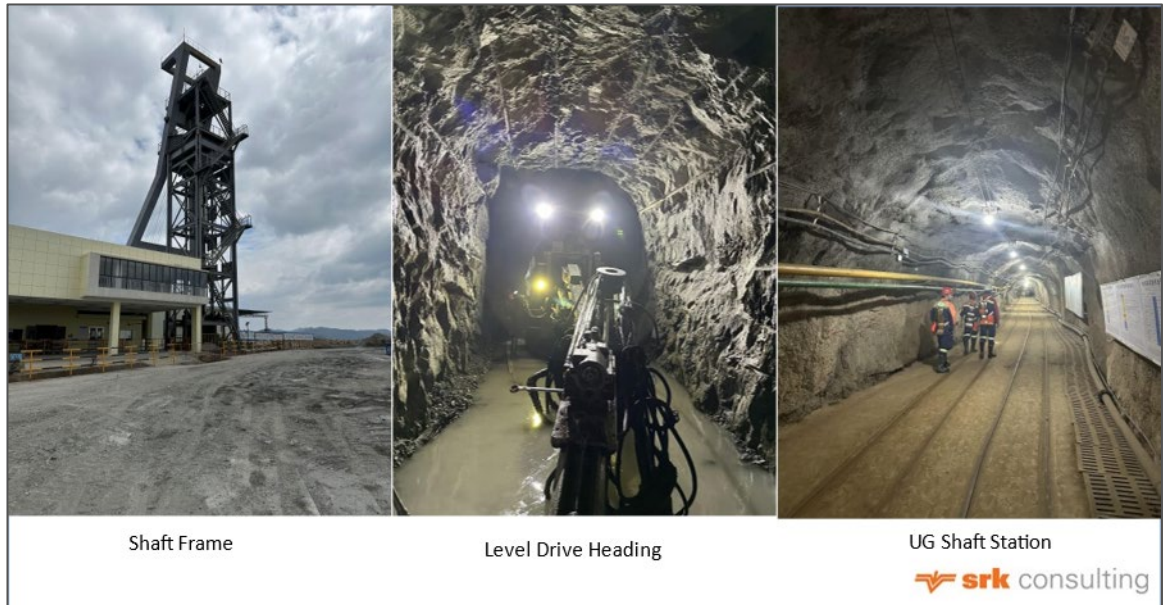
Figure 6-9: An orthogonal view of the GC Mine design



Source: Silvercorp, 2021

The underground access system has been constructed – underground development and examples are presented in Figure 6-10.

Figure 6-10: Underground access and level drive of GC Mine



Source: SRK site visit in August 2023

Mining method

Resue and shrinkage stope are the predominant mining methods employed at GC Mine as the geometry and orientation of the main veins are narrow and sub-vertical. These mining methods have been used over an extended period on site and are well managed by GC Mine personnel. SRK considers these methods to be appropriate for the GC Mine environment. The typical layout of stope block for resuing and shrinkage and parameters are similar to those employed in Ying Mine.

Due to the lower grade (on average) than that of the Ying mines and more widely spaced veins, the overhand cut and fill (drift and fill) method was recently introduced. One pilot stope was visited during SRK’s site visit in August 2023, and is presented in Figure 6-11.

Figure 6-11: Operation of cut and fill stoping



Source: SRK site visit in August 2023

Stoping management

GC Mine has also developed a stope management protocol and stope management manual, similar to that of Ying Mine. The purpose of stope management is to implement stope operation procedures to reduce dilution via the Mining Quality Control Department. The department has a total of nine technical staff, including management, mine engineers, geologists, and technicians, and reports directly to Silvercorp’s Beijing office. The mine engineers in the group are responsible for supervising the stope operation procedure, with stope inspection occurring at least once per day to check that mine contractors are following the guidelines. The geologists and geological technicians are responsible for stope geological mapping and sampling, which occurs every 1.5–2 m of stope lift. The department also measures the mined area of a stope at the end of each month for mine contract payment purposes. Based on the data collected during the stope mapping and sampling, an update of Mineral Resources will be applied to individual stopes monthly, supporting the rolling mine plan quarterly.

Material haulage

The ROM material is mined out from the stope or waste excavated from the development heading and loaded into 0.7 m³ rail ore cars by small-scale load, haul and dump (LHD) equipment from either cross-cut drawpoints or the heading. The ore cars are pushed by locomotives (electromotion) along the level drive to the shaft, then hoisted by shaft cage (two deck) to surface. When the material is mined near the decline system, the underground truck is loaded by drawpoint equipped with vibration feeder at the bottom of the ore pass, which is fed from the upper level by the railway ore car or LHD directly.

Equipment and operation

Most of the key mining equipment available at GC Mine is maintained and operated by contractors. GC Mine monitors and manages the equipment situation and schedules the maintenance and replacement plan. The equipment fleet as at the end of 2021 is shown in Table 6-9.

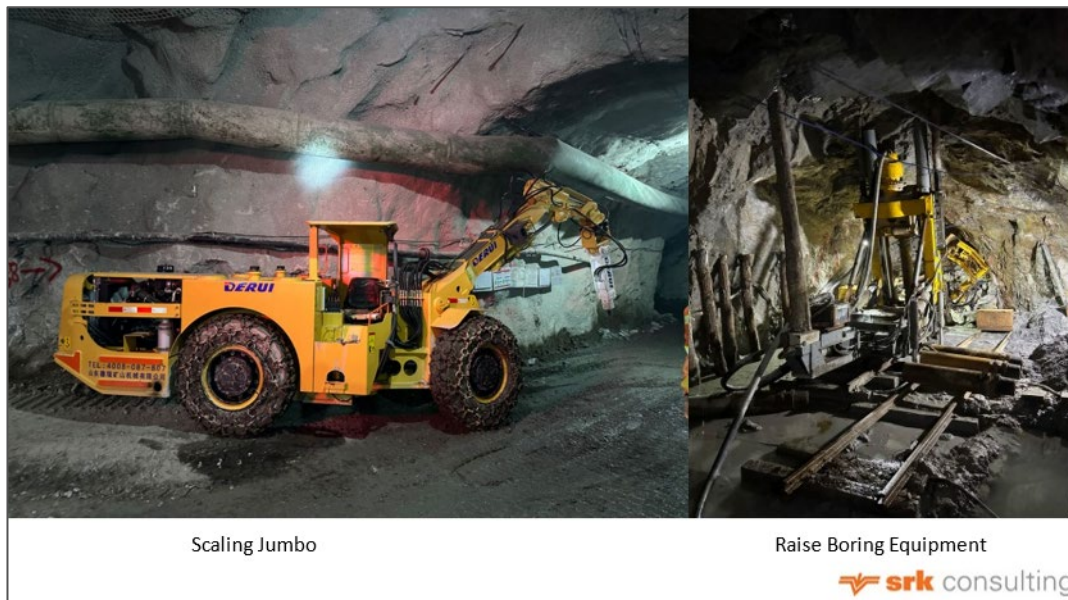
Table 6-9: Mining equipment fleet as at December 2021

Contractor equipment	Units	Manufacturer	Model	Capacity
Single boom jumbo	1	Atlas Copco	Boomer 281	3,660 mm rod
LHD small	20	Shandong Derui Mining Machinery Co. Ltd	WJ-1	1 m ³
LHD large	5	Guangxi Liugong Machinery Co., Ltd.	CLG833	3 m ³
Haul truck	10	Fujian Longyan Shifeng Construction Machinery Co. Ltd	LHF30	13 t
Personnel carrier	2	Anhui Tongguan Machinery Co. Ltd.	JY-5YR-16	16 persons
Shotcreter	2	Hunan Changde Shotcrete Machinery Factory	HPZ-6	6 m ³ /hr
Electric locomotive	18	Shandong Nadian Electromechanical Equipment Co. Ltd	CTY2.5/6B	70 m ³ /h
Electric loader	10	Nanchang Hengye Mining and Metallurgical Machinery Factory	Z-30	0.3 m ³
Rail cars	116	Henan Hebi Mishi Machinery Co. Ltd.	YCC0.85-6	0.85 m ³
Auxiliary stoping & development fan	55	Zib Ventilation Machine Plant Ltd.	JK56-N ₀₄	0.1~3.4 m ³ /hr

Source: 2021 Technical Report GC Mine provided by Silvercorp

Beside the equipment listed above, the Company has recently introduced additional equipment types to improve the work safety and efficiency, such as scaling jumbo and raise boring equipment, as presented in Figure 6-12.

Figure 6-12: Example of GC Mine equipment on site



Source: SRK site visit in August 2023

Workforce

GC Mine operates using mostly contractors for mine development, production, ore transportation, and exploration. The mill plant and surface workshops are operated and maintained using GC Mine personnel. GC Mine provides its own management, technical services, and supervisory staff to manage the mine operations. The owner team is ~260 personnel on site and the contractor employee numbers are similar.

Mining facilities

Mine ventilation at GC Mine is designed in accordance with Chinese regulations and is in place and operational. The verification and testing of the primary ventilation fans are conducted annually by certificated third parties. Underground routine (real time) monitoring is well established at GC Mine and the ventilation system can be controlled remotely.

The GC Mine backfill plant is established and operational. Previous shrinkage stopes do not require any fill, but for safety purposes and to minimise the amount of material flowing to the TSF, Silvercorp has introduced backfilling of mined voids at GC.

In the resue stopes, waste is mined from the footwall to achieve the minimum mining width for the mining platform. Upon completion of the stope, the waste, which forms the working platform, is left as fill.

The installed dewatering system is designed and implemented to Chinese safety regulations. Two relayed stages of pumping are as designed and equipped. At the Stage 1 pump station (-300 mRL), three pumps (Model MD155-67×5, capacity 155 m³/h) are installed. Water from the -300 mRL pump station is discharged through two steel pipelines installed in the shaft to the Stage 2 station. The effective water storage volume of the inner and outer sumps totals 2,000 m³ at the -300 mRL. At the Stage 2 pump station (-50 mRL), three pumps (Model MD280-43×8, capacity 280 m³/h) are installed. Water from the -50 mRL pump station is discharged through two steel pipelines installed in the ramp to the surface. The effective water storage volume of the inner and outer sumps totals 2,450 m³ at the -50 mRL.

The sump capacity is 6–8 hours at the average water yield. At least three sets of pumps are designed and installed at each station. In the normal circumstances, one pump is running, one is being maintained, and the third one is on standby.

During SRK's site visit, the pump was running only during the night shift as the water inflow was able to be controlled while lowering the costs of electricity power to the site.

Water consumption at GC Mine is minimal, and primarily associated with drilling and dust suppression. As per safety regulations, fire prevention systems are constructed at each portal and a head pond containing 300 m³ is shared with the processing plant.

The site's power supply facilities are also constructed and operational, with power derived from a 110 kV substation near Gaocun Town, which is ~6 km from the site.

An explosives storage magazine, with the capacity of 10 t explosive and 15,000 detonators, has been constructed and supports ongoing operations.

Since late 2015, GC Mine has implemented a workplace safety and work quality checklist system to reinforce operations process control. A feature of this initiative is an internal EB system in the management of Mine Production and Safety Information, which Silvercorp implemented in August 2015. The EB is an internet social media system that facilitates and makes transparent the distribution and flow of work-related knowledge and information for parties at different locations. The central control system is also well installed in GC Mine, as shown in Figure 6-13.

Figure 6-13: GC Mine Central Control System



Source: SRK site visit, August 2023

6.3.2 Ore Reserves

The Ore Reserves (Mineral Reserves) were reported in AMC's *2021 GC Technical Report* dated 6 October 2021, in compliance with CIM Standard Definition and NI 43-101. The Ore Reserves were estimates by GC Mine under the guidance of independent QP Mr H A Smith, PEng, who took responsibility for those estimates.

The Ore Reserves statement is summarised in Table 6-10, for GC Mine as at 31 December 2020. In total 63% of the Ore Reserve tonnage is categorised as Proved, with the remainder as Probable. About 41% Measured and Indicated Mineral Resources are converted into Ore Reserve (on a tonnage basis or 47% on a contained metal basis).

Table 6-10: Ore (Mineral) Reserve Statement for GC Mine summary, as at 31 December 2020

Classification	Tonnes (Mt)	Ag (g/t)	Pb (%)	Zn (%)	Contained metal		
					Ag (koz)	Pb (Mlbs)	Zn (Mlbs)
Proven	2.587	93	1.5	3.3	7,743	84	189
Probable	1.544	95	1.5	3.0	4,740	51	103
Proven and Probable	4.131	94	1.5	3.2	12,483	135	293

Source: 2021 Technical Report GC Mine provided by Silvercorp

SRK reviewed the estimate input parameters, progress, and randomly checked several stoping blocks, to form a high-level opinion regarding the Ore Reserve estimates. In SRK’s view these were all reasonable and support the continued operation of the mine.

Mineral Resource Estimate for conversion to Ore Reserves

- The Mineral Resources Estimate was prepared under CIM standard definition and reviewed by an independent geologist.
- Measured and Indicated Mineral Resources categories are applied to conversion.

Study status and site visit

- GC Mine is operational and holds the necessary licences to support ongoing production. The operation practices could achieve more than outlined in previous pre-feasibility level studies.
- The GC Mine design for construction, can be classified as exceeding the requirements of a pre-feasibility level.
- The QP, Mr Smith previously visited GC Mine in January 2018 for 3 days. The other contributors to the Ore Reserve estimates work on site or visit the site frequently.

Cut-off parameters

- There are three classes of cut-off grades applied to GC Mine, which are:
 - full break-even cut-off grade, used to flag whether a given stope should be mined or not
 - marginal stoping cut-off grade, which is used for a given stope (inclusive of all developments and drilling) and the costs has been covered by the nearby stope
 - development cut-off grade, is used to decide whether ore drive material should be sent to the dump or plant.
- Full break-even cut-off grade Ag eq (g/t) = (mining cost + tunnelling cost + drilling cost + maintenance cost + milling cost + G&A + sustaining capital + government fee and Mineral Resources and sales taxes)/(\$ value per in situ gram after application of mining recovery, metallurgical recovery, and payable).

Workflow of estimates

- Design mining stope outline and cut the mineral structures into stope blocks as mineable scope. The pillars are also evaluated but excluded in conversion and mine plan, treating them as design loss.

- Boolean operation with the end of month survey of stope.
- Interrogate against grade model (block model) get the critical parameters, such as resource category, grades, thickness, etc.
- Classify the stope into mining method based on the thickness (horizontal) and then applying the modifying factors:
 - minimum mining width: 0.5 m for resuing and 1.0 m for shrinkage, therefore planned dilution – 0.4 m for resuing and 0.8 m for shrinkage
 - planned dilution: if the thickness is lower than the minimum mining width, planned dilution (0 grade) to the minimum mining width
 - dilution: apply unplanned dilution with zero grade to the stope. Factored 0.05 m on hanging wall and footwall each for resuing stope and 0.1 each wall for shrinkage stope
 - further factored dilution of 2% (if more than 2 m wide), 3% (between 2 m and 1 m) and 4% (<1 m wide) is also applied for shrinkage as broken ore drawing when mining is finished
 - factored ore loss as 95% and 92% for resuing and shrinkage methods respectively
 - visually and manually filter the stopes considering the practical conditions with local engineer for mine planning
 - summation of the eligible material in stopes as the potential ore reserves then conduct mine planning and scheduling.

In general, the Ore Reserve estimates are well supported and provide a reasonable basis for ongoing production mining at these narrow vein deposits. The mining methods employed are highly selective, and the company has initiated activities to minimise dilution as key strategy, which includes:

- Placement of rubber mats and/or conveyor belting over waste fill floor in resuing stope immediately to serve as a barrier between ore and waste.
- Hand sorting in stope before ore mucking to update the deliverable to plant.
- Conduct high intensity quality control process for each cut of stoping, in terms of grade control sampling, design, drilling and blasting and mucking, to achieve the dilution targets.

The methodology of design stopes block via mineable shape optimisation is not practical, therefore the ‘Excel spreadsheet’ basis mineable resource with dilution and loss allowance are applied. The parameters on loss and dilution are validated via historical data in recent years.

The summary of average dilution as recorded by mine and method is presented in Table 6-11. After reviewing the Ore Reserve conversion database, the estimated dilution rates agree with the stated records which are ~15% for resuing and ~20% for shrinkage, as presented in Figure 6-14.

Table 6-11: Average dilution by mine and method

Gaocheng Mine	Dilution %
Shrinkage	19.8
Resuing	12.4
Total dilution Gaocheng	17.5

Source: 2021 Technical Report GC Mine provided by Silvercorp, data duration unknown

Figure 6-14: Dilution planned for some stopes of GC Mine

													Reserve					
Syst em	Vein	Level	Stope number	Ageq (g/t)	Ag (g/t)	Pb(%)	Zn(%)	true_wid th (m)	Minin g Meth	Mining Width(m)	Planned Dilution	Ore Loss(%)	Ore- TONNES	Ore- Ageq (g/t)	Ore- Ag (g/t)	Ore- Pb(%)	Ore- Zn(%)	
435	GCZS	V6M-3	-300	GCZS-V6M-3-(-300)-(20-26)-SICC	531	129	3.92	4.71	0.95	S	1.15	20%	8%	10,341	444	107	3.27	3.93
436	GCZS	V6M	-300	GCZS-V6M-(-300)-(18A-22)-SICC	321	58	2.38	3.29	0.81	S	1.01	23%	8%	5,147	261	47	1.93	2.67
437	GCZS	V6M	-300	GCZS-V6M-(-300)-(22-24A)-SICC	366	89	0.96	5.27	0.99	S	1.19	20%	8%	16,840	306	74	0.80	4.41
438	GCZS	V7E	-300	GCZS-V7E-(-300)-(40-40A)-SICC	303	32	1.79	4.15	0.87	S	1.07	22%	8%	25,911	248	26	1.47	3.40
439	GCZS	V7S	-300	GCZS-V7S-(-300)-(38-40)-SICC	293	67	1.89	3.01	0.97	S	1.17	20%	8%	10,386	244	55	1.57	2.50
440	GCZS	V9-4	-300	GCZS-V9-4-(-300)-(32-34)-SICC	280	61	1.09	3.76	0.87	S	1.07	22%	8%	5,486	229	50	0.89	3.08
441	GCZS	V9-5	-300	GCZS-V9-5-(-300)-(26A-30A)-SICC	357	57	1.54	5.11	1.00	S	1.20	18%	8%	15,348	302	48	1.30	4.31
442	GCZS	V9-6	-300	GCZS-V9-6-(-300)-(30A-32A)-SICC	498	136	1.85	6.16	1.08	S	1.28	17%	8%	11,849	426	117	1.59	5.27
443	GCXS	V1-6	-350	GCXS-V1-6-(-350)-(22A-26A)-SICC	510	169	2.71	4.67	0.77	R	0.87	10%	5%	14,678	464	154	2.47	4.25
444	GCXS	V2-4	-350	GCXS-V2-4-(-350)-(26-28A)-SICC	338	108	1.31	3.77	1.11	S	1.31	17%	8%	50,546	288	92	1.12	3.22
445	GCXS	V2E1	-350	GCXS-V2E1-(-350)-(24-26)-SICC	278	71	0.80	3.81	0.82	S	1.02	23%	8%	8,236	225	58	0.65	3.09
446	GCXS	V2E	-350	GCXS-V2E-(-350)-(26-30A)-SICC	310	86	1.35	3.57	1.01	S	1.21	19%	8%	21,518	261	73	1.14	3.01
447	GCXS	V2E	-350	GCXS-V2E-(-350)-(30A-34A)-SICC	280	82	0.90	3.50	0.86	S	1.06	22%	8%	39,920	229	67	0.74	2.86
448	GCXS	V2E	-350	GCXS-V2E-(-350)-(34A-36A)-SICC	376	110	0.86	5.11	0.90	S	1.10	21%	8%	33,504	310	91	1.71	4.21
449	GCXS	V2W-14	-350	GCXS-V2W-14-(-350)-(24-26)-SICC	441	221	2.07	2.67	0.63	R	0.73	12%	5%	5,741	394	197	1.85	2.38
450	GCXS	V2W-8	-350	GCXS-V2W-8-(-350)-(24A-26)-SICC	326	87	1.62	3.62	0.91	S	1.11	21%	8%	8,554	269	71	1.33	2.99
451	GCXS	V2W	-350	GCXS-V2W-(-350)-(16-20)-SICC	381	63	2.41	4.52	0.99	S	1.19	20%	8%	4,651	319	53	2.02	3.78
452	GCXS	V2W	-350	GCXS-V2W-(-350)-(20-24)-SICC	313	66	1.84	3.56	0.71	R	0.81	11%	5%	13,440	282	59	1.66	3.20
453	GCXS	V49	-350	GCXS-V49-(-350)-(111-115)-SICC	396	98	2.34	4.12	0.82	S	1.02	23%	8%	16,567	322	80	1.91	3.36
454	GCXS	V6-0	-350	GCXS-V6-0-(-350)-(28A-32A)-SICC	435	75	0.49	7.69	0.87	S	1.07	21%	8%	14,542	358	62	0.41	6.33
455	GCXS	V2-2	-400	GCXS-V2-2-(-400)-(30-34)-SICC	347	103	0.40	5.14	0.73	R	0.83	11%	5%	10,633	314	93	0.36	4.64
456	GCXS	V2-4	-400	GCXS-V2-4-(-400)-(26-28)-SICC	340	106	1.05	4.15	1.27	S	1.47	15%	8%	4,256	295	92	0.91	3.60
457	GCXS	V2E	-400	GCXS-V2E-(-400)-(26A-30A)-SICC	355	124	1.80	3.21	1.15	S	1.35	17%	8%	11,715	304	106	1.55	2.75
458	GCXS	V2-2	-450	GCXS-V2-2-(-450)-(30-34)-SICC	308	72	0.43	4.92	1.09	S	1.29	17%	8%	12,035	262	61	0.37	4.19
459					423	136	1.87	4.44		RESUING		12%	5%	#####	377	121	1.66	3.96
460					333	98	1.68	3.46		SHRINKAGE		20%	8%	#####	279	82	1.40	2.89
461					362	110	1.74	3.77		TOTAL		17.5%	7.1%	#####	309	94	1.48	3.22
462										Ore-Ageq (g/t)								

Source: Silvercorp spreadsheet - GC LOM 43-101(20210630).xlsx

‘Depleted’ Ore Reserves as at 30 September 2023

For the purpose of estimating the Ore Reserves as close as possible to the Valuation Date, SRK has depleted the Ore Reserve estimate as at 31 December 2021 for production over the intervening period using the following files as provided by Silvercorp. In doing so, SRK has assumed that mine production was aligned with the schedules outlined in the file ‘GC LOM 43-101(20210630).xlsx’ (as no more accurate information was available for SRK’s review). The resulting depleted Ore Reserves as at 30 June 2023 are outlined in Table 6-12.

Table 6-12: ‘Depleted’ Ore Reserves for GC Mine, as at 30 September 2023

Classification	Quantity (Mt)	Ag (g/t)	Pb (%)	Zn (%)	Ag metal (Moz)	Pb metal (M lbs)	Zn metal (M lbs)
Proved	1.9	94	1.4	3.2	6	60	133
Probable	1.4	97	1.5	3.0	4	46	92
Total	3.3	95	1.5	3.1	10	106	225

Sources: SRK analysis using Silvercorp data

Note: Differences are associated with rounding errors.

6.3.3 Production schedule

GC Mine has operated since 2014 Q4 and achieved design capacity in 2021, which is approximately 313 kt/a. The mine is planned to continue at steady capacity for the remainder of its mine life. The key target of the mine plan is to achieve the planned grade, mining more efficiently and lowering the cost base.

The mine schedule is directed towards achieving the grade target as provided by mine management. The progress of mine sequencing and scheduling has been designed to facilitate this target and is as following:

- Stope by stope planning considering the currently mining activities and grades target
- Design the ore drive as grade control or production exploration development as necessary
- Factored stope preparation development, such as level drive, cross-cut, raises based on the stope geometry parameters
- Design and schedule the mine layout development, such as decline, lower level ore drive (exploration drive) for long-term consideration
- Sum up the scheduling result and optimisation.

The productivity applied to mine schedule is summarised as followings:

- Resuing stope: maximum 600 t/m, the typical planned productivity is 300–500 t/m
- Shrinkage stope: 1,200 t/m including the broken ore mucking period, the typical planned productivity is about 1,000 t/m
- Decline:
 - 100 m/month with jumbo drilling
- Level drive or ore drive
 - 80 m/month with jumbo drilling
 - 60 m/month with jackleg drilling.
- Raises: all consider 50 m/m as jackleg drilling, though three set raise boring machines are equipped on site. The boring time for a 50 m raise is about 15 days.

The mine schedule as detailed in file *GC LOM 43-101(20210630).xlsx*, is aligned with that coded in the model: *SVM GC NAV Calculation 2021.09.17 with sensitivity for silver price V2.xlsx*, for the year since FY2023. But the planned figures for mining and development do not match each other. During SRK's discussion with GC Mine while on-site, this variance was attributed to a different reference date and it was noted that the latter schedule is updated on a quarterly basis.

The updates to the schedule, will not materially change the project performance on either technical or economic aspects.

6.3.4 SRK comments

SRK has reviewed the supplied reports, database, Ore Reserve estimates inputs, procedure, and conducted a site visit from 31 August to 1 September 2023 to gain a greater understanding of the operating conditions and facilities.

In general, the mine design and operation at GC Mine over the last several years has been stable. The underground mine layout is well established, the stoping method is appropriately managed, and the workforce is skilled.

GC Mine has initiated activities to improve productivity and utilisation via the introduction of increased mechanisation, automation and digitisation equipment or system, introducing an integrated system for the remote control of shaft hoisting, pumps, and ventilation fans. Increased use of bulk mining methods is being considered and piloted.

As the backfill plant has been constructed, the mechanical cut and fill method using vein jumbos and loader will replace some of shrinkage stope although this method has not been applied within the modifying factors for the latest Ore Reserve estimate. The next update of the technical report is expected to apply this method.

Geotechnical investigation, data collecting, and periodic rock mechanics review is recommended. A good understanding of rock mass, and a 3D rock mechanics analysis and/or simulation model, will provide greater confidence in the mine design and plan.

Based on its review of the mining information supplied, SRK notes the following:

- The inputs, workflow, and re-check of detailed stopes (selected at random) demonstrate that the Ore Reserve estimate is well supported and has a reasonable basis.
- The mine schedule is also reasonable. The schedule relies on manual optimisation by an experienced mine planner. The adopted mine planning methodology is based on task and resource (equipment) available considering the project parameters.
- The mining method and equipment employed are operated by experienced and skilled operators.
- The annual production rate is stable in plan and is achievable based on previous production history.
- The supporting infrastructure and development requirement are not a material risk, as they are either in place or under construction, or have been planned with sufficient time available prior to implementation.

6.3.5 Mining operating and capital costs

Operating costs

Silvercorp has provided SRK with actual quarterly operating costs from Q1 FY2023 (April to June 2022) to Q2 FY2024 (July to September 2023), in the categories of mining costs (including capitalised costs), milling costs and general administration costs for the whole project. SRK has summarised the costs and listed them as the average of FY2023 and Q1 and Q2 FY2024 in following tables.

Table 6-13 and Table 6-14 list the mining costs (including capitalised costs) and G&A costs for GC Mine, respectively.

Table 6-13: Mining costs of GC Mine

Item	FY2023	Q1&2 FY2024
Direct Mining costs		
Unit resuing mining costs (RMB/t)	237.38	326.03
Unit shrinkage mining costs (RMB/t)	69.92	86.16
Unit common cost (RMB/t)	76.49	92.09
Expensed drilling cots (RMB/Metres)	212.80	120.83
Expensed drilling cots (RMB/t)	30.77	20.78
Mining prep Unit costs (RMB/Metre)	2559.98	2555.19
Back-filling cost (RMB/t)	22.34	24.08
Unit Mining costs (RMB/t)	283.35	330.18
Unit shipping costs (RMB/t)		
Sustaining Capital		
Unit capitalized drilling cost (RMB/metre)	253.76	488.03
Unit capitalized drilling cost (RMB/t)	18.63	47.01
Exploration tunnelling unit cost (RMB/metre)	1881.78	1949.91
Other development tunnelling (RMB/metre)	3127.92	4504.78
Growth capital		
Ramp development (RMB/metre)	-	3902.12
PPE (RMB/t)	40.84	15.43

Sources: Provided by Silvercorp

Table 6-14: G&A costs of GC Mine

Item	Unit	FY2023	Q1 FY2024
Ore milled	tonne	5,991,770	4,482,889
General administrative costs	RMB/t	11,173,532	5,248,742
Labour costs	RMB/t	5,991,770	4,482,889
Total G&A costs	RMB	17,165,302	9,731,630
Unit G&A cost	RMB/t	57.29	72.34

Sources: Provided by Silvercorp

SRK recommends to using the average of the costs in FY2023 and Q1 FY2024 for the valuation, and Table 6-15 summarises the inputs of related parameters.

Table 6-15: The inputs for various parameters SRK recommends using in the GC Mine model (RMB)

Item	Average
Operation costs	
Direct Mining costs	
Unit resuing mining costs (RMB/t)	263.46
Unit shrinkage mining costs (RMB/t)	75.09
Unit common cost (RMB/t)	81.51
Expensed drilling costs (RMB/metre)	179.62
Expensed drilling costs (RMB/t)	27.56
Mining prep Unit costs (RMB/Metre)	2558.13
Back-filling cost (RMB/t)	22.90
Unit Mining costs (RMB/t)	298.41
Unit shipping costs (RMB/t)	-
Sustaining Capital	
Unit capitalized drilling cost (RMB/metre)	343.63
Unit capitalized drilling cost (RMB/t)	27.76
Exploration tunnelling unit cost (RMB/metre)	1902.81
Other development tunnelling (RMB/metre)	3495.59
Growth capital	
Ramp development (RMB/metre)	3902.12
PPE (RMB/t)	32.66
Unit Milling costs	117.56
Unit G&A (RMB/T of ore milled)	61.96

Sources: SRK Analysis on data provided by Silvercorp

Capital costs

CAPEX for the construction of the mine, ore processing plant, and various facilities and exploration etc. has been completed. Silvercorp has provided SRK with the previously invested CAPEX summarised in different categories. Table 6-16 and Table 6-17 provide the same details for GC Mine, as at 31 December 2022, and 30 September 2023, respectively. The depreciation/amortisation period is also given for each item.

Table 6-16: Previous CAPEX into GC Mine as at 31 December 2022 (RMB)

As at 31 December 2022			
Item	Costs	Cumulative Amortisation	Net book value
GC Mine			
Building – 20 years	232,703,390.40	93,890,703.78	138,812,686.62
Underground construction – 20 Years	102,290,811.85	41,319,773.17	60,971,038.68
Production Machinery – 10 Years	63,339,242.62	37,530,730.43	25,808,512.19
Electric Machinery – 10 Years	11,691,253.79	8,767,100.47	2,924,153.32
Tools and small equipment – 5 Years	1,902,669.32	1,212,723.42	689,945.90
Vehicle – 5 Years	7,567,168.05	5,522,946.49	2,044,221.56
Computer and other electronic equipment – 5 Years	2,286,442.98	1,999,893.76	286,549.22
Office furniture and equipment – 5 Years	1,604,247.89	1,302,499.55	301,748.34
Construction in Progress	2,899,229.22		2,899,229.22
Intangible assets – Land use rights (50 Years)	30,269,677.70	5,902,471.75	24,367,205.95
Intangible assets – software (5 Years)	1,604,317.07	643,656.01	960,661.06
Mineral rights and properties	195,422,265.12	138,774,235.62	56,648,029.50
Guangdong Total	653,580,716.01	336,866,734.45	316,713,981.56

Sources: Provided by Silvercorp

Table 6-17: Previous CAPEX into GC Mine as at 30 September 2023 (RMB)

As at 30 September 2023			
Item	Costs	Cumulative Amortisation	Net book value
GC Mine			
Building – 20 years	235,354,848	102,384,582	132,970,266
Underground construction – 20 Years	102,290,812	45,152,962	57,137,850
Production Machinery – 10 Years	63,288,586	41,084,239	22,204,347
Electric Machinery – 10 Years	12,021,998	9,207,753	2,814,245
Tools and small equipment – 5 Years	1,946,494	1,388,934	557,559
Vehicle – 5 Years	7,163,018	5,721,047	1,441,971
Computer and other electronic	2,251,937	2,018,032	233,905

As at 30 September 2023			
equipment – 5 Years			
Office furniture and equipment – 5 Years	1,580,207	1,354,210	225,997
Construction in Process	1,115,156		1,115,156
Intangible assets – Land use rights (50 Years)	30,269,678	6,356,519	23,913,159
Intangible assets – software (5 Years)	1,420,727	566,621	854,107
Mineral rights and properties	207,360,848	155,195,098	52,165,749
Guangdong Total	666,064,308	370,429,997	295,634,311

Sources: Provided by Silvercorp

The net book values can be considered for further depreciation and amortisation.

Silvercorp provided the new CAPEX needed for the GC Mine, in two categories:

- **Sustaining capital:** capitalising the expenses from ‘Exploration tunnelling – grade control’, ‘Development tunnelling’, and ‘Facilities and equipment’
- **Growth capital:** capitalising the expenses from ‘Exploration tunnelling – New and upgrade resources’, ‘Capitalised drilling’ and to build ‘3rd Mill and TSF’.

The new CAPEX needed for GC Mine is similar to that for Ying, but without capitalised drilling and the new mill and TSF.

Table 6-18 summarises the new CAPEX needed for GC Mine in the financial/NPV models supplied by Silvercorp in US\$/t ore mined.

Table 6-18: New CAPEX needed in the Silvercorp’s NPV models (US\$)

CAPEX Item	Unit	GC
Sustaining capital		
Exploration tunnelling – grade control	US\$/t	1.62
Development tunnelling	US\$/t	1.77
Facilities and equipment	US\$/t	3.45
Growth capital		
Exploration tunnelling – New and upgrade resources	US\$/t	2.53
Capitalised drilling	US\$/t	-
3rd Mill and TSF	US\$/t	-

Sources: Provided by Silvercorp

Tax obligations

Based on the data provided by and discussions with Silvercorp, the GC Mine has the following tax obligations.

Enterprise Income Tax: in China the normal enterprise income tax is 25% of the taxable income. Silvercorp has advised SRK that as a HNTE, the subsidiary entities operating the GC project are subject to an enterprise income tax rate of 15% of taxable income for a 3-year term, which is renewable.

Resource tax:

- 3% of the net amount of sales from lead (Pb) and zinc (Zn) mineral products
- 2% of the net amount of sales from silver (Ag) mineral products
- No resource tax for gold (Au) and copper (Cu), since they are by-products.

Value Added Tax (received):

- 13% of the net amount of sales, excluding the revenue from gold (Au).

Surtax/Surcharge:

- City construction fee: 5% of VAT Payable
- Education surtax: 7% of VAT Payable.

Smelter charges

The base prices for various metals in the future were based on the predictions of some professional institutes. The prices used in Silvercorp's financial/NPV models did not include the value added tax.

The following are the smelter charge for each metal in each company at GC Mine:

- Smelter charge for silver: 41.00%
- Smelter charge for lead: 13.40%
- Smelter charge for zinc: 24.80%.

6.4 Metallurgical testwork and process design

6.4.1 Process flowsheet

The designed capacity of GC Mine's processing plant is 1,000 t/d (330 kt/a) and has been in commercial production since 2014. The process flowsheet is shown schematically in Figure 6-2, mainly includes crushing, grinding, sequential flotation of lead and zinc an- pyrite and concentrate dewatering.

The processing plant added an intelligent preselection system (IPS) in March 2023, with a processing capacity of 80–120 t/h and the designed discard rate is more than 20%. With the

preselection system put into operation, it will completely replace the original manual waste sorting operation.

The specific production flowsheet is described as follows:

Crushing

The plant adopts a two-stage closed-circuit crushing process, with the raw ore feed size of no more than 350mm and the product size of -15mm.

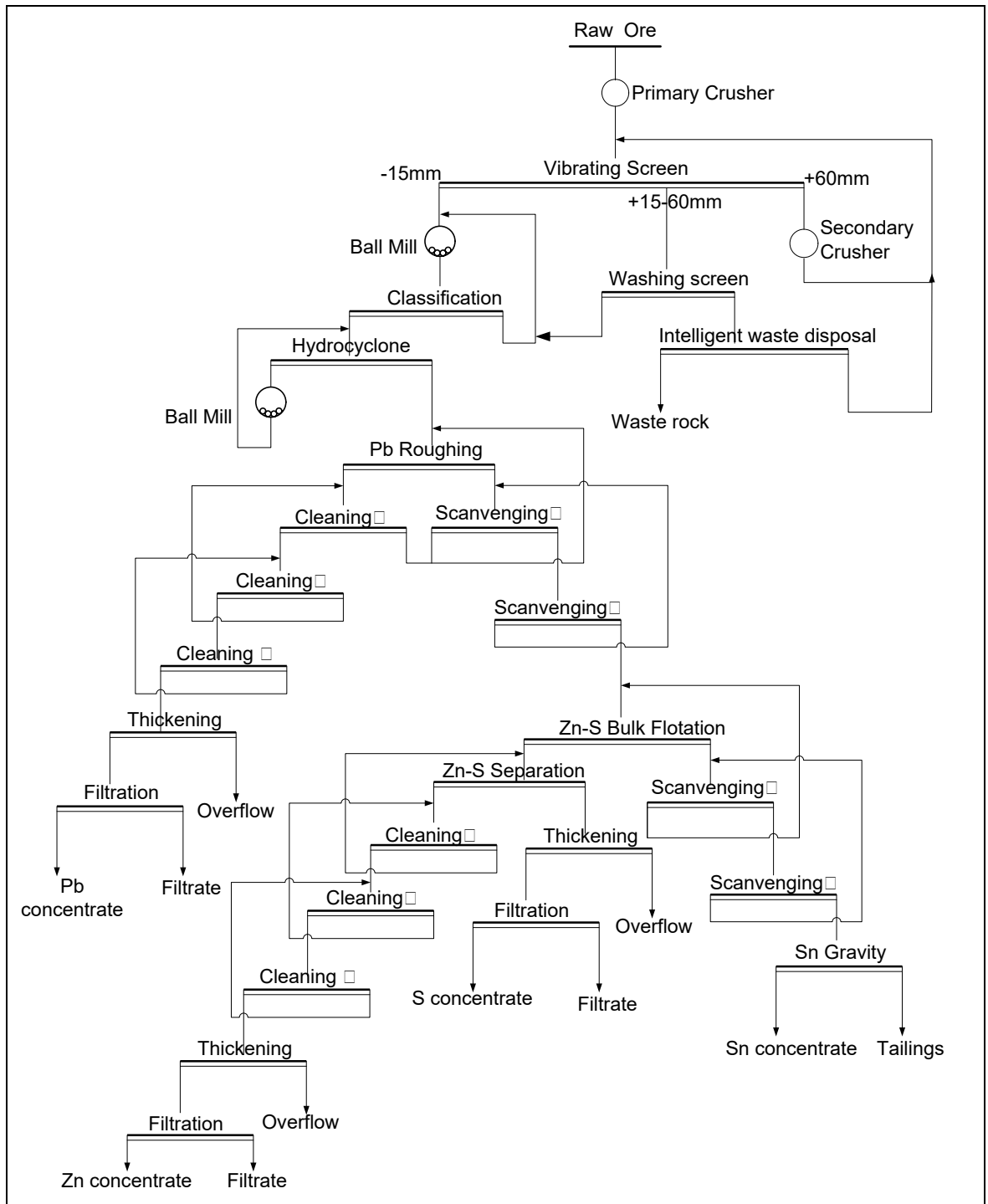
The crushing circuit consists of a ROM ore bin from which the ore is drawn by a vibratory feeder into the primary jaw crusher. The jaw crusher product is screened on a double deck vibrating screen, with the -15 mm fines being conveyed forwards to the fine ore bin while the +60 mm material feeds the secondary cone crusher via a buffer storage bin to maintain choke feeding of the crusher. The 15–60 mm material will enter into the IPS. Figure 6-1 shows the crushing plant on site.

Figure 6-1: The crushing plant as observed during the site visit



Source: SRK site visit in August 2023

Figure 6-2: Production flowsheet for GC Mine Processing Plant



Sources: Provided by Silvercorp

Intelligent Preselection System

The screening intermediate products (15–60 mm) enter into two vibrating screens (ZK2142) in the IPS through the conveyor for desliming and distributing, respectively. The pulp produced by desliming is transported to the grinding system through the pipeline while the oversize product

enters into the intelligent sorting machine for waste disposal. The waste rock flows to the waste rock bin, and the coarse concentrate returns to the buffer ore bin in secondary cone crusher. The system will improve the throughput and reduce the cost of plant. Figure 6-3 shows the IPS plant on site.

Figure 6-3: The Intelligent Preselection System plant



Source: SRK site visit in August 2023

Grinding and classification

The grinding process adopts a two-stage closed circuit grinding system, equipped with grate-discharge ball mill + spiral classifier and overflow ball mill + hydrocyclone, with a final overflow fineness of 80% passing 75 µm and a concentration of 35% to 38%.

The circuit is configured in two parallel series, each of 800 t/d capacity, for reasons of flexibility and ease of maintenance. Figure 6-4 shows the grinding and classification plant on site.

Figure 6-4: The grinding and classification plant



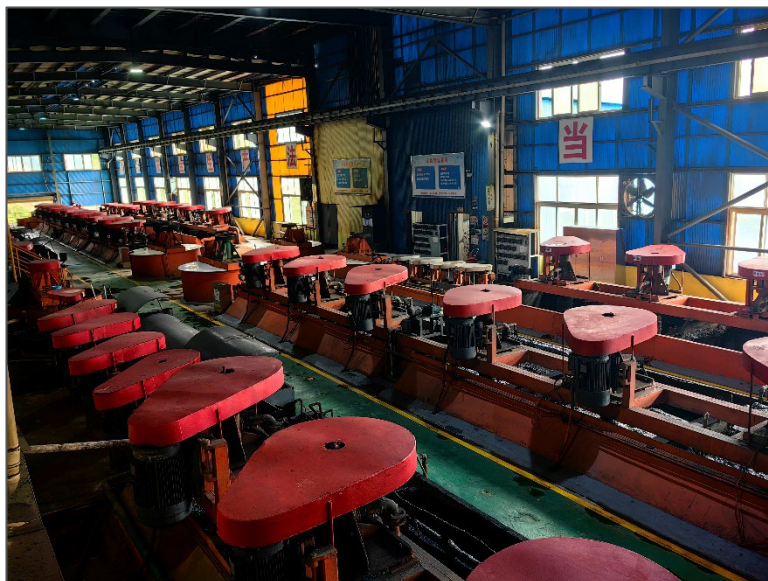
Source: SRK site visit in August 2023

Flotation

Following on the grinding circuit, the flotation circuit is similarly configured in two parallel series. The overflow (O/F) of the hydrocyclone flows to the lead rougher conditioning tank mixing with flotation reagents, and then to the lead rougher flotation cells. The lead flotation circuit is 'one roughing + two scavenging+ three cleaning', to obtain lead concentrate. The flotation lead tailings then flow to the zinc-sulfur mixed flotation process, with the circuit of 'one roughing + two scavenging', to obtain the tailings. The roughing concentrate then enters the zinc-sulfur separation flotation process, with the structure of 'one roughing + two scavenging+ three cleaning', to obtain the sulfur concentrate and zinc concentrate.

Figure 6-5 shows the flotation plant on site.

Figure 6-5: The flotation plant as observed during the site visit

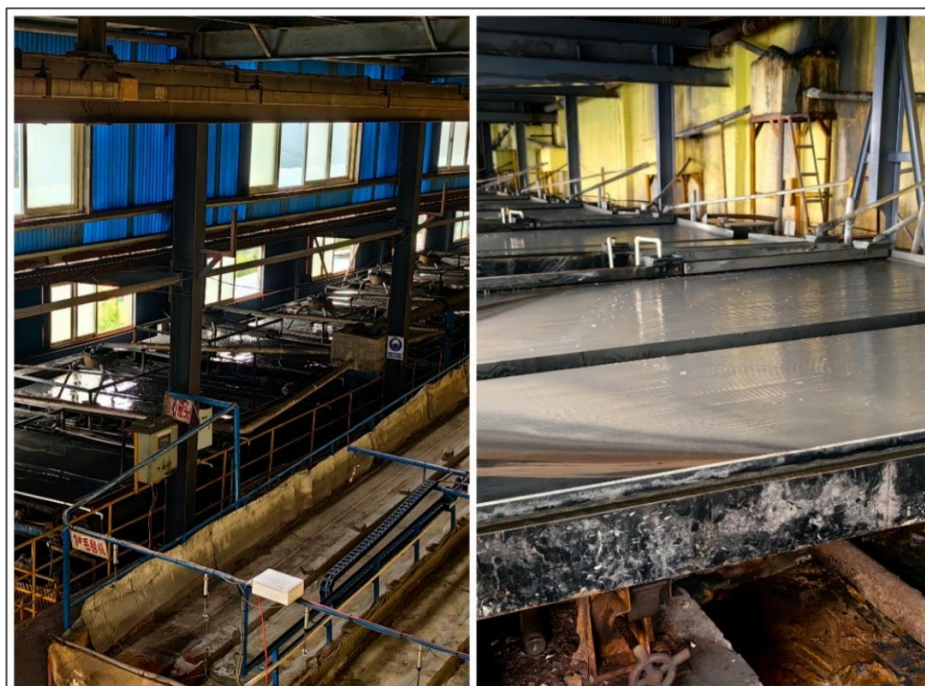


Source: SRK site visit in August 2023

Tin recovery circuit

The tin recovery circuit is set up to treat the flotation tailings, with two stages of gravity separation process using a blanket machine and shaker table. As the amount of tin concentrate is relatively small and random, it is not disclosed in the financial model. Figure 6-6 shows the tin recovery process on site.

Figure 6-6: The tin recovery process



Source: SRK site visit in August 2023

Concentrate dewatering

The lead, zinc, and pyrite concentrates all use a two-stage dewatering process, with one stage of dewatering using a thickener and a discharge concentration of 40% to 50%, the second stage of dewatering using a ceramic filter, with a final concentrate moisture content of 10% to 12%. After dewatering, the concentrate is bagged and loaded by front-end loader into trucks for transport to the smelter customers.

Tailings handling

The tailings are firstly transported to the deep cone thickener for concentration, and the underflow is switched through the valve into the filtration system or into the backfill system. The thickener underflow concentration can reach more than 72%.

The filtered tailings are conveyed to the TSF via conveyor and then spread by bulldozer on a bench-by-bench basis. The tailings deposition method is dry stacking and filling (from bottom to top and stacking by bench to form the embankment), with concurrent rolling and compaction to the desired dry density standards. Figure 6-7 shows the concentrate dewatering and tailings handling on site.

Figure 6-7: Concentrate dewatering and tailings handling



Source: SRK site visit in August 2023

Regarding the processing flowsheet, SRK notes the following:

- SRK considers the recovery methods used for GC Mine are appropriate for the ore characteristics, and the flowsheet is mature and feasible.
- The whole plant is built on a hill, making full use of natural topography, and the equipment inside the plant is compact and reasonable.
- The comminution circuit, especially grinding and flotation, performs well for the current 900–950 t/d operation, and is also adequate for a 1,600 t/d throughput level.
- The IPS has been put into production in March 2023, and the waste disposal rate can reach about 13%, which would increase the production rate and reduce the cost of the plant.

6.4.2 Supporting testwork

In order to develop a process flow sheet with appropriate operating parameters as a basis for the industrial scale implementation of lead, zinc, sulfur (and possibly tin) recovery, Hunan Research Institute of Non-Ferrous Metals was commissioned to carry out a laboratory test study for the GC Mine project in 2009.

The testwork including lead flotation condition test, zinc-sulfur flotation condition test, flotation open circuit and closed-circuit test of sulfide ore. In addition, the exploration test of copper and lead separation, gravity process to recover tin from tailings was also carried out. Based on the conditions established for lead, zinc, and pyrite flotation, a full closed-circuit test was conducted, and the test results are shown in Table 6-19.

Table 6-19: Closed circuit flotation test results of GC Mine

Product	Yield (%)	Grade				Recovery (%)			
		Pb (%)	Zn (%)	S (%)	Ag (g/t)	Pb	Zn	S	Ag
Pb Conc	2.63	46.35	9.53		3,009	84.70	7.74		62.80
Zn Conc	5.84	0.92	48.95		268	3.73	88.20		12.40
Pyrite Conc	14.65	0.81	0.41	42.52	190	8.24	1.85	61.30	22.10
Tailings	76.88	0.06	0.09	0.53	4.5	3.38	2.18	4.01	2.74
ROM	100	1.44	3.24	10.16	126	100	100	100	100

Source: Development and Research of the Comprehensive Recovery Test of Lead Zinc Silver Tin Sulfur for the Lead Zinc Ore Dressing in GC Mine Area, 2009

Note: Copper-lead separation not deemed commercially viable

Based on the test report and site visit, SRK notes the following:

- The flotation testwork culminating in the closed-circuit test provided an adequate basis for the flotation process design.
- The new collector NF2111403 is used in the lead flotation, which has stronger selectivity and lower dosage, and can reduce the reagent cost of mineral processing.

6.4.3 Process throughput and metallurgical recovery

SRK has analysed and summarised the historical production indexes of GC Mine processing plant from FY2022 to Q2 FY2024 based on data obtained during its site visit and the supplied metal balance report. The results are shown in Table 6-20.

Table 6-20: Historical Production Index of GC Mine Processing Plant

Items	Unit	FY2022	FY2023	Q2-FY2024	Average
ROM					
Ore Milled	t	318,042	299,597	134,525	
Feed Grade (Pb)	%	1.53	1.32	1.30	1.38
Feed Grade (Zn)	%	3.19	2.75	2.66	2.87
Feed Grade (Ag)	g/t	74.72	75.20	75.00	74.97
Pb Concentrate					
Pb Conc Output	t	9,655	7,797	3,463	
Pb Conc Yield	%	3.04	2.60	2.57	2.74
Pb Grade	%	44.86	45.46		45.16
Ag Grade	g/t	1,437	1,728		1,582.66
Pb Recovery	%	89.20	89.83	90.60	89.88
Ag Recovery	%	58.39	59.81	61.20	59.80
Pb metal Output	t	4,331	3,544	1,584	
Ag metal Output in Pb conc	kg	13,875	13,476	6,175	
Zn Concentrate					
Zn Conc Output	t	20,028	16,726	7,205	
Zn Conc Yield	%	6.30	5.58	5.36	5.75
Zn Grade	%	45.40	44.24		44.82
Ag Grade	g/t	301		297	299.05
Zn Recovery	%	89.61	89.93	90.16	89.90
Ag Recovery	%	25.39	22.04	21.42	22.95
Zn metal Output	t	9,092	7,399	3,226	
Ag metal Output in Zn conc	kg	6,034	4,965	2,162	
Total Ag Recovery	%	83.78	81.85	82.62	82.75
S Concentrate					
S Conc Output	t	9,296	13,230	8,190	
S Conc Yield	%	2.92	4.42	6.09	3.67
Tailings					
Tailings Output	t	279,063	261,843	115,667	
Tailings Yield	%	87.74	87.40	85.98	87.57

Source: Metal balance report

Note: FY2022 stands for April 2021 to March 2022, and so on. Q2-FY2024 stands for April 2023 to September 2023.

Based on the index results above, from FY2022 to Q2-FY2024, the ROM milled capacity is between 815 t/d to 963 t/d and did not reach the design capacity of 1,000 t/d. In addition, the ROM grade of lead and zinc began to decline in FY2022, with lead falling from 1.53% to 1.30% and zinc from 3.19% to 2.66%.

For lead concentrate, the lead recovery has consistently exceeded the closed-circuit test result of 84.7%, averaging 89.88%. The lead grade ranges from 44.86% to 45.59%, averaging 45.30%.

For zinc concentrate, the recovery rate remained above 89%, averaging 89.90%, exceeding the closed-circuit test performance of 88.2%. The zinc grade ranges from 44.24% to 45.40%, with an average of 44.81%.

Silver recovery has consistently exceeded the closed-circuit value of 75.2%, averaging 82.75%, of which more than 70% are enriched in lead concentrate.

In the operation, SRK noted that some small amounts of tin concentrate and sulfur have also been produced but that these quantities have not been significant enough to be material to mine economics.

Based on the analysis of the above production indicators and the historical production indexes in *NI 43-101 Technical Report, 2021 Update*, the recovery indicators of each product as modified by SRK are shown in Table 6-21. In addition, the ROM processing capacity should be coordinated with the mining production schedule and is not supposed to exceed the design capacity of 330 tpa.

Table 6-21: SRK recommendations on the product recovery

Item	Model	SRK recommendations	Comments
Ag Recovery	85.38	82.75	The average recovery rate for the last two fiscal years was 82.75%, and the highest recovery rate since production began in FY2015 was 83.78%, while the lowest value is 75.63%. Therefore, it is suggested to take the average recovery rate of the last 2.5 fiscal years as the index in the financial model, which is 82.75%.
Pb Recovery	88.92	Accepted base case	Base case is supported by operational performance, and is closely to the historical indexes of recent 2.5 fiscal years.
Zn Recovery	89.52	Accepted base case	Base case is supported by operational performance, and is closely to the historical indexes of recent 2.5 fiscal years.

6.4.4 Processing operating and capital costs

Operating costs

Silvercorp has provided SRK with actual quarterly operating costs from Q1 FY2023 (April to June 2022) to Q2 FY2024 (July to September 2023), in the categories of mining costs (including capitalised costs), milling costs and general administration costs for the whole project. SRK has summarised the milling costs and listed them as the average of FY2023 and Q1 & Q2 FY2024.

Table 6-22: Milling costs of GC mine

Item	FY2023	Q1&2FY2024
Ore Milled (t)	299,597	134,525
Water and electricity (RMB)	8,676,933	4,501,769
Milling materials (RMB)	11,365,620	6,249,270
Mill administration costs (RMB)	1,837,180	614,597
Mill labour costs (RMB)	12,879,090	4,911,530
Total cost (RMB)	34,758,823	16,277,166
Unit Milling costs (RMB/t)	116.02	121.00

Sources: Provided by Silvercorp

Capital costs

Silvercorp has provided SRK with the previously invested CAPEX summarised in different categories. Table 6-23 and Table 6-24 provides details of the original costs, cumulative amortisation, and net book value (in US dollars) of the CAPEX for GC Mine, as at 31 December 2022, and 30 September 2023, respectively. The depreciation/amortisation period is also given for each item.

Table 6-23: Previous CAPEX into GC Mine as at 31 December 2022 (RMB)

Item	As at 31 December 2022		
	Costs	Cumulative Amortisation	Net book value
Building – 20 years	232,703,390.40	93,890,703.78	138,812,686.62
Underground construction – 20 Years	102,290,811.85	41,319,773.17	60,971,038.68
Production Machinery – 10 Years	63,339,242.62	37,530,730.43	25,808,512.19
Electric Machinery – 10 Years	11,691,253.79	8,767,100.47	2,924,153.32
Tools and small equipment – 5 Years	1,902,669.32	1,212,723.42	689,945.90
Vehicle – 5 Years	7,567,168.05	5,522,946.49	2,044,221.56
Computer and other electronic equipment – 5 Years	2,286,442.98	1,999,893.76	286,549.22
Office furniture and equipment – 5 Years	1,604,247.89	1,302,499.55	301,748.34
Construction in Progress	2,899,229.22		2,899,229.22
Intangible assets – Land use rights (50 Years)	30,269,677.70	5,902,471.75	24,367,205.95
Intangible assets – software (5 Years)	1,604,317.07	643,656.01	960,661.06
Mineral rights and properties	195,422,265.12	138,774,235.62	56,648,029.50
Guangdong Total	653,580,716.01	336,866,734.45	316,713,981.56

Sources: Provided by Silvercorp

Table 6-24: Previous CAPEX into GC Mine as at 30 September 2023 (US\$)

As at 30 September 2023			
Item	Costs	Cumulative Amortisation	Net book value
Building – 20 years	235,354,848	102,384,582	132,970,266
Underground construction – 20 Years	102,290,812	45,152,962	57,137,850
Production Machinery – 10 Years	63,288,586	41,084,239	22,204,347
Electric Machinery – 10 Years	12,021,998	9,207,753	2,814,245
Tools and small equipment – 5 Years	1,946,494	1,388,934	557,559
Vehicle – 5 Years	7,163,018	5,721,047	1,441,971
Computer and other electronic equipment – 5 Years	2,251,937	2,018,032	233,905
Office furniture and equipment – 5 Years	1,580,207	1,354,210	225,997
Construction in Progress	1,115,156		1,115,156
Intangible assets – Land use rights (50 Years)	30,269,678	6,356,519	23,913,159
Intangible assets – software (5 Years)	1,420,727	566,621	854,107
Mineral rights and properties	207,360,848	155,195,098	52,165,749
Guangdong Total	666,064,308	370,429,997	295,634,311

Sources: Provided by Silvercorp

6.5 Environment and Social

6.5.1 Permitting

According to the requirements of relevant laws and regulations of China, a series of environmental protection related licences and permits should be obtained during the operation of mines, such as safety production permit, water use permit and site discharge permit.

Safety Production Permit

The safety production permits for the GC Mine are presented in Table 6-25.

Table 6-25: Details of the safety production permits for the GC Mine

Areas	GC Mine
Safety Production Permit No.	[2023] Wb012 II2
Issued To	Guangdong Found Mining Ltd (GC Mine)
Issued By	Guangdong Province Emergency Management Bureau
Licensed Activity	Lead-zinc-silver Mine Underground Mining
Issue Date	31 August 2023
Expiry Date	30 August 2026
Areas	GC Mine TSF
Safety Production Permit No.	[2023] Wc013 II2
Issued To	Guangdong Found Mining Ltd (GC Mine TSF)
Issued By	Guangdong Province Emergency Management Bureau
Licensed Activity	TSF Operation
Issue Date	31 August 2023
Expiry Date	30 August 2026

Sources: Provided by Silvercorp

SRK considers that the above safety production permits cover the entire mine site and TSF of the GC Mine.

Water Use Permit

The water use permit for the GC Mine is presented in Table 6-26.

Table 6-26: Details of the water use permit for the GC Mine

Water Use Permit No.	D445303S2022-0007
Issued To	Guangdong Found Mining Ltd
Issued By	Yunfu City Yun'an District Agriculture, Rural and Water Resources Bureau
Issue Date	15 March 2022
Expiry Date	14 March 2027
Water Supply Source	Surface water
Water Use Allocation	200,000m ³ /year

Sources: Provided by Silvercorp

Site Discharge Permit

GC Mine has registered the discharge of fixed pollution sources on 31 August 2020. The registration number is 91445300680642284X002Y. Registration is valid until 30 August 2025. The permissible discharge of waste includes waste oil, fugitive dust and treated mine water.

6.5.2 Environmental Impact Assessment

In accordance with Chinese legislation, the Project was previously subjected to a comprehensive EIA to assess the environmental impacts of the proposed development on the human and natural environment prior to the commencement of construction and mining operations. The EIA report for the GC Mine was produced by Guangdong Heli Engineering Survey Institute in March 2010.

The EIA approval for the GC Mine was issued by Guangdong Province Environmental Protection Bureau on 13 June 2010.

SRK reviewed above EIA report and approval and concluded that the EIA basically cover the main production facilities including mine site, processing plant and TSF. SRK considers that the GC Mine prepared the EIA report in accordance with relevant Chinese legal requirements and obtained corresponding government approval.

6.5.3 Environmental considerations

According to the EIA report, the GC Mine is not located within any natural reserves or significant cultural heritage sites. The vegetation in this area belongs to the South Asian tropical monsoon rainforest, also known as evergreen monsoon rainforest and monsoon evergreen broad-leaved forest. Due to the strong interference and destruction of human activities, only some zonal vegetation exists near the TSF in this area, such as Ficus of the mulberry family. Most of plants are secondary vegetation and artificial vegetation. No large wild mammals were seen during the survey, and small passerine birds were occasionally seen in this area. There are no endangered animals and plants in the GC Mine's area.

There are two rivers in and around the GC Mine's area, which are Geshui River and Shenbu River. The potential negative impacts of the GC Mine to surface water and ground water are due to the indiscriminate discharge of untreated production and domestic wastewater. The EIA report states that mine dewatering may cause groundwater table to drop and have negative impacts on agricultural and domestic water sources. SRK recommends that the project implement a sustainable water supply management plan that minimises impacts on natural systems through water management, avoids depletion of aquifers and reduces impacts on water users. At the same time, projects should consult with key stakeholders (i.e. governments and potentially affected communities) to understand any conflicts that may arise from water demand, community dependence on water resources, and/or existing local conservation requirements. The EIA approval requires all the processing wastewater for the GC Mine should be collected and reused for production. According to the GC Mine's introduction, the mine water is treated and partially reused and the processing wastewater is totally reused for production.

GC mine stated that waste rock generated by the mine is mainly given to local villages for poverty alleviation. Most of the tailings are backfilled in the mined-out area and rest of the tailings were discharged into the TSF. No geochemical characterisation of waste rocks or acid rock drainage assessment has been sighted as part of this review. However, the EIA report states that toxicity leaching tests has been conducted on the tailings from the GC Mine. The tailings for the GC Mine are not hazardous waste with leaching toxicity and belong to general industrial solid waste (Class I).

6.5.4 Social considerations

According to the relevant Chinese environmental legislation, public participation should be involved within the environmental impact assessment. The results of public participation for the GC Mine shows that 95.4% of the respondents supported the construction of the project. Public comments mainly focused on drinking water, water security for agricultural irrigation and the impact of project drainage on agricultural production.

6.5.5 Mine Closure Plan

The Chinese national requirements for mine closure are covered under Article 21 of the Mineral Resources Law of People's Republic of China (2019), the Rules for Implementation of the Mineral Resources Law of the People's Republic of China, the Mine Site Geological Environment Protection Regulations (2019), and the Land Rehabilitation Regulation (2011) issued by the State Council. In summary, these legislative requirements cover the need to conduct land rehabilitation, to prepare a geological environmental protection and reclamation plan, and to submit it for assessment and approval. In addition, a mine geological environment treatment and restoration fund account should be established by the GC Mine. SRK has sighted the geological environmental protection and reclamation plan for the GC Mine which was produced in July 2021.

The total cost of geological environmental protection and reclamation for the GC Mine is RMB7,754,300 which comprise geological environmental protection of RMB2,087,200 and land reclamation of RMB5,667,100 respectively.

Based on SRK's review of the component parts to this estimate, SRK considers this estimate to be reasonable.

7 BYP Mine

7.1 Overview

The Baiyunpu Zinc and Lead Mine (BYP Mine) is owned by Xinshao Yun Xiang Mining Co. Ltd. (Yunxiang Mining), a joint venture company.

In January 2011, Silvercorp, through its wholly-owned subsidiary, Wonder Success Ltd, (Wonder Success), acquired a 70% equity interest in Yunxiang Mining. Silvercorp's JV partner at BYP Mine is Zhixiang Zhu, which holds 30% of interest.

Yunxiang Mining holds the surface land use rights over the mining permit area until 2063, however the latest mining permit which was approved for lead and zinc mining only was last renewed by the Hunan Provincial Department of Land and Resources in April 2013, expiring October 2017. Yunxiang Mining is in the process of applying for a new mining licence for gold, lead and zinc as the main commodities. SRK understand that the land use right provide the first right of refusal for any subsequent mining permit application there should be no impediment to the granting of a new mining permit so long as Yunxiang Mining completes the required mining and environmental studies, as necessary under the Chinese system. It should be noted that the BYP Mine refers to Permits, as per the Hunan Province legislation/regulators, which are the same as licences.

Production at the mine is currently suspended and the mine has been placed on care and maintenance. There are five personnel (on BYP payroll) at site, responsible for underground water pumping discharge, daily status maintenance, permit application business etc.

The BYP Mine is supported by an existing $\pm 182,000$ tpa (500 t/d) processing plant, capable of producing separate flotation concentrates for both lead-zinc and gold mineralised material. Historically, a 50% lead concentrate was produced at an 82% lead recovery, while a 45% zinc concentrate was produced at a 90% zinc recovery, from a feed grade averaging 0.46% Pb and 2.9% Zn. Gold mineralised material, with a feed grade of 3.56 g/t Au, was made into a pyrite concentrate grading 40 g/t gold, with a reported 90% gold recovery.

The JV partners have proposed to upgrade the BYP processing plant to 450,000 tpa, while employing the same flow sheet, which includes a single stage of roughing, two stages of cleaning and two stages of scavenging. Under this upgrade scenario, the planned processing plant capacity is 1,500 t/d and the feed minerals for gold and lead-zinc will be processed within the same processing stream at different times. The supporting infrastructure will be upgraded to accommodate the increased power and water requirements.

7.1.1 Location, access and climate

The BYP Mine is located in Hunan Province (Figure 7-1) in central China, approximately 23 km northwest of Shaoyang city and close to Baiyunpu Village, Jukoupu Township, in Xinshao County (Figure 7-2). A paved provincial highway, S217, runs across the south margin of the BYP Mine area. The BYP mill, underground entrance and TSF are connected to the S217 provincial highway by a 3 km paved road.

Shaoyang City, the major local city with a population of more than half a million and is connected to other major cities in Hunan Province and nationwide by rail and expressways. It takes about 3.5 hours to drive by expressway from Shaoyang to the provincial capital city of Changsha, where an airport with both domestic and international flights is located.

The district of Shaoyang is one of the most densely populated areas in Hunan province, with a history of mining in the province. Skilled labour is available for all levels of mining and related activities.

The surface area of the BYP mining licence is 3.6649 km². The bounding geographic coordinates to the mining licence are:

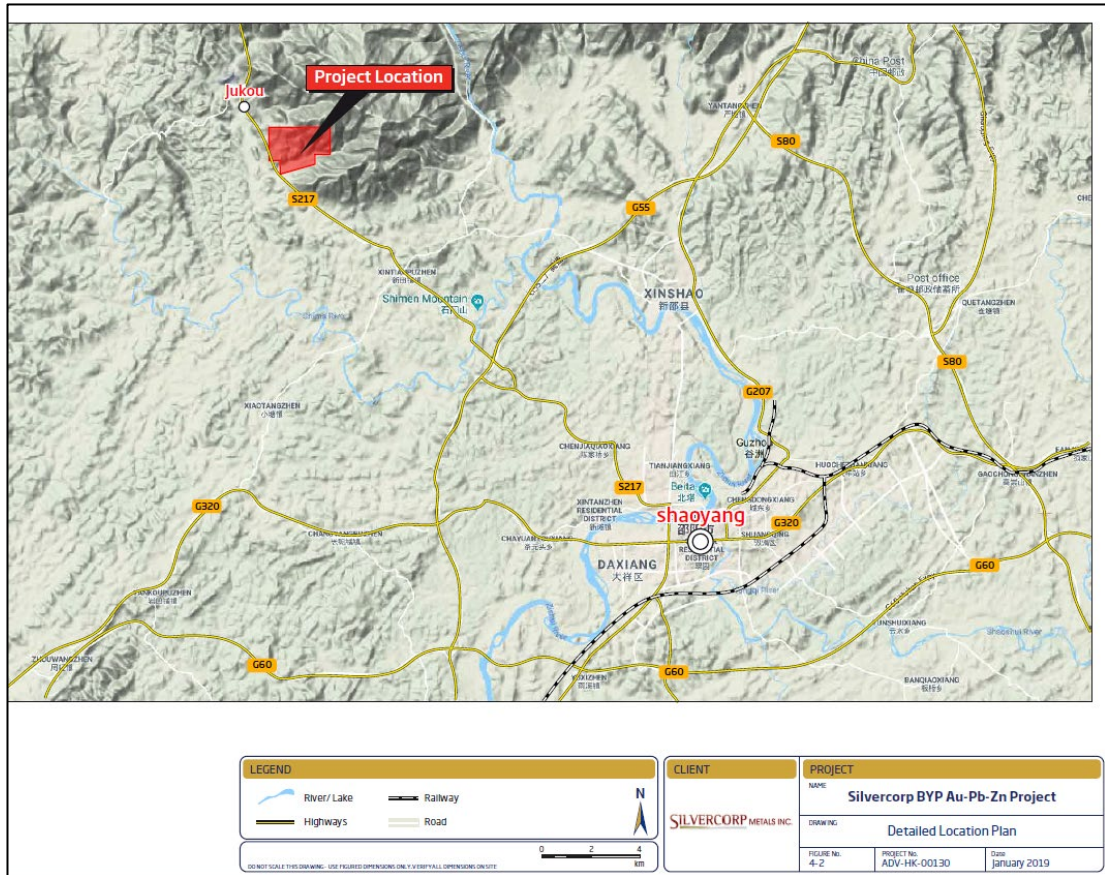
- Easting: 111°17'30" to 111°19'00"
- Northing: 27°21'30" to 27°23'00".

Figure 7-1: BYP general mine location



Source: Silvercorp Metals Inc. NI 43-101 Report dated September 2022.

Figure 7-2: BYP Mine location



Source: Silvercorp Metals Inc. NI 43-101 Report dated September 2022.

The BYP Mine is located at the southwest margin of the north-east trending Dachengshan mountain range. The southwest flank of the range forms the southernmost boundary of the tenure area, with the other three sides being occupied by high hills. This geographic setting gives the landform of the tenure area an ‘armchair-like’ morphology.

Elevation ranges from 241 m asl in the southwest to 862 m asl in the northeast. The northwest, west and southwestern parts of the tenure are a combination of low mountains and hills that formed as a result of erosion of the incumbent carbonate rocks of the surrounding region.

The climate is subtropical continental and wet, with an annual average temperature of 17.0°C and an average annual precipitation of 1,353 mm. Maximum temperatures range from a recorded maximum of 39.8°C in summer to a minimum of -10.8°C in winter. Despite this wide variation, the climate is suitable for year-round exploration and mining activities.

The high elevation, mountainous area is covered with forest, while most of the low hills have been cleared and developed as farmland. Several streams run through the mine area, with surface streams, existing water wells and recycled water from underground mining operations providing sufficient water (potable and processing) for local use. The currently installed 10 kV power supply at the Project is provided from a 35 kV substation at Xintianpu and a 110 kV substation at Jukoupu, respectively. Both are located at a distance of 11 km from the mine site.

7.1.2 Tenure and land use

The first exploration right for the mine area was approved in April 2003.

In January 2008, Yunxiang Mining was granted a mining permit by converting the current exploration permit. Since that time, the mining permit has been renewed three times with the most recent mining permit (Certificate No. C4300002012063210125603) remaining valid until 8 October 2017. It has subsequently expired.

Yunxiang Mining held a single granted mining permit, Mining Permit C4300002012063210125603, held by Xinshao Yunxiang Mining Co. Ltd. Key information is summarised in Table 7-1.

The mining permit has expired, and Yunxiang Mining has lodged an application for a new permit to allow the extraction, zinc and lead and now also gold at BYP Mine. The proposed mining area is 3.2338 km², with a production capacity of 1,500 t/d (450 kt/a). Yunxiang Mining is waiting for the final approval by National Forestry and Grassland Administration.

Table 7-1: Yunxiang Mining, mining permit

Name of Certificate	PRC Mining Right Permit
Certificate No.	C4300002012063210125603
Mine Right Holder	Xinshao Yunxiang Mining Co. Ltd
Location	Baiyunpu Village, Jukoupu Town, Xinshao County, Hunan Province
Name of Mine	Baiyunpu Lead and Zinc Mine, Xinshao County
Company Type	Limited
Mining Mineral Class	Lead, zinc
Mining Method	Underground mining
ROM production capacity	90 kt/a
Mine Area	3.6649 km ²
Mining Elevation	490 m asl to -220 m asl
Valid Period	8 April 2013 to 8 October 2017
Issue Date	8 April 2013
Issuer	Department of Land and Resources of Hunan Province

Source: Silvercorp Metals Inc.

Mining permit corner points (Xi'an 1980 coordinate system) of the mining permit are as shown below in Table 7-2.

Table 7-2: Mining Permit Gauss coordinates

Point	Northing (mN)	Easting (mE)
1	3030137.60	37528785.96
2	3030143.60	37531258.98
3	3029043.80	37531262.98
4	3029043.79	37530634.98
5	3028643.79	37530634.98
6	3028243.79	37529234.97
7	3028793.79	37529234.97
8	3028793.79	37528788.96

Source: Silvercorp Metals Inc.

Yunxiang Mining has previously acquired the surface rights to the land covered by the mining permit for mining and processing operations. There are four land utilisation permits (numbers 0002234, 0002235, 0002236 and 0002237). The land areas of the permits are 591 m², 15,746 m², 1,208 m², and 10,092 m², respectively. All of the land utilisation permits were granted in September 2017 by Xinshao County Bureau of National Land and Resources. Their validity period extends from January 2013 to January 2063. All the surface land rights pertain to the main projects areas under which the current permit application are located.

In addition, Yunxiang Mining holds the surface land use rights which cover the main mine areas until 2063 precluding other entities from applying for either the surface or sub-surface rights of the mine areas.

BaiRun LLP has provided details dated 1 September 2023 concerning the legal opinion on the Land Use Right Licences held by BYP Mine.

The BYP Mine comprises four Construction Land Use Right Licences (CLURL), which pertain to lawful and valid state-owned Land Use Rights for construction purposes. The term 'Land Use Right for Construction Purpose', refers to permission granted at a provincial-level land and resources management authority to the rights holder, enabling them to lawfully possess, use and derive benefits from land owned by the state. The rights holder is authorised to construct building, structures and their associated facilities on the land.

The CLURL holder is Yunxiang Mining and has need issued by the Ministry of natural resources of Xinshao County on 16 January 2013, and is valid for 50 years to 15 January 2063.

The four CLURL's numbers are:

- D43001037873
- D43001037875
- D43001037876
- D43001037877

Yunxiang Mining also hold a Forest Land Examination and Approval Certificate, number Xiang Forestland Permit No. 2011-1548, issued by the Forestry Department of Hunan province. This allows Yunxiang Mining to utilise forested land for mineral exploration, mining and various other types of construction projects subject to payment of forest land occupation compensation fees.

Yunxiang Mining has paid all applicable taxes, fees royalties to national and local governments as at the date of the BaiRun LLP opinion (1 September 2023).

7.1.3 Agreements, contracts and taxes

As the BYP Mine is not currently operating, there are no material agreements nor contracts in place.

The BYP Mine is not subject to royalty payments, nor taxes.

7.1.4 Project history

Exploration history

The BYP lead-zinc mineralisation was first discovered in 1977 by 468 Team of Hunan Provincial Geological Bureau. Proximal gold mineralisation was subsequently discovered in 1980 by the Geology Investigation Institute of the Hunan Provincial Geology Bureau.

Historically, various exploration stages were carried out at BYP as outlined below:

- **1971–77:** General exploration was carried out by 468 Team of Hunan Provincial Geological Bureau, including development of 217.4 m of adits, 201.35 m of shallow shafts, 2,700 m³ of trenching, 84 drill holes for 31,032.58 m and other miscellaneous sample collection and testing activities.
- **1980:** Gold mineralisation was discovered in Dachengshan area by the Geology Investigation Institute of Hunan Provincial Geology Bureau.
- **1990–92:** Prospecting for gold was completed by 418 Team of Hunan Provincial Geology and Mineral Bureau, with 21 holes drilled in the Baiyunchong portion for a total length of 5,121 m. Four mineralised zones (Zones V, VI, VII and XII) were discovered and further explored during this stage.
- **2003–05:** Yunxiang Mining Company (previously Tianxiang Mining Company) took channel samples, with a total length of 1,290 m, carried out special hydrogeological investigations within an 8 km² area, and conducted small-scale processing test work.
- **2006:** The 418 Team of Hunan Provincial Geology and Mineral Bureau prepared "Hunan Province Xinshao County – Baiyunpu Lead-Zinc Mine General Geological Exploration Report " in October 2006, which was approved and filed by the Hunan Provincial Land and Resources Department.
- **2011–14:** General exploration for gold was completed by Yunxiang Mining. The 418 Team of Hunan Provincial Geology and Mineral Bureau verified all exploration works and compiled the 2013 general exploration report. Exploration activities mainly included 65 surface and underground holes with total of 13,517.13 m, and 146 groups of underground channel samples for 4,556.51 m. Two holes drilled in 2014 were not included in the 2013 general exploration report.
- **2017:** Resource & Reserve Reconciliation report. The 418 Team of Hunan Provincial Geology and Mineral Bureau carried out geological verification work including tunnel measurements (1,757 m), tunnel logging (643 m) and supplemental core logging (42 m). In addition, 279

samples were collected from twelve holes completed in 2011-2014 following creation of the joint venture enterprise in 2011. The holes were mainly drilled during tunnelling operations for exploration and production, leading to the discoveries of the Zone XIII Pb-Zn, Zone 3-1 and Zone 4 gold mineralised zones.

Mineral Resource Estimation History

In 2012, the resource estimate for the BYP Mine deposit was carried out by Yongwei Li, Resource Geologist for Silvercorp, using Surpac software. ID2 was used for the estimation and variogram analysis was used for determination of search ellipse parameters. All resource was classified as Indicated and Inferred, and are summarised in Table 7-3 and Table 7-4, for gold and lead/zinc respectively.

Table 7-3: Mineral Resources for gold zones as at December 2011

Category	Cut Off Grade (g/t)	Tonnes (Mt)	Gold grade (g/t)	Contained gold (koz)
Indicated	1.0	3.51	2.59	292
Inferred	1.0	2.47	1.84	146

Source: Silvercorp Metals Inc.

Table 7-4: Mineral Resources for lead and zinc zones as at December 2011

Category	Cut Off Grade (%)	Tonnes (Mt)	Lead grade (g/t)	Zinc grade (g/t)	Contained lead (Mib)	Contained zinc (Mib)
Indicated	2.0 Pb+Zn	7.33	1.16	2.52	187	408
Inferred	2.0 Pb+Zn	7.55	0.85	2.75	141	457

Source: Silvercorp Metals Inc.

Mining History

The BYP mine was approved in 2006 for production of lead-zinc at an annual rate of 90,000 tpa within a mining area covering 3.6649 km² extending from 490 m asl to 220 m below sea level. The selected mining method is underground mining using drift-adit development and haulage and shrinkage stoping based on an assumed 85% mining recovery rate and 10% loss/dilution. Lead and zinc production commenced in 2006 but was suspended in July 2011 due to prevailing low metal prices.

In August 2010, gold pilot mining began between exploration lines 16–22, where gold mineralised zones had been discovered during the initial prospecting stage through drilling and tunnelling operations. Gold mineralised zones are presently accessed on four levels at 261 m, 252 m, 232 m, and 200 m. Pilot-scale production was carried out on the 261 m and 252 m levels using backfilled shrinkage stoping with nominal dimensions of 8 m height and 4 m width. Gold production was suspended in June 2014 due to prevailing low metal prices.

Mine access is currently achieved through three adits: No. 1 Main Adit, No. 1 Auxiliary Adit, No. 2 Adit (previously No. 3 Adit), and the ventilation shaft. The original No. 2 Adit was subsequently abandoned due to an influx of mud and water.

Total mine production from BYP encompassing the period from commencement to suspension comprised 307,000 t of lead-zinc resource yielding 1,403 t of lead and 8,936 t of zinc at recovered grades of 0.46% Pb and 2.9% Zn (2006 to 2011), plus 221,000 t of gold resource yielding 788 kg of gold at a recovered grade of 3.56 g/t Au.

The typical daily metallurgy and production is summarised in Table 7-5.

Table 7-5: Historical Metallurgy and Production (2011)

Process Stream	Production (t/d)	Grade			Metal recovery (%)		
		Pb (%)	Zn (%)	Au (g/t)	Pb	Zn	Au
Feed	420	0.5	2.5	3.6	100	100	100
Lead Concentrate	3.57	50			82		
Zinc Concentrate	21.46		45			90	
Gold-bearing Pyrite Concentrate	34.02			40			90
Tailings	360.95						

Source: Silvercorp Metals Inc.

Production from the mine has been suspended from July 2014 to the present. Underground workings at the 232 m and 200 m levels in the gold mineralised zones are currently flooded.

7.2 Geology and Resources

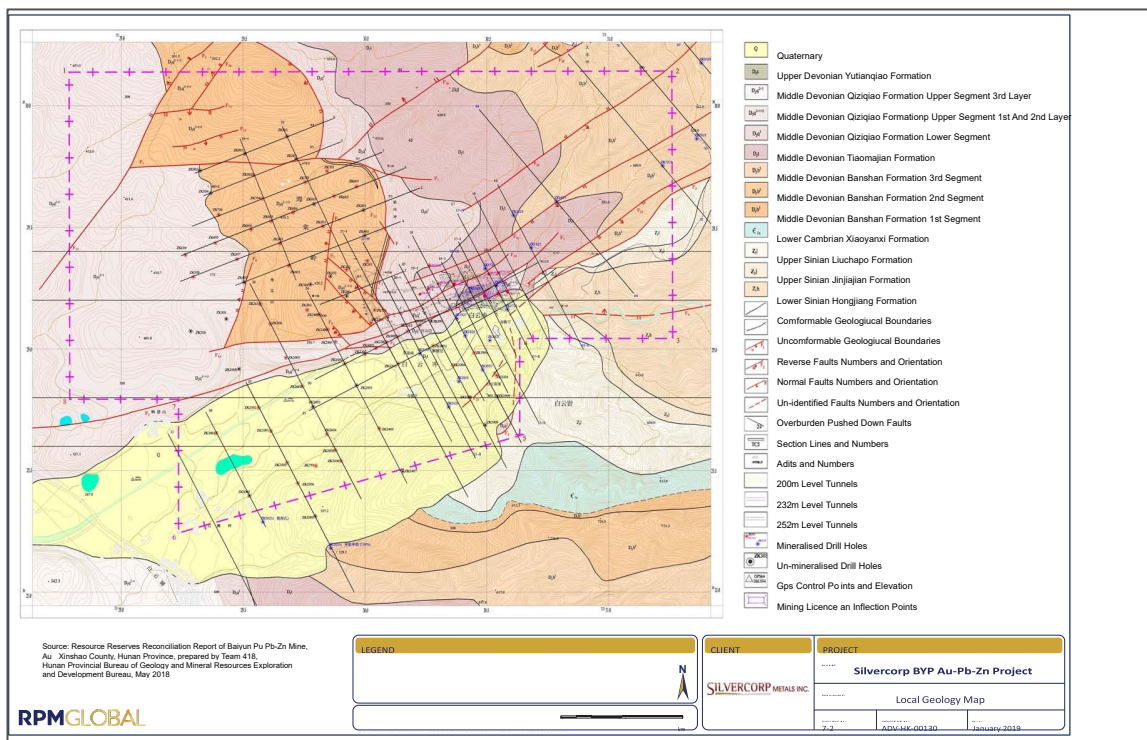
7.2.1 Regional setting and local mineralisation

BYB Mine is located on the southwest plunging end of the Dachengshan anticlinorium (dome structure). The Dachengshan anticlinorium is about 8.5 km wide and 30 km long with a northeast (NE30°) axial trend. Lead-zinc polymetallic mineralisation occurs mainly at the southern and northern flanks of the Dachengshan anticlinorium. The principal structures within the mine include a northeast-trending secondary fold structure and three sets of post-folding faults which include mostly normal faults and minor reverse faults.

The stratigraphy on the mine includes Quaternary cover, Devonian metamorphic and sedimentary rocks, Cambrian and Sinian. The local geology map of BYB Mine is shown in Figure 7-3.

- Tiaomajian Formation: a fine-grained clastic sedimentary sequence including quartz sandstone, siltstone, and mudstone with a total thickness of around 200 m. forms the major host rock for gold mineralisation on the mine.
- Qiziqiao Formation: composed of lower, dark-grey marl, calcareous shale and bio-lithite and upper, thick-bedded massive bio-lithite, dolomite, and limestone with a total thickness of around 1,000 m. Lead-zinc mineralisation in the mine mainly occurs in the middle section of this sequence.

Figure 7-3: Local geology map of BYP Mine



Source: NI 43-101 Report dated September 2022.

Metamorphism in the mine area is largely developed in the Precambrian (Sinian) units exposed in the northeastern part of the mine. Hydrothermal alteration is obvious in the country rock enclosing the mineralisation, consisting of pyritisation, dolomitisation, silicification, and bleaching. Alteration intensity increases proximal to the mineralisation, with lead-zinc zones exhibiting mainly dolomitisation, and gold zones exhibiting mainly silicification, pyritisation, and bleaching.

Based on the current understanding of the geology, the lead-zinc mineralisation is classified as a carbonate-hosted Mississippi Valley Type (MVT) deposit containing minor silver and cadmium. The gold mineralisation is classified as a Carlin Style fine grained disseminated gold deposit with both stratigraphic and structural controls, and with mercury, arsenic, and antimony as the main indicator elements. A total of 30 major individual lead-zinc mineralised domains and 11 gold mineralised domains have been recognised.

7.2.2 Data collection

Historically, a series of exploration stages were carried out from 1971 to 2014. The exploration work is summarised in Table 7-6.

Table 7-6: Historical exploration work summary

Period	Company	Exploration works
1971–77	468 Team of Hunan Provincial Geological Bureau	2,700 m ³ of trench sampling, 201.35 m of shallow, shaft sampling and 217.4 m of channel sampling, 84 drill holes of 31,032.58 m
1990–92	418 Team of Hunan Provincial Geology and Mineral Bureau	6,200 m ³ of trench sampling, 286.1 m of channel sampling, 21 drill holes of 5,120.62 m
2003–06	Yunxiang Mining company	1,290 m of channel sampling
2006–08	Yunxiang Mining company	4,114.53 m of channel sampling
2011–14	Yunxiang Mining company	4,546.51 m of channel sampling at different elevations ranging from 150 m to 336 m, 64 drill holes of 13,334.92 m

Source: Silvercorp Metals Inc.

For the 1971–77 and 1990–92 exploration stages, all samples were taken from trench, test pits and drill cores.

For the 2011–14 exploration stage, locations of channel samples were selected and marked by the geologist across the exposed mineralisation zone along the drift and cross-cut tunnels. Under the supervision of Silvercorp’s project geologist, samplers cut a 5 cm wide and 3 cm deep channel across the mineralisation zone with an electric cutter, and then excavated material within the channel with a hammer and chisel.

The overall average core recoveries were more than 85%. The core was then cut into two halves with a diamond rock saw.

There are total of 104 density samples, including 24 samples from the gold mineralisation domain, 50 samples from the lead and zinc mineralisation domains and 30 samples from the wall rock domain. As the total number of density samples taken from the gold deposit is insufficient for any correlation analysis and geostatistical estimation for density assignment, Average values were considered for the density assignment during the resource estimation update process for gold deposit, and few low-density samples were identified which were considered to be mixtures of mineralised samples and wall rock samples which were excluded when determining average values. For the lead and zinc deposit, assay results of Pb + Zn and density values were used for regression analysis. The density summary is shown below in Table 7-7.

Table 7-7: Bulk Density Summary

Domain	Density samples	Density (g/cm ³)
Gold	24	2.8
Lead+Zinc	50	(Lead+Zinc)*0.026 + 2.899
Waste	30	2.9

Source: Silvercorp Metals Inc.

Silvercorp carried out a standard program of QA/QC for drilling since 2011 at the BYP Mine. Generally the QA/QC data suggest a slight bias for high gold standards, potentially as a result of approaching the method over-limit range. Considering the high accuracy and repeatability of CRMs, internal and external check samples, field duplicate samples and the limited apparent bias, these are not considered by RPM to be material, and all categories of QA/QC results support the assay data used in the Mineral Resource estimate.

The BYP Mine database for Mineral Resource estimation contains the records for 163 diamond drill holes (DH) for 48,627 m of drilling, 22 trenches (TC) for 1,082 m and 383 channel samples (CS) of 4,959 m. A summary of the drill hole database is shown in Table 7-8.

Table 7-8: Summary of database of BYP Mine in the Mineral Resource Estimate

Year	Exploration type	In Database		In 2018 Mineral Resource (Gold)		In 2018 Mineral Resource (Lead+Zinc)	
		Number	Meters	Number	Intersection Meters	Number	Intersection Meters
1972–77	DH	80	30,724	8	85	54	1,461
1990–92	TC	22	1,082	1	4	5	62
	DH	7	1,858	8	151	2	35
2011–14	CS	383	4,959	114	3,026	24	243
	DH	64	13,335	53	2,022	17	1,314
Total	TC	22	1,082	1	4	5	62
	CS	383	4,959	114	3025.82	24	243
	DH	151	45,917	69	2258.19	73	2,810

Source: Silvercorp Metals Inc.

Note:

¹ All drill holes from the 1972–77 and 1990–92 exploration stages are surface holes, and 19 surface holes and 45 underground holes were drilled during the 2011–14 exploration stage.

7.2.3 Mineral Resource Estimation

The latest Mineral Resource estimation was completed by RPM in 2019, based on the data collected by Silvercorp as at 30 November 2018. The Mineral Resource estimate and underlying data complies with the guidelines provided in the CIM Definition Standards under NI 43-101.

RPM used a 1.6 g/t Au cut-off grade for the gold area, 3% Pb Eq cut-off grade for lead and zinc area and overlap area for reporting based on mining and processing cost parameters for the Project. The result is shown in Table 7-9.

Table 7-9: BYP Mine Mineral Resource Estimate as at 30 November 2018

Area	Classification	Au Mineral Resource		
		Quantity (Mt)	Au (g/t)	Au (koz)
Gold area	Measured	2.8	3.0	269
	Indicated	1.5	3.1	149
	Mea + Ind	4.3	3.1	418
	Inferred	1.3	2.5	109

Area	Classification	Pb and Zn Mineral Resource						
		Quantity (Mt)	Pb (%)	Zn (%)	Au (g/t)	Pb Metal (kt)	Zn Metal (kt)	Au Metal (koz)
Lead and Zinc area	Indicated	4.0	0.7	2.3		28	89	
	Inferred	6.1	1.4	3.1		83	187	
Overlap area	Indicated	0.12	1.2	1.7	0.8	2	2	3
	Inferred	0.03	2.7	3.5	1.0	1	1	1

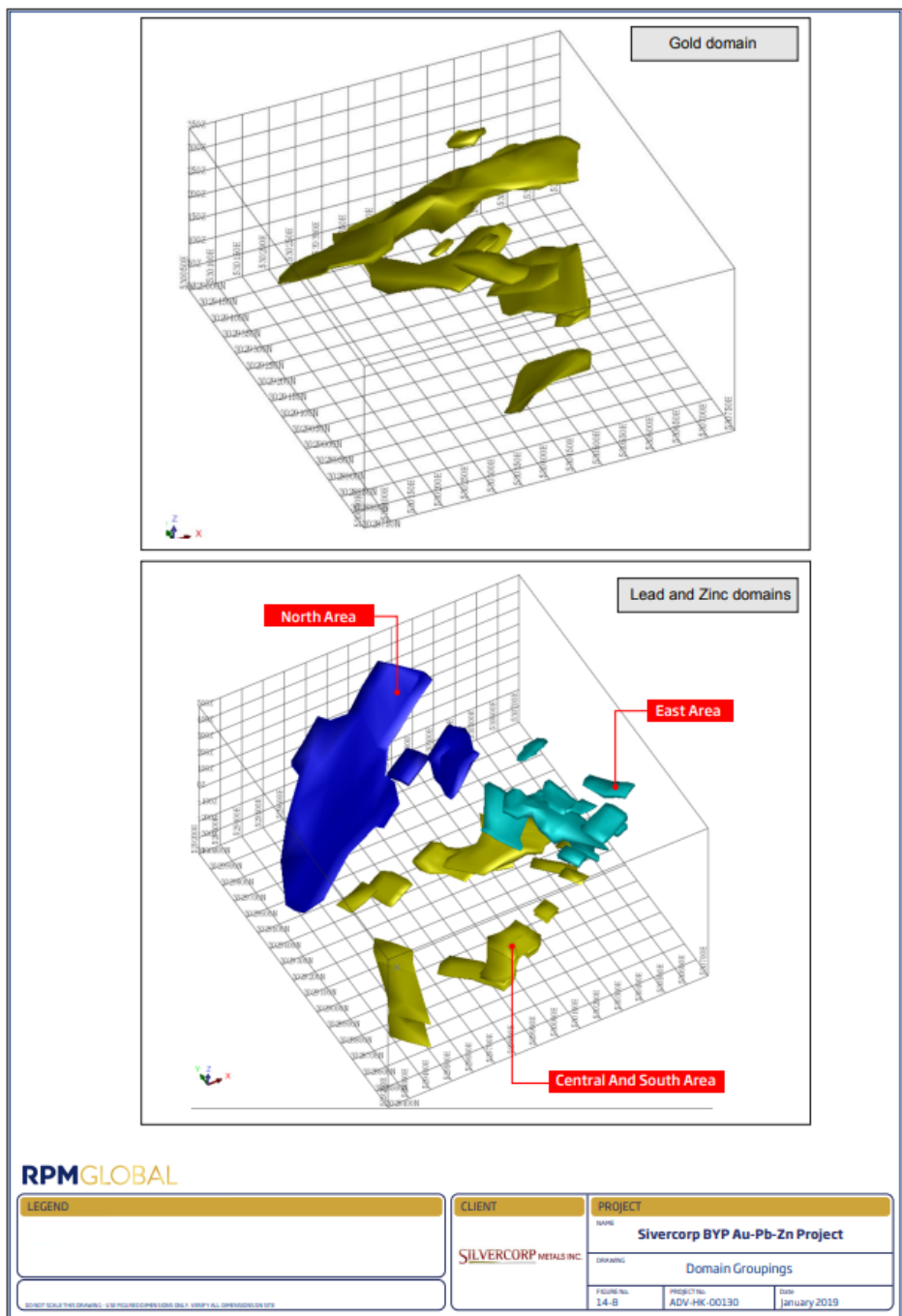
Sources: RPM Global, BAIYUNPU GOLD-LEAD-ZINC PROJECT Hunan Province, China, National Instrument 43-101 Mineral Resource Technical Report, Reported on 30 April, 2019

RPM uses a nominal 0.5 g/t Au cut-off grade value for gold mineralisation and a 1% Pb equivalent cut-off grade value for lead and zinc mineralisation. Domain boundaries were digitised on cross sections and manually triangulated to form solid by Geovia Surpac v6.7.4 mining software.

A total of 11 separate solids were constructed for gold mineralisation and a total of 31 separate solids were constructed and grouped into three zones for lead-zinc mineralisation (Figure 7-4). The mineralisation solid were treated as hard boundaries for grade estimation zones.

One lead-zinc depleted model and sixty-three gold depleted models were provided by Silvercorp. RPM validated all models and combined these models as one depleted model for gold mineralisation and one model for lead-zinc mineralisation respectively.

Figure 7-4: 3D view of mineralisation domains of BYP Mine



Sources: RPM Global, BAIYUNPU GOLD-LEAD-ZINC PROJECT Hunan Province, China, National Instrument 43-101 Mineral Resource Technical Report, Reported on 30 April 2019

The Mineral Resource estimation description for BYP Mine is presented in Table 7-10.

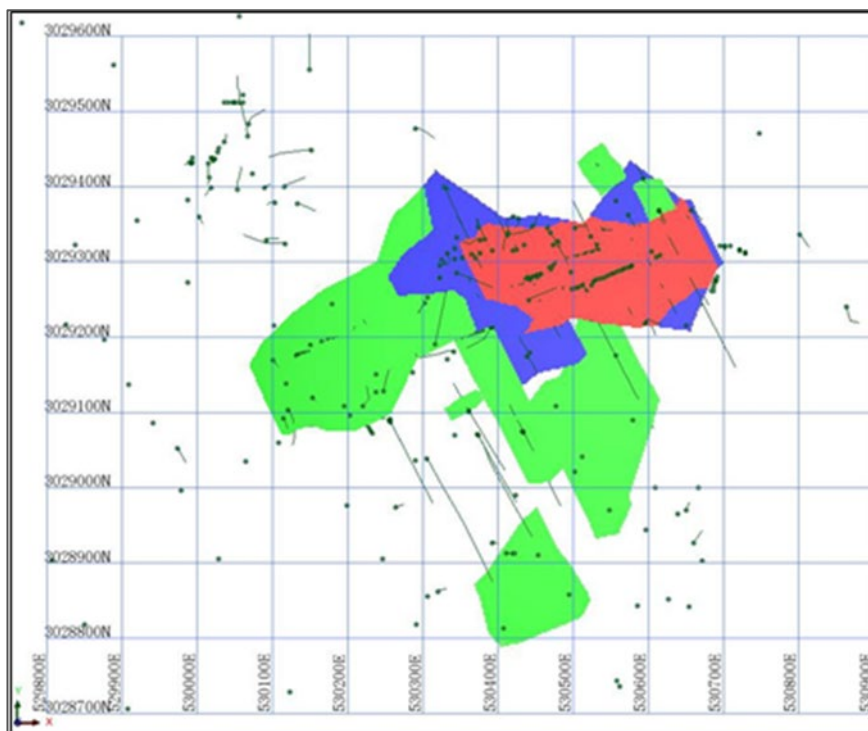
Table 7-10: Key parameters of the Mineral Resources estimate (BYP Mine)

Item	Description
Software	Mi Geovia Surpac v6.7.4
Drillhole database	163 diamond drill holes (DH) for 48,627 m of drilling, 22 trenches (TC) for 1,082 m, 383 channel samples (CS) of 4,959 m
Cut-off grade	Mineral Resources are reported at a 1.6 g/t Au cut-off and 3% Pb equivalent cut-off. Cut-off parameters were selected based on an RPM internal cut-off calculator in which the gold price of US\$1,490/oz, lead price of US\$2,280/t and zinc price of US\$2,760/t, inflated to 120% of prices from 'Energy & Metals Consensus Forecasts', to reflect long-term price movements were applied, and the mining cost of US\$35/t, processing cost of US\$13.3/t milled and processing recovery of 87.41% Au, 85.87% Pb and 92.71% Zn based on 2018 BYP development and utilisation plan report were applied. Based on grades and contained metal for Au, Pb and Zn, it is assumed that all commodities have reasonable potential to be economically extractable. <ul style="list-style-type: none"> ■ The formulas used for equivalent grade is: $PbEq = Pb + Zn * 1.3069 + Au * 2.1386$ ■ The formula used for Au ounces is: $Au\ Oz = [Tonnage \times Au\ grade\ (g/t)] / 31.1035$.
Density	Gold Domain: 2.8 Lead+Zinc Domain, Density= (Lead+Zinc)*0.026 + 2.899. Waste blocks: 2.9
Number of veins	11 gold veins 31 lead-zinc veins
Composite length	The raw sample length ranges from less than 0.1 m to 5 m. The majority of sample lengths within the mineralisation were 2 m which was selected as the composite length, and minimum length of 50% was used due to the numerous very narrow intersections.
Block size	parent: 20 m NS by 20 m EW by 8 m vertical sub-cells of 2.5 m by 2.5 m by 1 m
Grade capping	The top cuts is considered for linear grade interpolation. Top cuts were determined for all main gold and lead-zinc zones using the shape of distribution on the log probability plots and population histograms, and determining the spatial location of the samples subject to high grade cuts. Top-cuts were not applied for domains with insufficient samples. High grade top cuts were then applied for estimation of each domain. Capping summary is shown below: <ul style="list-style-type: none"> ■ Gold Area: 16 g/t ■ Lead- Zinc Area--Domain 2 :Pb (%) : 6 Zn (%) : 9 ■ Lead- Zinc Area--Domain 3 :Pb (%) : 4 Zn (%) : 6 ■ Lead- Zinc Area--Domain 6 :Pb (%) : 2 Zn (%) : 6.5
Grade interpolation	Ordinary Kriging ("OK") An orientated search ellipse with an 'ellipsoid' search was used to select data for interpolation. Each ellipse was oriented based on kriging parameters and were consistent with the interpreted geology. Variogram parameters of the main lodes were applied to the associated adjacent lodes. Three passes were used to estimate the three elements (Au, Pb and Zn) into the block model.
Search volume	Au: <ul style="list-style-type: none"> ■ pass 1: 50 m radius sphere. ■ pass 2: 100 m radius sphere. ■ pass 3: 400 m radius sphere. Pb and Zn: <ul style="list-style-type: none"> ■ pass 1: 100 m radius sphere. ■ pass 2: 200 m radius sphere. ■ pass 3: 800 m radius sphere.
Number of composites	Au: minimum: 6 for pass 1, 4 for pass 2 and 2 for pass 3. maximum: 40 for all three passes Pb and Zn: minimum: 6 for pass 1, 4 for pass 2 and 2 for pass 3. maximum: 40 for all three passes
Mining depletion and write-offs	as of 30 November 2018

Item	Description
Mineral Resource classification	<p>In the gold areas:</p> <ul style="list-style-type: none"> ■ Measured Mineral Resource was confined to the main deposit within gold areas of closely spaced diamond drilling of less than 25 m by 25 m and where underground development was constructed, ■ Indicated Mineral Resource was confined to the main deposit within gold areas of closely spaced diamond drilling of less than 50 m by 50 m, and where the continuity and predictability of the lode positions was good. The spacing was deemed appropriate for the application of Measured and Indicated Mineral Resource after considering the mineralisation and grade continuity, the relatively low to moderate nugget effect, low coefficient of variance statistics and variogram ranges of approximately 50–100 m for Au analysis results. ■ Inferred Mineral Resource was assigned to areas of the deposit where drill hole spacing was greater than 100 m by 100 m for gold domains, where small, isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones. <p>For lead-zinc areas.</p> <ul style="list-style-type: none"> ■ Indicated Mineral Resource was confined to the main deposit within gold areas of closely spaced diamond drilling of less than 100 m by 100 m, and where the mineralisation was intersected with underground developments or depleted areas. ■ All the other areas with spacing more than 100 m by 100 m, or small isolated pods were defined as Inferred Resource. <p>Figure 7-5 and Figure 7-6 show examples for gold areas and lead-zinc areas.</p>

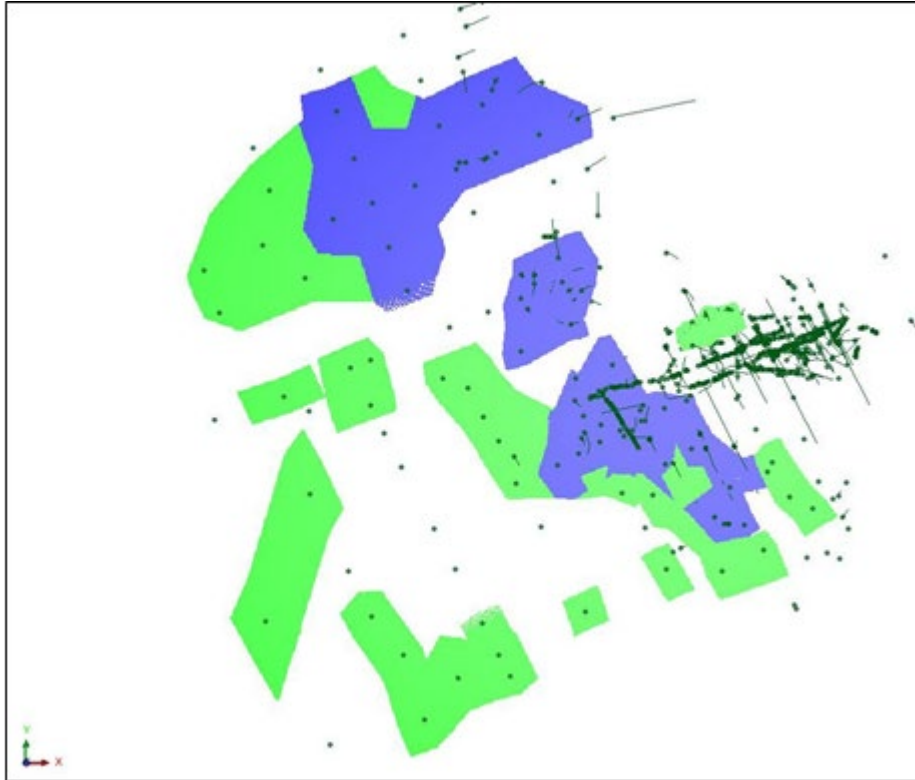
Sources: RPM Global, BAIYUNPU GOLD-LEAD-ZINC PROJECT Hunan Province, China, National Instrument 43-101 Mineral Resource Technical Report, Reported on 30 April, 2019

Figure 7-5: Mineral Resource classification of gold deposit



Sources: RPM Global, BAIYUNPU GOLD-LEAD-ZINC PROJECT Hunan Province, China, National Instrument 43-101 Mineral Resource Technical Report, Reported on 30 April, 2019

Figure 7-6: Mineral Resource classification of lead-zinc deposit



Sources: RPM Global, BAIYUNPU GOLD-LEAD-ZINC PROJECT Hunan Province, China, National Instrument 43-101 Mineral Resource Technical Report, Reported on 30 April, 2019

After its review of the 2019 BYP Technical Report and the block models, SRK notes the following:

- This number of mineralised density measurements is at the lower end of the range for being a statistically significant number of samples to determine a density regression equation.

7.2.4 Risks and opportunities

Risks

BYP Mine exhibits a moderate structural complexity, therefore there is potential for tonnage and overall geometry variations between modelled and actual mineralisation.

The sampling density distribution is not consistent. Some mineralisation areas are represented by an abundance of exploration data whereas a few areas need more exploration works for accurate geological interpretation.

A total of 104 density measurements were obtained from core drilled at the project. This number of mineralised density measurements is at the lower end of the range for being a statistically significant number of samples to determine a density regression equation.

The mining licence has expired, and the BYP Mine is conducting activities to apply for a new mining licence.

Opportunities

There is potential for additional underground exploration to discover concealed mineralisation.

There is an opportunity to increase the level of confidence in the Inferred Mineral Resource with closer spaced extensional and infill drilling within the main mineralised zones.

7.2.5 Prospectivity

There is good potential to expand the currently defined resource with further drilling. Mineralisation is open along strike and dip directions for both gold and lead-zinc mineralisation. Extensional drilling of the main zones may delineate continuations of the known mineralisation.

7.2.6 SRK comments

SRK has reviewed the report, database, the grade estimate method, parameters and procedure. SRK offers the following conclusions:

- The overall Mineral Resource estimation process and output were reasonable.
- SRK was able to regenerate the Mineral Resource base using the block model provided by Silvercorp, and produced the same result as the 2019 BYP Technical Report.
- There is potential to expand the defined Mineral Resource potential at depth.
- The mining licence has expired, and the BYP Mine is conducting activities to apply for a new mining licence, which will include gold. SRK has been advised there is natural preservation zone within the mining rights, and will be deducted from the mining licence area, potentially leading to a reduction in the stated Mineral Resources.

7.3 Mining and Ore Reserves

Currently BYP Mine is not operational as mining has been suspended.

7.4 Metallurgical testwork and Process design

Currently there are no processing operations at BYP as mining has been suspended.

7.5 Environment and Social

7.5.1 Permitting

According to the requirements of relevant laws and regulations of China, a series of environmental protection related licences and permits should be obtained during the operation of mines, such as safety production permit, water use permit and site discharge permit.

The safety production permit for the BYP Mine is presented in the Table 7-11.

Table 7-11: Details of the safety production permit for the BYP Mine

Areas	BYP Mine
Safety Production Permit No.	[2021] E070y1b
Issued To	Xinshao County Yunxiang Mining Ltd
Issued By	Shaoyang City Emergency Management Bureau
Licensed Activity	Lead-zinc-gold Mine Tailings Storage
Issue Date	21 April 2021
Expiry Date	20 April 2024

Source: Silvercorp Metals Inc.

As the BYP Mine is on care and maintenance and a new mining licence is being applied, the safety production permit, water use permit and site discharge permit should be renewed as well.

7.5.2 Environmental management and compliance

In accordance with Chinese legislation the Project will be subjected to a comprehensive EIA to assess the environmental impacts of the proposed development on the human and natural environment prior to the commencement of construction and mining operations. The application for a new mining licence of the BYP Mine is on process and SRK was informed that a new EIA report is under preparation. SRK recommends that a new EIA approval should be obtained before the restart of construction and production for the BYP Mine.

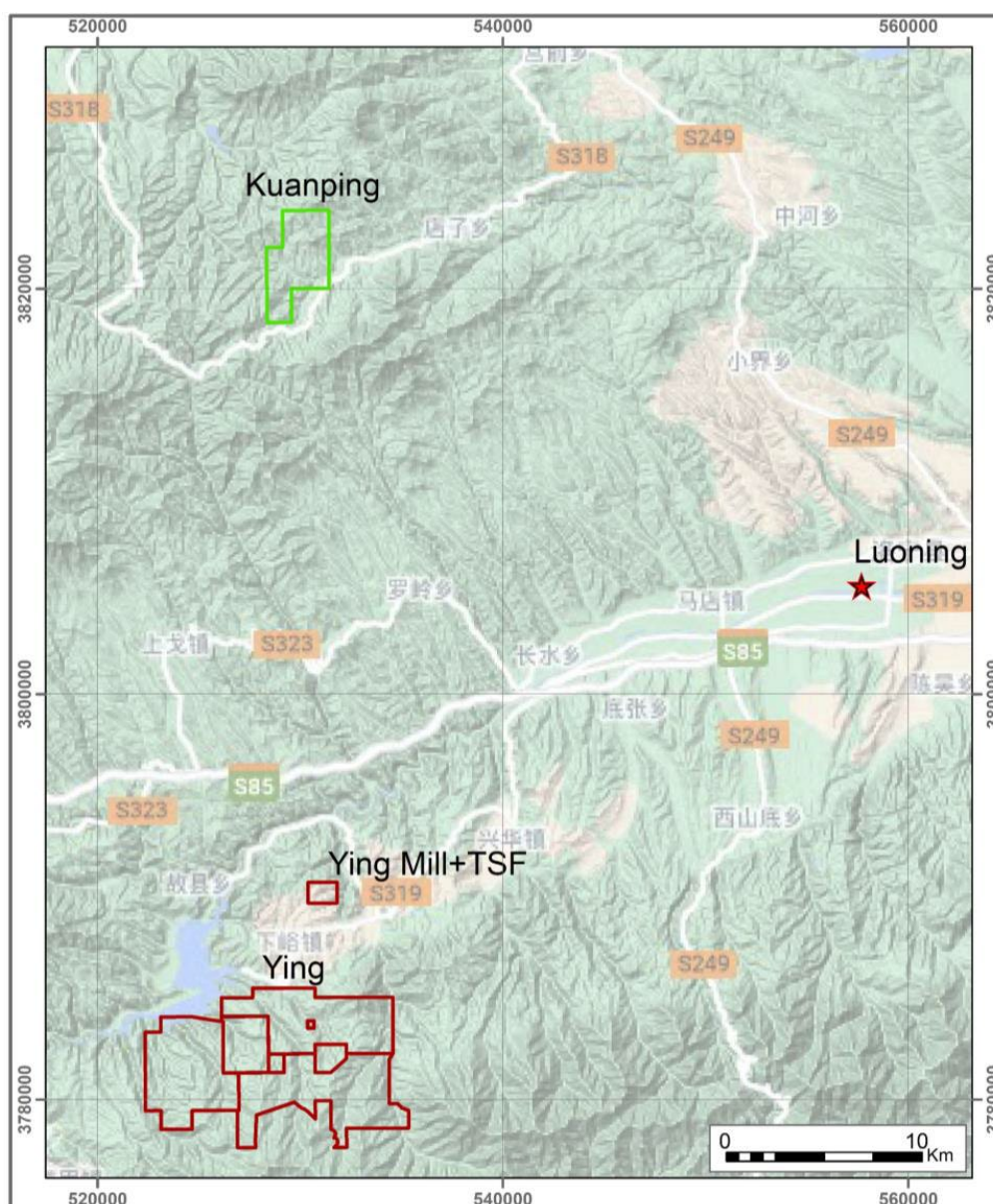
8 Other Mineral Assets

8.1 Kuanping

In October 2021, Silvercorp successfully acquired a 100% interest in the Kuanping Project through its wholly-owned subsidiary, Henan Found. The acquisition was secured in November 2021 through a competitive, open auction process for a total consideration of US\$13.1 M.

The Kuanping Project is situated around 33 km north of the Ying Mining District and is covered by an exploration licence spanning 12.39 km² (Figure 8-1).

Figure 8-1: Location map of the Kuanping Project



Source: Silvercorp

Note: Kuanping exploration licence

In December 2022, the exploration licence for the Kuanping Project was converted into a mining licence, which now covers an area of 6.97 km². The mining licence is valid until March 2029.

Based on available information, historical exploration activities conducted between 2006 and 2013 involved the exploration of the Kuanping Project. This included the excavation of 1,458 m of underground adits, 3,387 m³ of trenching, and 11,759 m of diamond drilling across 52 diamond drill holes.

These exploration efforts identified the presence of six silver-lead-zinc vein structures and one gold-silver vein structure within the project area. Among these vein structures, the K3 and K4 structures have been the most extensively explored. The K3 structure dips at an angle of 25–55° to the north-northwest and extends along a strike length of 600 m. It also reaches a depth of 400 m from the surface. The K4 structure dips at an angle of 35–65° to the northwest and extends along a strike length of 960 m. It reaches a depth of 540 m from the surface.

The historical exploration of the area includes the following significant mineralised intervals:

- Hole ZK40305 intercepted a 4.15 m interval from 179.49 m, grading 536 g/t Ag, 2.47 g/t Au, 2.05% Pb, and 8.00% Zn
- Hole ZK30703 intercepted a 0.23 m interval from 131.45 m, grading 1,462 g/t Ag, 0.69 g/t Au, 0.84% Pb, and 1.41% Zn
- Hole ZK41501 intercepted a 0.36 m interval from 100.63 m, grading 1,561 g/t Ag, 5.98 g/t Au, 9.09% Pb, and 14.14% Zn
- Hole ZK41105 intercepted a 0.48 m interval from 215.77 m, grading 848 g/t Ag, 10.00 g/t Au, 9.82% Pb, and 7.92% Zn
- Hole ZK40311 intercepted a 0.43 m interval from 348.33 m, grading 92 g/t Ag, 8.78 g/t Au, 9.25% Pb, and 4.5% Zn

The historical exploration culminated in the declaration of a Chinese classified resource by a Chinese geological brigade (Henan Resource Assessment Center, 2013) (Table 8-1).

Table 8-1: Kuanping Chinese resource evaluation

Domain	Tonnage (kt)	Average grade				Contained metal			
		Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au (oz)	Ag (oz)	Pb (t)	Zn (t)
Au	61.57	3.88				7,681			
Ag-Pb-Zn	961.62	0.9	269	1.46	2.85	27,825	8,316,570	14,039	27,406
Total	1,023.19					35,506	8,316,570	14,039	27,406

Source: Henan Resource Assessment Centre (2013)

Between March and October 2022, Silvercorp completed 33 diamond holes, totalling 8,484.8 m. The primary objective of these holes was to increase the drill spacing to 40 m by 40 m in the initial mining area of the K4 structure. Two of the drill holes were also used to validate the K3 structure. Three new target structures were also identified.

- Hole ZK40903 intercepted a 0.62 m interval from 127.55 m, grading 387 g/t Ag, 0.14 g/t Au, 0.96% Pb, and 4.21% Zn
- Hole ZK40511 intercepted a 0.82 m interval from 369.41 m, grading 93 g/t Ag, 3.24 g/t Au, 3.45% Pb, and 2.99% Zn
- Hole ZK40307 intercepted a 1.06 m interval from 296.51 m, grading 231 g/t Ag, 2.46 g/t Au, 2.33% Pb, and 10.11% Zn
- Hole ZK40304 intercepted a 0.40 m interval from 142.31 m, grading 1167 g/t Ag, 0.83 g/t Au, 4.33% Pb, and 10.54% Zn
- Hole ZK42203 intercepted a 1.58 m interval from 117.98 m, grading 410 g/t Ag, 0.25 g/t Au, 0.43% Pb, and 1.53% Zn

As part of its plans, Silvercorp aims to complete several studies at the Kuanping Project during FY2024. These studies include the environmental assessment report, waste and soil protection assessment report, as well as the preliminary safety facilities and mine design report.

8.2 La Yesca

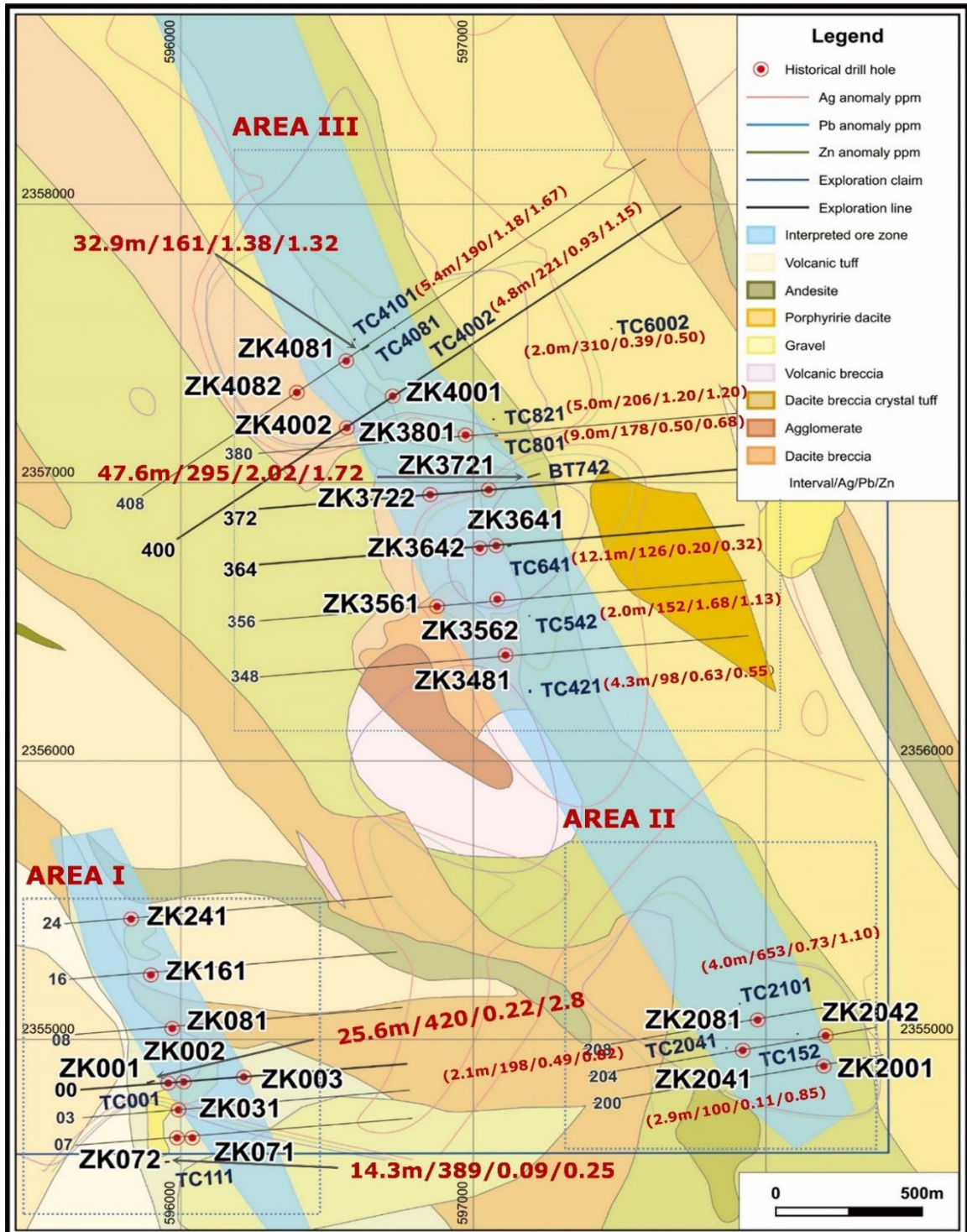
In January 2021, Silvercorp's subsidiary, New Infini Silver Inc, completed the acquisition of a 100% interest in the La Yesca Project in Nayarit State, Mexico. The project is located approximately 100 km (185 km by road), northwest of Guadalajara, the second largest city in Mexico.

The project covers an area of approximately 47.7 km² and is known for its silver-polymetallic epithermal type mineralisation. Previous exploration between 2014 and 2018 included geological mapping, trenching and drilling which identified a silver-lead-zinc soil geochemical anomaly extending over an area more than 500 m wide and 7.5 km long in Areas I, II and III (Figure 8-2). Significant intercepts reported included,

- Hole ZK3562 intercepted a 3.3 m interval from 197.2 m, grading 744 g/t Ag, 0.12% Pb and 1.39% Zn
- Hole ZK3642 intercepted a 10.0 m interval from 78.8 m, grading 977 g/t Ag, 0.23% Pb and 0.59% Zn, and a 2.3 m interval from 103.8 m, grading 840 g/t Ag, 0.25% Pb and 0.68 % Zn, and a 6.0 m interval from 127.4 m, grading 388 g/t Ag, 0.11% Pb and 0.45% Zn
- Hole ZK3721 intercepted a 6.5 m interval from 79.9 m, grading 725 g/t Ag, 0.55% Pb and 1.79% Zn, and a 5.9 m interval from 92.4 m, grading 293 g/t Ag, 0.22% Pb and 1.38% Zn
- Hole ZK3801 intercepted a 2.4 m interval from 36.1 m, grading 823 g/t Ag, 0.30% Pb and 4.01% Zn, and a 3.0 m interval from 140.2 m, grading 718 g/t Ag, 0.21% Pb and 3.34% Zn
- Hole ZK4002 intercepted a 17.0 m interval from 195.8 m, grading 252 g/t Ag, 0.76% Pb and 2.10% Zn
- TC001 from Area I graded 420 g/t Ag, 0.22% Pb, and 2.80% Zn across 25.6 m

- TC111 from Area I graded 389 g/t Ag, 0.09% Pb, and 0.25% Zn across 14.3 m
- BT742 from Area III graded 295 g/t Ag, 2.02% Pb, and 1.72% Zn across 47.6 m
- TC4081 from Area III graded 161 g/t Ag, 1.38% Pb and 1.32% Zn across 32.9 m.

Figure 8-2: Location of drill holes and significant intercepts at the La Yesca Project



Source: Silvercorp announcement 2 February 2021

By the end of the fiscal year 2022, a total of 7,971 m of diamond drilling had been completed by Silvercorp. However, after reviewing the results in fiscal year 2023, Silvercorp decided not to undertake further significant work on the La Yesca Project as the results of drilling have tested the conceptual targets without meeting the required measures to trigger further investigation. This led to a full impairment of the project's value, resulting in an impairment of US\$20.2 M. Based on its discussions with Silvercorp, SRK has satisfied itself that the value of the project is immaterial to the proposed takeover offer.

Part C: Valuation

9 Other considerations

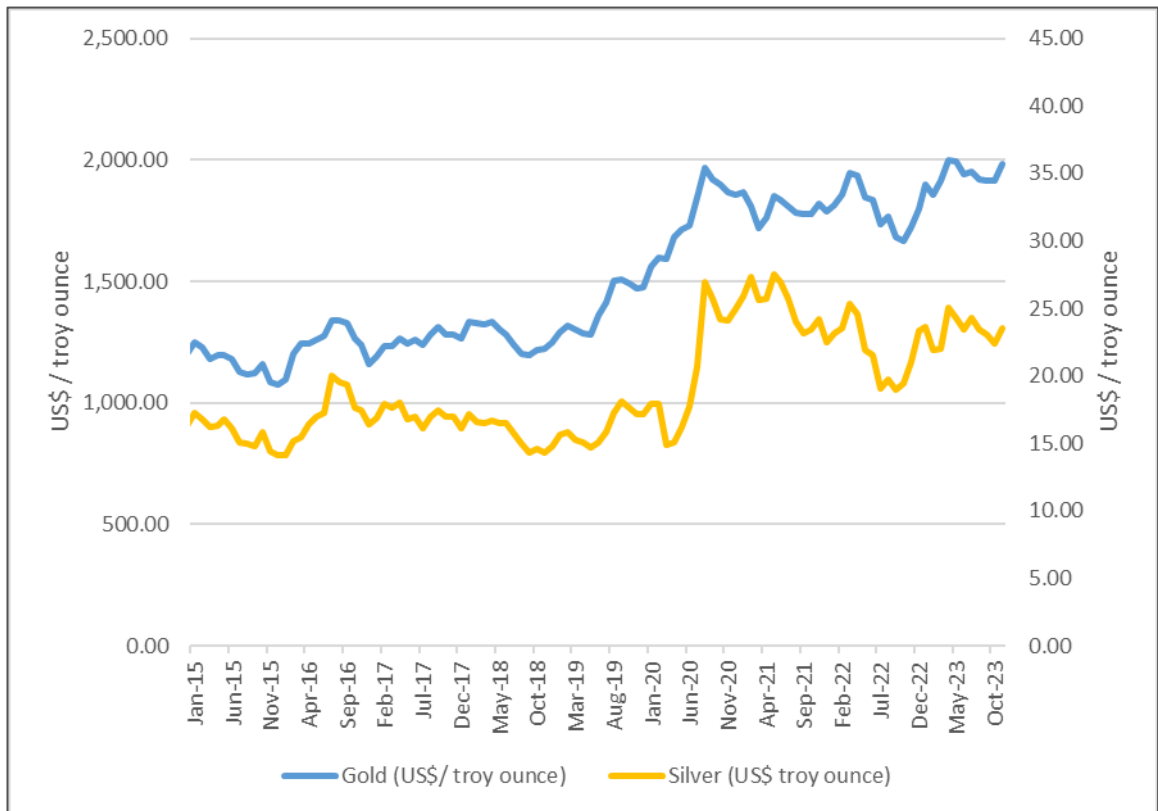
9.1 Commodity prices

SRK has adopted the November 2023 average US dollar (US\$) gold and silver prices for the purpose of its market assessment and valuation.

These prices have been sourced from the World Bank ‘Pink Sheets’ and are expressed in US dollar terms.

Market analysis of the key commodities is presented below with key metal prices for the period from January 2015 to the present as outlined in Figure 9-1.

Figure 9-1: Monthly average commodity prices (US\$ terms) January 2015 – present



Source: SRK analysis

9.1.1 Gold

- Gold prices are estimated to have averaged US\$1,920/oz in the first half of 2023, with support coming from strong safe haven buying and a slightly weaker US dollar.
- Gold rose 3.2% in July 2023 passing US\$2,000/oz but declined in August 2023 before rallying again in November 2023. After dipping below US\$1,900/oz in late September/early October, the gold price staged a late recovery to finish November at US\$2,037.80/oz. Sentiment has improved as geopolitics (predominantly the Israel—Palestine conflict), the US Federal Reserve’s dovish stance, lower US inflation and continued central bank purchasing supporting

gold. The expectation is that the gold price should decline from the current high levels with 'higher for longer' interest rates likely to keep bond yields elevated putting pressure on the gold price in the long-term.

- Prices are forecast to remain elevated but decline gradually to average around US\$1,770/oz in 2025.

According to GlobalData, South Africa was the world's eighth-largest producer of gold in 2022, with output up by 3% on 2021. Over the 5 years to 2021, production from South Africa decreased by a CAGR of 5.66% and is expected to rise by a CAGR of 4% between 2022 and 2026.

9.1.2 Silver

According to the Silver Institute (SI) 2023 Annual Report:

- Silver supply was effectively unchanged in 2022, but the average price fell by 14% to US\$21.73/oz, due to pressure from institutional investor activity, against a backdrop of rising US interest rates.
- The downward pressure on silver prices further boosted physical demand. This was most pronounced in India, where low prices encouraged the entire supply chain to replenish its stocks on top of already exceptionally strong demand. This followed 2 years of inventory drawdowns during the COVID-19 pandemic. There were other drivers of demand growth in 2022 – most notably the strength of industrial fabrication, in part linked to the robust solar industry, but also reflecting a post pandemic recovery in a number of other markets. Were it not for China's zero-COVID policies, global silver demand would have likely been even greater than the all-time high of 1,242.4 Moz (38,643 t) it realised in 2022.
- A lack of supply gains was another factor contributing to last year's deficit. Limited organic growth, project delays and disruptions resulted in a marginal decline in mine production while recycling barely rose. Importantly, the combined 2021 and 2022 deficits more than offset the cumulative surpluses of the previous 11 years.
- In early 2023, silver prices reached US\$23.96/oz and reached an annual high of US\$26.13/oz in May 2023 driven by increased industrial usage and jewellery demand as well as safe haven spill overs from gold. Like gold, silver ended November 2023 on a respective high at US\$25.02/oz.
- Looking ahead, experts provide mixed forecasts for 2023-24 with modest increases in industrial demand partly offsetting lower investment, jewellery and silverware demand.

In the context of ongoing demand, deficit prices are expected to rise in the medium term.

9.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Having asked the question of OreCorp and Silvercorp, SRK is not aware of any previous publicly disclosed valuations prepared in accordance with the VALMIN Code (2015) relating to its Mineral Assets, aside from that provided by SRK in October 2023.

10 Valuation

The objective of this section is to provide BDO and the shareholders of OreCorp with SRK’s opinion regarding the valuation of the Mineral Assets of OreCorp and Silvercorp. SRK has not valued OreCorp or Silvercorp, these being the corporate entities that are the beneficial owner of the respective Mineral Assets.

SRK has relied on information provided by OreCorp and Silvercorp, as well as information sourced from the public domain, SRK’s internal databases and SRK’s subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code, 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code, 2015). Valuation methods that follow this approach include discounted cashflow (DCF) modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the Mineral Asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

Table 10-1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 10-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

The market approach to valuation can be used for the valuation of Mineral Assets regardless of development status but is typically applied as a primary approach for Exploration to Development projects.

An income-based method, such as a DCF model is commonly adopted to assess the value of a tenure containing a deposit where an Ore Reserve has been produced following an appropriate level of technical study and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is generally not considered appropriate for deposits that are less advanced or where technical risk is not quantified (i.e. no declared Ore Reserve and/or supporting mining and related technical studies).

The use of cost-based methods, such as considering suitable MEE is best suited to exploration projects, where Mineral Resources remain to be reliably estimated.

In general, these methods are accepted analytical valuation approaches that are in common use for determining the value of mineral assets. Given its direct reference to values paid in the market and ability to be actively observed, the market approach provides a direct link to Market Value. In contrast both income-based and cost-based methods derive a Technical Value (as defined below) which typically require the application of various adjustments to account for market considerations in order to convert these values to a Market Value.

The **Market Value** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee (IVSC) term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **Technical Value** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), Practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is generally only estimated as a step to report Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects include:

- MEE (expenditure-based)
- JV Terms Method (expenditure-based)
- Geoscience Ratings Methods (e.g. Kilburn – area-based)

- Comparable Transaction Method (market based)
- MTR analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – market based)
- Yardstick/Rule of Thumb Method (e.g. A\$/resource or production unit, percentage of an in situ value)
- the geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

10.1 Valuation basis

SRK has considered the defined Ore Reserves and Mineral Resources as well as the areal extent and exploration potential of the granted tenure held by OreCorp and Silvercorp (Table 10-2).

Table 10-2: SRK’s adopted valuation basis

Project	VALMIN Development Stage	Description	Valuation basis
Nyanzaga	Pre-development	Ore Reserves considered within the Model	Income: Cashflow Model (considered by BDO)
		Mineral Resources and Exploration Targets not considered within the Model (residual resources)	Market: Comparable Transactions Cost: Yardstick Factors
		Exploration Potential	Market: Comparable Transactions Cost: Geoscientific Rating
Ying	Production	Ore Reserves considered within the Model	Income: Cashflow Model (considered by BDO)
		Mineral Resources not considered within the Model (residual resources)	Market: Comparable Transactions Cost: Yardstick Factors
		Exploration Potential	Market: Comparable Transactions Cost: Geoscientific Rating
GC	Production	Ore Reserves considered within the Model	Income: Cashflow Model (considered by BDO)
		Mineral Resources not considered within the Model (residual resources)	Market: Comparable Transactions Cost: Yardstick Factors
		Exploration Potential	Market: Comparable Transactions Cost: Geoscientific Rating
BYP	Pre-development	Mineral Resources	Market: Comparable Transactions Cost: Yardstick Factors
		Exploration Potential	Market: Comparable Transactions Cost: Geoscientific Rating
Silvercorp’s other Mineral Assets			
Kuanping	Advanced Exploration	Exploration Potential	Market: Actual Transaction Value
La Yesca	Early-stage Exploration	Exploration Potential	No material value

Source: SRK analysis

10.2 SRK’s valuation technique

In estimating the value of the projects at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

SRK has supplied its recommendations regarding the Models to BDO to assist in the preparation of its market value estimate for the LOM scenario. For the valuation of the defined Mineral Resources outside of the LOM design (hereafter known as residual Resources) for the Nyanzaga, GC and Ying mines, as well as the Mineral Resources of the BYP project, SRK elected to adopt comparable transaction analysis, as its primary valuation approach. The derived values determined using this approach were then crosschecked against values determined using the Yardstick Valuation method.

For the valuation of the exploration potential outside of the defined residual Resource areas, SRK elected to adopt values implied by comparable transaction analysis that have been crosschecked using a geoscientific rating approach.

No material value has been assigned to the La Yesca Project while SRK considers the actual transaction value paid under the 2021 competitive bidding process for Kuanping best reflects the value of the future potential for that project.

10.3 Reasonableness of technical inputs to the Models

10.3.1 Adjustments to the LOM Plan to align with VALMIN Code requirements

The supplied LOM Plan models production from all Mineral Resource classes, including Inferred Resources. SRK considers that the inclusion of large quantities of Inferred Resources does not comply with the ‘reasonable grounds requirements’ underlying forward-looking statements, and that therefore the LOM Plan models are not fully suited to valuing the assets using a DCF method. The supplied DCF-amenable model has not been prepared with the rigour of the LOM Plan model and is for valuation purposes only. SRK emphasises that the DCF-amenable model does not reflect the views of either OreCorp, Silvercorp, or SRK with respect to future production as:

- it is highly likely that a significant portion of Inferred Resources will be upgraded in classification as the result of ongoing and future drilling campaigns
- the long-term timetable is now necessarily shortened to maintain adequate processing plant throughput following the removal of most of the Inferred Resources.

The changes implemented in the DCF-amenable model with respect to production inventory are specified in Table 10-3.

Table 10-3: Life of Mine Plan – production sequencing

Project	Amendment to mining inventory
Nyanzaga	
Nyanzaga open pit	Accepted as is with the small proportion of Inferred Resource
Kilimani open pit	Remove Inferred material from schedule due to high proportion of Inferred Resource. Value material in alternative method. . Use schedule <i>20220809 Nyanzaga Model v.7vi Reserve 2.xls</i>
Nyanzaga underground	Remove Inferred material from last year of schedule to account for 16% of Inferred Resources. Value material in alternative method. Use schedule <i>20220809 Nyanzaga Model v.7vi Reserve 2.xls</i>
Ying	
Ying Mine	Accepted as is, except for TLP Mine
TLP Mine	On review of the Silvercorp model (SVM Ying NAV Calculation 2022.10.05.xlsx), SRK noted that the TLP Mine Plan had used the ‘Geo Grade’ and not the ‘Mined Ore Grades’ which includes the mining dilution etc. for the TLP schedule, silver, lead and zinc grades in the SVM Ying model.
GC	
GC Mine	Accepted as is

Material removed by this process remains amenable to valuation using methods other than DCF.

SRK recommends additional changes to the DCF-amenable model in the following section of this report.

10.3.2 SRK's LOM Plan recommendations

The following section sets out SRK's recommendations regarding the LOM Plan.

OreCorp has developed a cashflow model (the OreCorp Model) (*220822 Nyanzaga Model v.8ii FS.xls*) for its Nyanzaga Mineral Assets and has provided these to BDO and SRK. SRK has reviewed this Model and assessed technical production and technical cost projections in order to advise BDO of its findings.

OreCorp's Model as provided to SRK envisages the following development scenario:

- As noted above the Kilimani open pit Inferred ore needs to be removed from the schedule. Achieved in model *20220809 Nyanzaga Model v.7vi Reserve 2.xls*
- The last year of the underground schedule to be removed to account for the Inferred resources (16% of total). Achieved in model *20220809 Nyanzaga Model v.7vi Reserve 2.xls*
- A pre-production period of approximately 2.5 years for the underground
- Almost simultaneous production of underground and open pit ore sources
- High-grade ore along with medium grade ore treated immediately, and low-grade ore stockpiled and treated at the end of the schedule.

Table 10-4 presents a summary of SRK's findings and recommendations as made to BDO in relation to the OreCorp Model.

Table 10-4: SRK’s recommendations regarding the Nyanzaga model

Item	Model	SRK recommendations	Comments
Nyanzaga Mineral Resource Measured Indicated Inferred	4.6 Mt at 4.96 g/t 16.2 Mt at 3.80 g/t 2.9 Mt at 3.84 g/t	Resource statement needs to be split between open pit and underground.	Note cut-off grade: 1.5 g/t Au
Kilimani Mineral Resource Measured Indicated Inferred	- 3.4 Mt at 1.09 g/t 2.8 Mt at 1.02 g/t	Resource statement needs to be split between open pit and underground.	Note cut-off grade: 0.4 g/t Au
Nyanzaga Ore Reserve (open pit) Probable Proved	25.63 Mt at 1.35 g/t -	Ore Reserves to exclude Inferred Mineral Resources.	Production schedule to limit use of Inferred Mineral Resources Includes 0.08 Mt at 0.88 g/t Inferred Mineral Resources
Nyanzaga Ore Reserve (underground) Probable Proved	12.42 Mt at 3.57 g/t	Ore Reserves to exclude Inferred Mineral Resources.	Production schedule to limit use of Inferred Mineral Resources Includes 1.07 Mt at 3.49 g/t Inferred Mineral Resources
Kilimani Ore Reserve (open pit) Probable Proved	2.04 at 1.05 g/t -	Ore Reserves to exclude Inferred Mineral Resources.	Schedule includes 0.37 Mt at 0.82 g/t Inferred Mineral Resources
Life of Mine Plan	As per the received Financial Model	Modify	<ul style="list-style-type: none"> ■ Remove Kilimani open pit Inferred Mineral Resources ■ Remove underground Inferred Mineral Resources ■ Use model received from OreCorp 20220809 <i>Nyanzaga Model v.7vi Reserve 2.xls</i>
Metallurgical recovery (LoM)	Average 91–90% on startup then 88.2% over LOM	Discount during ramp-up and based on testwork.	At least discounting to the SLR prediction of 88.0% however models could be rerun excluding the extreme HG feed samples to better predict individual ore type recoveries. Gold leach recovery should be discounted during the first 6 months of operations; typical discounts of 5% in month 1, 3% in month 2, 2% in month 3 and 1% in months 4 and 5 should be subtracted from the predicted recovery.
Mill throughput	4.0 Mt/a from month 1	Incorporate ramp-up period.	The Model assumes the processing plant can meet the design throughput of 4 Mt/a in the first month. Even though the preferential treatment of less competent oxide ore in the 6 weeks will assist with this, a ramp-up period should be built into the schedule.

Item	Model	SRK recommendations	Comments
Pre-production period underground	2.5 years	Accepted for base case. Defer underground tonnes by a year for downside case.	Considerable development required both vertically and horizontally.
Mining capital			
Total capital	US\$645.5 M	Accepted base case suggested range being 5% lower as best case and 30% higher for downside for missing items and rates.	Suggest some benchmarking against similar mine designs to narrow the potential estimate range.
Processing capital		Increase to allow for third party engineering.	Confirm the conveyor cost which appears low based on SLR evaluation. Incorporate allowance for site construction services and third party engineering as well as increasing the site contingency.
Process operating cost		Factor higher consumable consumptions across the first 3 years of operation.	Consumable costs are likely to be higher at the start of production. Typical unit consumptions are 125% in year 1, 115% in year 2 and 105% in year 3.
Closure costs	US\$29 M capital	Reasonable given a pre-production estimate.	

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

Similarly, Silvercorp has developed cashflow models (the Ying and GC Models) for its Ying and GC mines and has provided these to BDO and SRK. SRK has reviewed these Models and assessed the technical production and technical cost projections in order to advise BDO of its findings.

Silvercorp's Ying Model provided to SRK envisages the following development scenario:

- Ongoing underground production from the seven mines making up Ying Mine. Ying Mine operates until 2037.
- Total Ying Mine production is 11.15 Mt at an average of 0.27 g/t Au, 233 g/t Ag, 3.37% Pb and 1.20% Zn.
- The Ying Mine metal produced is 0.9 Moz gold, 91.8 Moz silver, 893.2 Mlb lead and 176.1 Mlb zinc.
- Production is completed at DCG in 2032.
- Production is completed at HZG and HPG in 2033.
- Production is completed at TLP in 2034.
- Production is completed at LME in 2035.
- Production is completed at SGX and LMW in 2037.

Table 10-4 presents a summary of SRK's findings and recommendations as made to BDO in relation to Silvercorp's supplied Ying Model.

Table 10-5: SRK’s recommendations regarding the Ying Model

Item	Model	SRK recommendations	Comments
Mineral Resource	As per Resource Model	SRK has reviewed the database, grade estimate method, parameters, and procedure, which are reasonable. SRK was able to replicate the Mineral Resource base from the block model provided.	Based on the Mineral Resource as publicly stated 31 December 2021.
Ore Reserve	12.32 Mt at 0.26g/t Au, 231 g/t Ag, 3.36% Pb, 1.03% Zn	Ore Reserve reported as at 31 December 2021, which agrees with the model, however, not as per the reference date of the valuation.	Based on the Ore Reserve as publicly stated 3 November 2022.
Life of Mine Plan	As per Financial Model SVM Ying NAV Calculation 2022.10.05.xlsx.	Modify so that the base date is 1 July 2023. On review of the Silvercorp model (SVM Ying NAV Calculation 2022.10.05.xlsx), SRK noted that the TLP Mine Plan had used the ‘Geo Grade’ and not the ‘Mined Ore Grades’ which includes the mining dilution etc. for the TLP schedule, silver, lead and zinc grades in the SVM Ying Model.	<ul style="list-style-type: none"> ■ Base case productivity is supported by the recent operation; an approximately 13% increase on FY2026 mainly relies on SGX opening more stopes with relative lower grade than previously. The risk is mitigated due to the number of other mine operating within the Ying Mine. ■ The stopes and mines in operation at the same time could lead to an opportunity for steady deliverable blends but also a risk of heavy management time. Silvercorp has operated this mine complex for many years using experienced and skilled personnel. ■ Amend the silver, lead and zinc grades as per Table 5-14.
Metallurgical recovery (LoM)	As shown in table ‘Ying’s Mining Schedule’. The recovery rates of each product in the table ‘Ying NPV(base)’ in the financial model are calculated according to the recovery rates of each mine.	Refer to Section 5.4.3 – Process throughput and metallurgical recovery	

Item	Model	SRK recommendations	Comments
Mill throughput	As shown in table 'Ying NPV(base)'	Accepted base case	<ul style="list-style-type: none"> ■ Base case is supported by operational performance. ■ The total milled ore throughput is 772,856 t in FY2023, with an average daily processing rate of ~2,300 t/d. The maximum production capacity of mining scheduled in the financial model is 975,503 t in FY2028. The production capacity will reach 990,000 tpa with the operation of Plant 3. SRK believes that the production scheduling in the model is reasonable. ■ Risks are associated with potential variability in future feed, differences in physical properties and grind size targets.
Mining capital	Growth capital: capitalising the expenses from Exploration tunnelling – New and upgrade resources, Capitalised drilling and to build 3rd Mill and TSF.	Silvercorp provided actual production costs for each mining section of the Ying Mine in FY2023 and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest actual production costs to capitalise the sustaining and growth CAPEX instead of those in the models.	Table 5-23 summarises the CAPEX required for the Ying Mine in the financial/NPV models as provided by Silvercorp in US\$/t ore mined.
Processing capital – C&M	US\$5.50/t ore was allocated for the third mill and extra TSF	The net book value of previous CAPEX as at 30 June 2023, and also the actual OPEX of FY2023 and Q1 FY2024. In the OPEX data, there were no capitalised costs for the mill and TSF.	
Sustaining capital	The model capitalised Exploration tunnelling – grade control, Development tunnelling, and Facilities and equipment and the sustaining capital and used the budget rate for each category as US\$/t, which were calculated from related costs from each mining section for Ying Mine.	Silvercorp provided actual production costs for each mining section of the Ying Mine in FY2023 and Q1 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest actual production costs to capitalise the sustaining and growth CAPEX instead of those in the models.	SRK considers the latest actual production data to be more reasonable than the budget costs for FY2022 as used in the model. Refer to Table 5-20.

Item	Model	SRK recommendations	Comments
Mining operating cost	As per Financial Model: SVM Ying NAV Calculation 2022.10.05.xlsx.	Silvercorp provided actual production costs for each mining section of Ying Mine in FY2023 and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs instead of those in the models.	SRK considers the latest actual production data to be more reasonable than the budget costs for FY2022 as used in the model. Amend costs as per Table 5-20.
Process operating cost	US\$11.58/t for Ying Mine	Silvercorp provided actual production costs for Ying Mine in FY2023, and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs instead of those in the models.	SRK considers the latest real production data to be more reasonable than the budget costs for FY2022 used in the model.
Toll treatment charge	Henan Ying District project: Smelter charge for gold: 17.00% Smelter charge for silver: 9.00% Smelter charge for lead: 5.00% Smelter charge for zinc: 26.00%	As stated.	The smelter charge rates are reasonable in China, although they are typically negotiable.
Closure costs	RMB 50,646,300	No closure plan has been developed. SRK reviewed geological environmental protection and reclamation plans, and the costs for geological protection and reclamation replace the mine closure costs.	The geological environmental protection and reclamation plan should be updated every 5 years. SRK recommends that the closure costs should be included in the year after production stops.

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

Silvercorp's GC Model provided to SRK envisages the following development scenario:

- Ongoing underground production from the GC Mine, continues until EOM. Ying Mine operates until 2034.
- Total GC Mine production is 3.35 Mt at an average of 95 g/t Ag, 1.48% Pb and 3.13% Zn.
- The GC Mine metal produced is 10.2 Moz silver, 113.8 Mlb lead and 249.1 Mlb zinc.

Table 10-4 presents a summary of SRK's findings and recommendations as made to BDO in relation to Silvercorp's supplied GC Model.

Table 10-6: SRK’s recommendations regarding the GC Model

Item	Model	SRK recommendations	Comments
Mineral Resource	As per Resource Model	SRK has reviewed the database, grade estimate method, parameters, and procedure, which are reasonable. SRK was able to replicate resource base based on the block model provided.	Based on the Mineral Resource as publicly stated 31 December 2020.
Ore Reserve	Model (SVM GC NAV Calculation 2021.09.17 with sensitivity for silver price V2): 3.95 Mt at 94 g/t Ag, 1.5% Pb, 3.2% Zn Public reporting: 4.13 Mt at 94 g/t Ag, 1.5% Pb, 3.2% Zn	Ore Reserve reported as at 31 December 2020, which does not agree with the model. The model is based on the updated figures a quarter later than publicly reported, however, both numbers are not as per the reference date of the valuation.	Public reporting Ore Reserve numbers are based on the Ore Reserve as publicly stated 6 October 2021.
Life of Mine Plan	As per Financial Model	Modify so that the base date is 1 July 2023.	<ul style="list-style-type: none"> Base case productivity is supported by the last year’s operation as stated by the mine management during site visit. Stable production is assumed and planned for the rest of mine life.
Metallurgical recovery (LoM)	Fixed recovery Ag recovery:85.38% Pb recovery: 88.92% Zn recovery:89.52%	Ag recovery: 82.81 Pb recovery: accepted Zn recovery: accepted	<ul style="list-style-type: none"> The average silver recovery rate for the last two fiscal years was 82.81%, and the highest recovery rate since production began in FY2015 was 83.78%, while the lowest value is 75.63%. Therefore, it is suggested to take the average recovery rate of the last two fiscal years as the index in the financial model, which is 82.81%. Base case of Pb and Zn recovery rate is supported by operational performance and is close to the historical indexes of recent two fiscal years.
Mill throughput	Consistent with mining plan, the maximum capacity does not exceed 318 kpta	Accepted	<ul style="list-style-type: none"> Base case is supported by operational performance. The processing plant is equipped with two series of mills and flotation machines, with a maximum capacity of 1,600 t/d, largely exceeding the design capacity of 1,000 t/d(330 kpta). At present, an intelligent waste disposal system has been added to the site to remove about 13% of waste rock, reducing the ore feed to the mill and selection system.

Item	Model	SRK recommendations	Comments
Mining capital	Growth capital: capitalising the expenses from 'Exploration tunnelling - New and upgrade resources', 'Capitalised drilling	Silvercorp provided SRK with the real production costs for the GC mine in FY2023, and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs to capitalise the sustaining and growth CAPEX instead of those in the models.	Table 6-18 summarises the new CAPEX needed for GC Mine in the financial/NPV models supplied by Silvercorp in US\$/t ore mined.
Processing capital – C&M	There was no CAPEX needed for GC Mine	The plant is operational as per the model.	
Sustaining capital	The model capitalised 'Exploration tunnelling - grade control', 'Development tunnelling', and 'Facilities and equipment' and the sustaining capital and used the budget rate for each category as US\$/t, which were calculated from related costs from the GC project.	Silvercorp provided SRK with the real production costs for the GC mine in FY2023, and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs to capitalise the sustaining and growth CAPEX instead of those in the models.	SRK considers that the latest actual production data to be more reasonable than the budget costs for FY2022 used in the model.
Mining operating cost	Mining operating costs had been categorised in Resuing method, shrinkage method, drilling cost, mining preparation cost and common admin cost, and provided as US\$/t ore or US\$/m.	Silvercorp provided SRK with the real production costs for the GC mine in FY2023, and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs instead of those in the models.	SRK considers that the latest actual production data to be more reasonable than the budget costs for FY2022 used in the model.
Process operating cost	US\$14.76 for GC mine	Silvercorp provided SRK with the real production costs for the GC mine in FY2023, and Q1 and Q2 FY2024. SRK has summarised the costs as averages for the same categories. SRK recommends using the latest real production costs instead of those in the models.	SRK believes that the latest real production data are more reasonable than the budget costs for FY2022 used in the model.

Item	Model	SRK recommendations	Comments
Toll treatment charge	Guangdong GC project: Smelter charge for silver: 41.00% Smelter charge for lead: 13.40% Smelter charge for zinc: 24.80%	SRK recommends using the same rates	The smelter charge rates are reasonable in China, although they are negotiable.
Closure costs	RMB 7,754,300	No closure plan has been developed. SRK reviewed geological environmental protection and reclamation plans, and the costs for geological protection and reclamation replace the mine closure costs. Details are in Section 6.5.5.	The geological environmental protection and reclamation plan should be updated every 5 years. SRK recommends that the closure costs should be included in the year after production stops.

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

10.4 Resources external to mine plan

10.4.1 Introduction

Table 10-7 presents a summary of the residual Resources (those Mineral Resources not considered in the Models) subsequent to BDO's implementation of SRK's recommendations summarised in Section 10.3. The residual Resources are presented in Table 10-8 and Table 10-9.

Table 10-7: Interest in each project held by OreCorp and Silvercorp

	Project	Sub-projects	Interest
OreCorp	Nyanzaga		84.00%
Silvercorp	Ying	SGX	77.50%
		TLP	77.50%
		HZG	77.50%
		LMW	77.50%
		DCG	77.50%
		HPG	80.00%
		LME	80.00%
		BYP	80.00%
		GC	99.00%
			Kuanping
	La Yesca		46.15%

Source: OreCorp and Silvercorp

Table 10-8: Summary of the residual Resources, and Exploration Target valued at Nyanzaga

Deposit	Category	Quantity (Mt)	Grade Au (g/t)	Total troy ounces
Nyanzaga residual Resource*	Measured	2.8	3.0	
	Indicated	5.38	1.7	174,775
	Inferred	7.37	1.8	355,767
	Total	15.55	2.0	530,542
Kilimani residual Resource	Measured			
	Indicated	1.36	0.04	50,284
	Inferred	2.80	1.02	91,822
	Total	4.16	0.70	142,106
Nyanzaga Exploration Target**	Exploration Target	4.00	2.7	347,228

Source: SRK analysis

Notes: Rounding errors may occur.

*Resource and Reserve are reported at different cut-offs, so subtraction of ounces only considered.

**SRK has reduced the lower range of the Exploration Target tonnage and grade by 50% as it is considered to be overly optimistic. The resultant range's midpoint is used to calculate ounces for valuation purposes.

Table 10-9: Summary of the residual Resources at Silvercorp’s operations in silver equivalent as at 1 December 2023

Project	Category	Quantity (Mt)	AgEq (g/t)	AgEq metal (Moz)	Attributable AgEq metal (Moz)
SGX (77.5%)	Measured	1.07	493	16.96	13.14
	Indicated	0.75	355	8.57	6.64
	Inferred	3.98	432	55.30	42.86
HZG (77.5%)	Measured	0.18	343	1.99	1.54
	Indicated	0.19	297	1.82	1.41
	Inferred	0.55	349	6.18	4.79
HPG (80%)	Measured	0.44	345	4.88	3.90
	Indicated	0.53	300	5.12	4.09
	Inferred	1.45	452	21.07	16.86
TLP (77.5%)	Measured	1.03	268	8.88	6.88
	Indicated	1.09	230	8.05	6.24
	Inferred	3.76	263	31.80	24.64
LME (80%)	Measured	0.23	388	2.87	2.29
	Indicated	0.43	315	4.35	3.48
	Inferred	1.49	330	15.83	12.67
LMW (77.5%)	Measured	0.41	356	4.70	3.64
	Indicated	1.01	1,204	39.09	30.29
	Inferred	1.51	309	15.02	11.64
DCG (77.5%)	Measured	0.07	300	0.67	0.52
	Indicated	0.08	312	0.80	0.62
	Inferred	0.32	304	3.13	2.42
Ying Total	Measured	3.44	370	40.97	31.92
	Indicated	4.09	516	67.84	52.78
	Inferred	13.06	353	148.22	115.87
	Total	20.59	388	257.03	200.58
GC (99%)	Measured	2.88	186	17.20	17.03
	Indicated	3.23	155	16.15	15.98
	Inferred	8.44	197	53.37	52.83
GC Total	Total	14.55	185	86.71	85.85

Source: SRK analysis

Note: Silver equivalent was determined based on US\$1,984.11/oz Au, US\$23.5/oz Ag, US\$8,190/t Cu, US\$2,188/t Pb and US\$2,544/t Zn.

In addition, the BVP Project is currently on care and maintenance. Table 10-10 presents a summary of the presently defined Mineral Resources at BVP.

Table 10-10: Summary of the Mineral Resources in gold equivalent

	Resource Category	Quantity (Mt)	Au eq (g/t)	Au eq (koz)	Attributable Au eq metal (koz)
BYP (80%)	Measured	2.8	3.00	269	215
	Indicated	5.38	1.74	302	241
	Inferred	7.37	1.87	444	355
	Total	15.55	2.03	1,014	812

Source: SRK analysis

Notes: Rounding errors may occur.

SRK has reviewed the reasonableness of the Mineral Resource and Ore Reserve estimates. Based on the information provided, SRK has estimated the residual Resources outside of the LOM Model for valuation purposes. Based on its review of the underlying information, nothing has come to SRK's attention to suggest the quantities included in the LOM Model and outside of the LOM Model are not reasonable.

In allocation, SRK has exercised its professional judgement in assigning the stated tonnages to the relative resource categories in line with OreCorp's ASX and Silvercorp's TSX disclosures.

For the valuation of OreCorp's and Silvercorp's residual Resources, SRK has considered actual transaction analysis, comparable transaction analysis and yardstick methods. The results of these methods are set out in the following sections.

10.4.2 Actual transactions

OreCorp

SRK notes the following transactions involving assets held by either OreCorp or Silvercorp:

- On 22 September 2015, OreCorp entered into an agreement with Acacia Mining plc (Acacia) to earn up to 51% in the advanced Nyanzaga Gold Project. OreCorp made an upfront cash payment of US\$1 M to Acacia in consideration for a 5% initial interest in the project, with the right to earn a further 20% interest for a total of 25% interest in the project upon completion of a DFS. Dependent on the NPV generated by the DFS, Acacia could elect to retain a 75% interest by paying OreCorp an NPV-based multiple of expenditure, or failing Acacia's election, OreCorp could increase to a 51% interest by making cash and royalty payments up to a total of US\$15 M based on the achievement of defined project milestones.
- The reported Mineral Resources at the time were 100.39 Mt at 1.3 g/t Au with 4.19 Moz of gold at a 0.4 g/t cut-off, or 49.81 Mt at 1.91 g/t Au with 3.06 Moz of gold at a 1.0 g/t cut-off. Considering the US\$1 M cash only, the implied multiple from this transaction was – on a normalised basis – US\$8.28/oz or US\$11.32/oz respectively.
- On 6 September 2018, OreCorp entered into an agreement with Acacia to earn up to 100% in the advanced Nyanzaga Gold Project. This included settlement of the previous earn-in to 51% for US\$3 M presumably because the DFS was not complete. A further US\$7 M cash was agreed for the remaining 49% plus a royalty capped at US\$15 M.

- On 2 September 2019, OreCorp announced that the terms of the deal with Acacia had been revised and the \$US15 M royalty had been removed and replaced with a US\$1.5 M cash payment.
- Considering these revised terms, a total US\$8.5 M cash payment was agreed for the remaining 49% – the implied multiple from this transaction was US\$6.65/oz or US\$7.29/oz on a normalised basis.

In SRK’s opinion given the age of these transactions, the additional exploration works completed and updates to the Resources, these transactions are no longer strongly indicative of the current value of Nyanzaga.

Silvercorp

In addition, SRK has identified the following transactions relating to the mineral assets of Silvercorp:

- On 13 October 2021, Silvercorp acquired the Kuanping project located in Sanmenxia City, Henan Province, China through an online open auction. The project comprised a single Exploration Licence of 12.39 km² with a Mineral Resource Estimate prepared in accordance with a Chinese Standard in 2013 for immediate application of a Mining Licence. Silvercorp paid US\$11.4 M in cash and assumed a debt of US\$2 M for this transaction.
- On 31 December 2020, Silvercorp acquired the La Yesca project located in Nayarit, Mexico from undisclosed sellers. A total of US\$9.25 M was paid in cash and common shares equivalent to a 45% interest have been issued to the vendors. The project comprised a single Exploration Licence of 47.7 km². A total of 4,878 m³ in 106 trenches and surface strips and 7,649 m of diamond drilling in 25 widely-spaced drill holes have been completed.
- On 31 January 2019, Silvercorp acquired an additional 4% stake in GC Mine for US\$2.22 M from GRT Mining Investment (Beijing) Co., Ltd.
- On 10 January 2011, Silvercorp acquired 70% of BYP Mine from Xinshao Yunxiang Mining Co., Ltd. with US\$31.68 M in cash and assumed liabilities of US\$3.27 M.
- On 6 June 2008, Silvercorp acquired a 95% interest in Gaocheng JV from Yangtze Gold Ltd. The transaction totalled US\$61.9 M comprising 40% in cash and 60% in Silvercorp shares.
- On 30 November 2007, Silvercorp acquired a 100% interest in LM Mine from an undisclosed seller for \$6.54 M.
- On 13 March 2006, Silvercorp acquired a 60% interest in the Houpinggou mine from a private Chinese company HT Mining for US\$5.1 M. On 31 May 2007, Silvercorp purchased an additional 20% interest in Huawei, owner of the Houpinggou mine, from HT Mining in which a 10% interest would be held in trust for a shareholder of HT Mining. The total deal value for the 20% interest was US\$1.7 M with Silvercorp’s share of \$856,000 paid in full.
- On 21 December 2007, Silvercorp acquired the NZ project for US\$1.1 M.
- On 31 March 2004, Silvercorp acquired a 100% stake in SGX Mine from an undisclosed seller.

10.4.3 Comparable market transactions

African gold

For its evaluation of the African gold residual Resources as outlined in Table 10-11, SRK has compiled gold resource transactions using its internal databases as well as the S&P Capital IQ Pro subscription database. The raw data relied on for the residual Resource valuation are presented in Appendix A (Comparable Market Transactions).

After compiling the relevant data, SRK reviewed transactions involving African gold projects (at various development stages) that occurred between 2020 and 2023. Initially, SRK identified 78 transactions that it considered sufficiently relevant and for which sufficient information was available to calculate a resource multiple. The implied transaction multiple for resources was then expressed in US\$/oz terms. This implied multiple was calculated using the transaction value (at the implied 100% acquisition cost) and the total contained Mineral Resources supporting the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the November 2023 average US gold price of US\$1,984.11/oz to normalise the implied multiples and inform its market analysis.

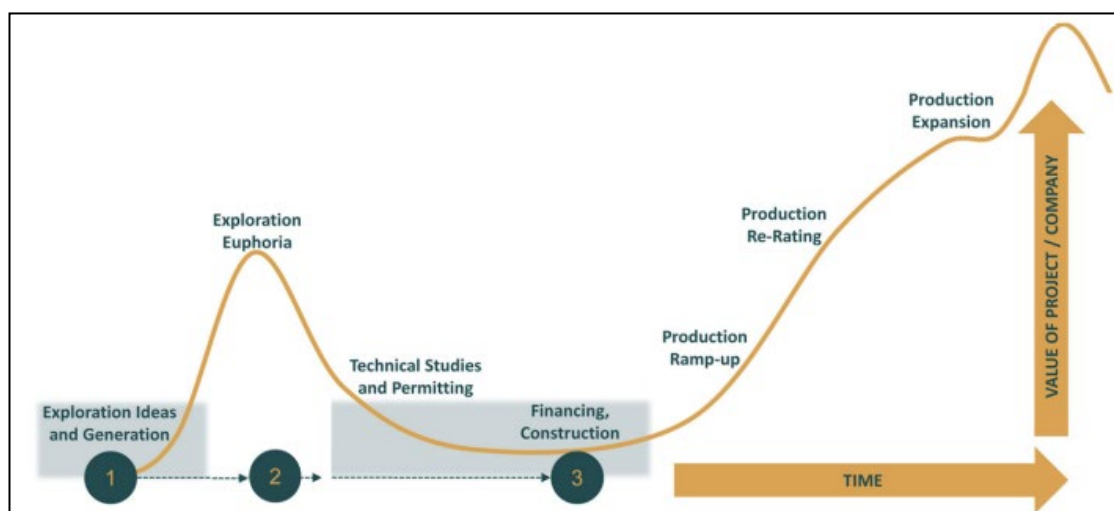
Importantly, while transaction multiples are widely used in valuation, they rely on the assumption that the reported Mineral Resources have been appropriately reported and can be taken at face value. The method assumes that differences in reporting regimes, between different Competent Persons, resource classification, metal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all metal tonnes/ounces, as reliable and accurate data are generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purposes of its valuation and do not attempt to estimate or reflect the metal likely to be recovered as required under the JORC Code (2012).

SRK notes that there is a clear relationship between the development stage of the assets that host defined Mineral Resources and their implied multiples with the average, median and weighted average values generally decreasing in line with earlier development stages. When considering the median normalised multiples only, SRK notes its analysis implies the following normalised transaction multiples (based on median values as set out in Table 10-11):

- projects in operation or construction – US\$73.95/oz
- projects at feasibility stage – US\$36.68/oz
- projects at scoping and pre-feasibility stage – US\$15.60/oz
- projects at advanced exploration stage – US\$10.43/oz.

The value price curve identified by this metric is in alignment with prevailing theory on value throughout a mining project's life cycle (Figure 10-1).

Figure 10-1: Project value curve



Source: SRK Consulting

Table 10-11: Resource-based transaction multiple analysis

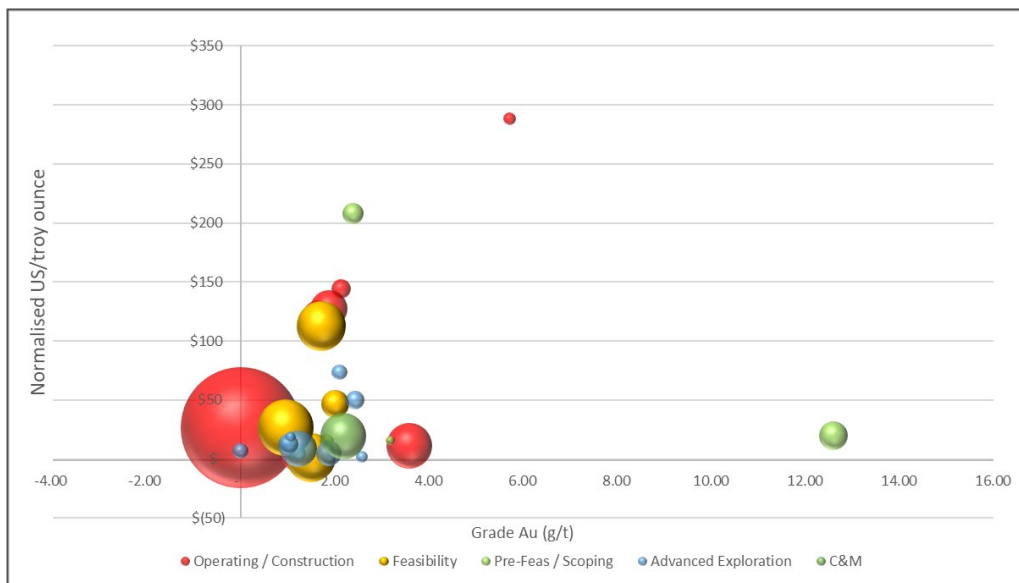
	Resource multiple – Raw (US\$/troy oz)	Resource multiple – Normalised (US\$/troy oz)
All		
count	26	26
min	1.14	1.45
median	16.63	19.57
average	50.63	53.70
max	283.73	288.54
weighted average	34.16	37.58
25th percentile	8.54	9.21
75th percentile	61.93	67.62
90th percentile	130.01	135.78
Projects in operation or under construction		
count	8	8
min	6.45	6.57
median	70.10	73.95
average	90.17	93.66
max	283.73	288.54
weighted average	33.17	37.26
25th percentile	17.91	20.32
75th percentile	127.22	131.62
90th percentile	180.04	187.44
Care and maintenance, closed		
count	1	1
min	17.00	19.46

	Resource multiple – Raw (US\$/troy oz)	Resource multiple – Normalised (US\$/troy oz)
median	17.00	19.46
average	17.00	19.46
max	17.00	19.46
weighted average	17.00	19.46
25th percentile	17.00	19.46
75th percentile	17.00	19.46
90th percentile	17.00	19.46
Projects at the feasibility stage		
count	4	4
min	1.14	1.45
median	31.74	36.68
average	43.83	46.85
max	110.70	112.58
weighted average	43.09	45.32
25th percentile	18.11	20.26
75th percentile	57.47	63.26
90th percentile	89.41	92.85
Projects at the scoping/pre-feasibility stage		
count	5	5
min	4.97	5.05
median	14.79	15.60
average	48.71	52.71
max	193.72	207.93
weighted average	58.98	64.41
25th percentile	14.21	15.30
75th percentile	15.84	19.68
90th percentile	122.57	132.63
Projects at the Advanced Exploration stage		
count	8	8
min	1.78	1.89
median	9.33	10.43
average	19.88	22.08
max	68.07	73.54
weighted average	15.27	16.93
25th percentile	5.94	6.40
75th percentile	23.08	26.57
90th percentile	50.89	56.96

Source: SRK analysis

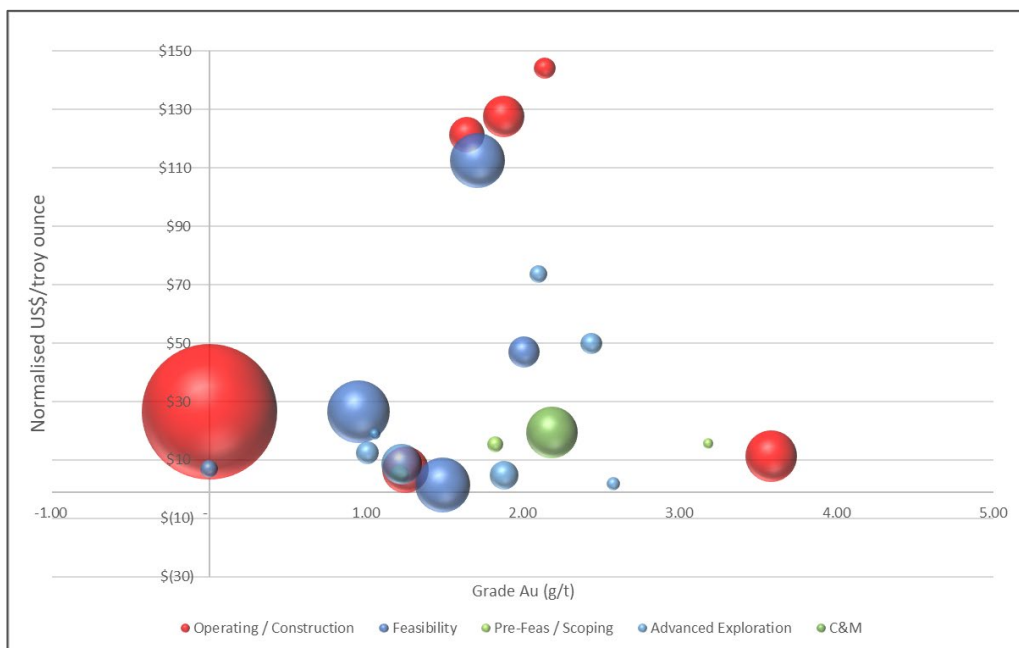
Note: the weighted average is determined based on the contained gold ounces in the defined Mineral Resource, which SRK considers to be an appropriate metric in evaluating a large dataset.

Figure 10-2: Resource multiples for African gold transactions



Source: SRK analysis

Figure 10-3: Resource multiples for African gold transactions (adjusted axis)



Source: SRK analysis

Note: Axis changed to show more detail at low grade and low value multiples.

Table 10-12 summarises the multiples implied by recent transactions involving similar assets to those held by OreCorp prior to the proposed takeover offer. SRK has used these implied multiples to establish the value of the residual Resources held by OreCorp on a 100% attributable basis.

SRK notes that the selection of implied multiples is a subjective assessment. Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between US\$15/oz and US\$30/oz for its valuation of the residual Resources at OreCorp’s Nyanzaga project

noting the bulk of these are underground and at depth. This range is broadly based around the median implied by scoping/PFS (low end) and Feasibility stage (high end) transaction datasets.

Based on the transaction analysis (Table 10-11), SRK has selected a resource multiple range of between US\$20/oz and US\$40/oz for the Kilimani residual Resources noting that these all have open cut potential. SRK notes that this range is broadly aligned with the values implied by transactions relating to the average and weighted average values implied by the feasibility stage transactions.

Based on the transaction analysis (Table 10-11), SRK has selected a resource multiple range of between US\$1/oz and US\$5/oz for the Nyanzaga Exploration Target. SRK notes that this range is based on roughly half of the minimum and median values attributed to advanced exploration projects in consideration of the increased potential associated with its position at depth below the underground.

Based on this comparable transaction analysis, SRK considers the implied value of the residual Resources held by OreCorp lies in the range from US\$9.4 M to US\$19.6 M with a preferred valuation of US\$14.5 M on a net attributable equity basis (Table 10-12).

Table 10-12: Comparable transaction valuation of Resources and residual Resources on a 100% and an attributable basis

Deposit/Project	Total (troy oz)	Value multiple Low (US\$)	Value multiple High (US\$)	Value multiple Preferred (US\$)	Value Low (US\$M)	Value High (US\$M)	Value Preferred (US\$M)
Nyanzaga Residual Resource	530,542	15	30	22.5	7.96	15.92	11.94
Kilimani Resource	142,106	20	40	30	2.84	5.68	4.26
Nyanzaga Exploration Target	347,228	1	5	3	0.35	1.74	1.04
Total Nyanzaga (100%)					11.15	23.34	17.24
Total Nyanzaga (84%)	1,088,742				9.36	19.60	14.48

Source: SRK analysis

Asia Pacific/Eurasian silver projects

SRK has compiled silver and gold resource transactions using its internal databases as well as the S&P Capital IQ Pro subscription database. The raw data relied on for the residual Resources, and BYP Mineral Resource are presented in Appendix A.

After compiling the relevant data, SRK reviewed transactions involving Chinese and Russian silver projects and Chinese gold projects (at various development stages) that occurred between 2014 and 2023. SRK compiled 27 silver transactions and 40 gold transactions and identified 7 transactions that it considered sufficiently relevant and for which sufficient information was available to calculate a resource multiple. The implied transaction multiple for resources was then expressed in US\$/oz Ag eq terms. This implied multiple was calculated using the transaction value (at the implied 100% acquisition cost) and the total contained Mineral Resources supporting the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the

November 2023 average US silver price of US\$23.49/oz and gold price of US\$1,984.11/oz to normalise the implied multiples and inform its market analysis.

The implied value paid per silver equivalent exhibited a wide range of values from US\$0.23/oz to US\$1.49/oz, with a median of US\$0.37/oz, an average of US\$0.59/oz and a weighted average of US\$0.64/oz on a normalised basis (Table 10-13).

Table 10-13: Resource-based silver transaction multiple analysis

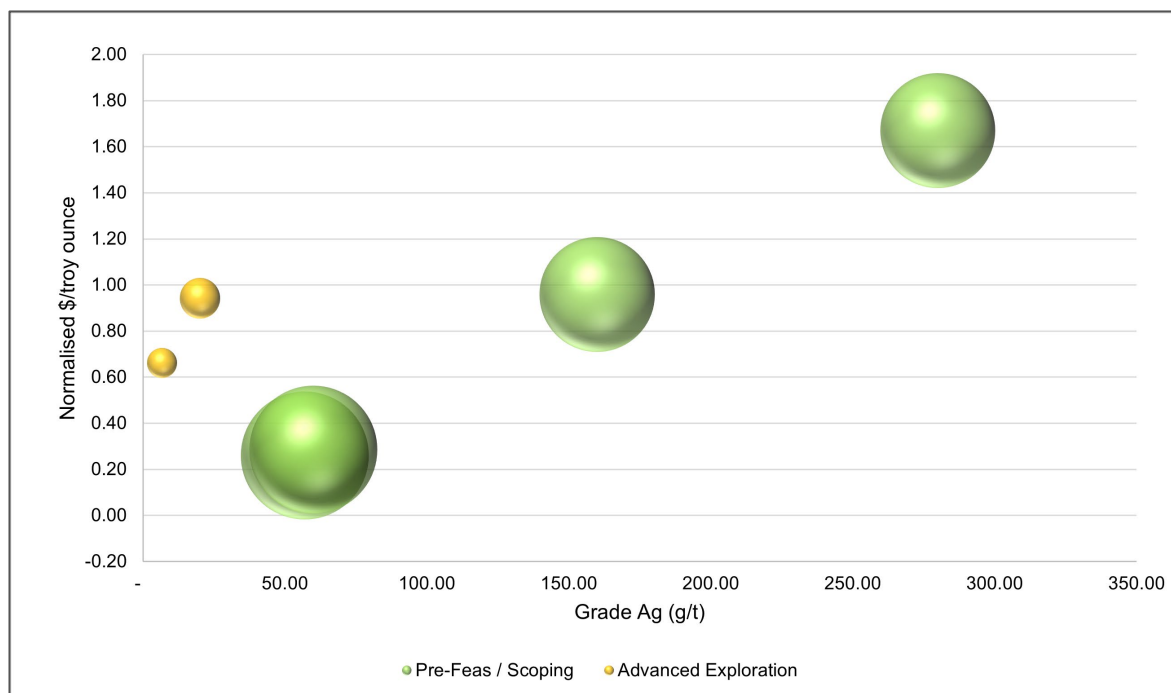
	Resource multiple – Raw (US\$/Ag eq oz)	Resource multiple – Normalised (US\$/Ag eq oz)
All		
Minimum	0.17	0.23
Median	0.25	0.37
Average	0.42	0.59
Maximum	1.06	1.49
Weighted average	0.46	0.64
25th percentile	0.20	0.27
75th percentile	0.52	0.75
90th percentile	0.83	1.17

Source: SRK analysis

Note: the weighted average is determined based on the contained silver ounces in the defined Mineral Resource, which SRK considers to be an appropriate metric in evaluating a large dataset.

The implied value paid per gold equivalent also shows a wide range of values from US\$31.67/oz to US\$378.38/oz, with a median of US\$150.82/oz, an average of US\$168.47/oz and a weighted average of US\$177.57/oz (Table 10-14).

Figure 10-4: China Resource-based silver transaction multiple analysis



Source: SRK analysis

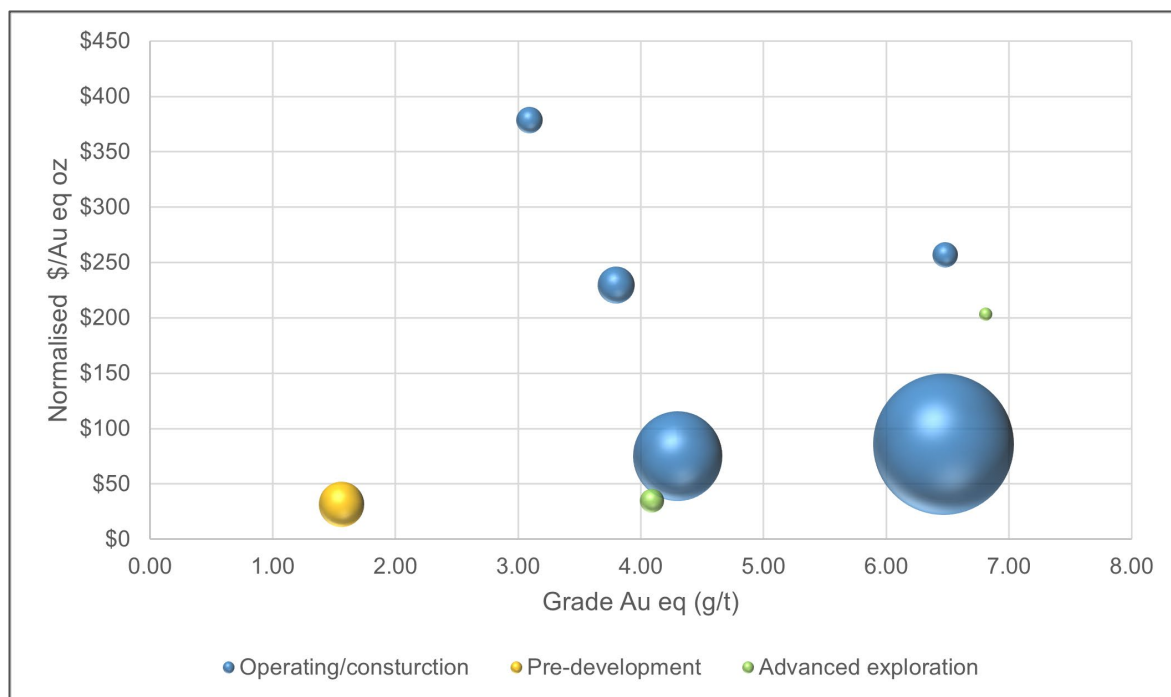
Table 10-14: China Resource-based gold transaction multiple analysis

	Resource multiple – Raw (US\$/Au eq oz)	Resource multiple – Normalised (US\$/Au eq oz)
All		
Minimum	21.05	31.67
Median	102.28	150.82
Average	104.96	168.47
Maximum	228.96	378.38
Weighted average	65.29	177.57
25th percentile	41.02	65.49
75th percentile	149.83	245.88
90th percentile	186.57	320.20

Source: SRK analysis

Note: the weighted average is determined based on the contained gold ounces in the defined Mineral Resource, which SRK considers to be an appropriate metric in evaluating a large dataset.

Figure 10-5: China Resource-based gold transaction multiple analysis



Source: SRK analysis

SRK comments

SRK notes that the selection of implied multiples is a subjective assessment. Based on its assessment of the available technical data, SRK has adopted a resource multiple range between US\$0.37/oz and US\$0.59/oz of silver equivalence for its valuation of the residual Resources at Silvercorp’s Ying and GC mines. This range is based around the median and average of the resource multiples for all selected transactions as these two mines are in operation.

For the BYP project, SRK has adopted a resource multiple range between US\$30.0/oz and US\$50.0/oz of gold equivalence for its valuation of the Mineral Resources. The low range is based around value indicated by the Sawayaerdun Project transaction. The high is based around the lower operational multiples in recognition that the BYP project is on care and maintenance.

Table 10-15 presents the implied values of the project based on comparable transaction analysis.

Table 10-15: Comparable Transaction Valuation of residual Resources and Mineral Resources

Project	Metal equivalence	Total (koz)	Value multiple Low (US\$/oz)	Value multiple High (US\$/oz)	Value multiple Preferred (US\$/oz)	Value Low (US\$’000)	Value High (US\$’000)	Value Preferred (US\$’000)
Ying	Ag	200,575	0.37	0.59	0.48	74,383	119,289	96,836
GC	Ag	85,848	0.37	0.59	0.48	31,837	51,057	41,447
BYP	Au	812	30	50	40	24,346	40,577	32,461
Total						130,566	210,923	170,744

Source: SRK analysis

10.4.4 Industry Yardstick crosscheck

OreCorp

As a crosscheck of the values implied by market multiples, SRK has also considered standard industry yardsticks.

Under the Yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used Yardstick factors range between 0.5% and 5.0% of the prevailing spot price as set out below.

- Measured Resources - 2.0% to 5.0% of the spot price
- Indicated Resources - 1.0% to 2.0% of the spot price
- Inferred Resources - 0.5% to 1.0% of the spot price
- Exploration Target - 0.1% to 0.5% of the spot price.

To determine the relevant Yardstick factors for use, SRK adopted the November 2023 average gold price of US\$1,984.11/oz. On this basis, the implied value range multiplies using the yardstick factors are summarised in Table 10-16.

Table 10-16: Yardstick factors value range

Resource	Percentage of the spot price	Value range	
		Low US\$/oz gold	High US\$/oz gold
Measured	2.0% to 5.0%	39.68	99.21
Indicated	1.0% to 2.0%	19.84	39.68
Inferred	0.5% to 1.0%	9.92	19.84
Target	0.1% to 0.5%	1.98	9.92

Source: SRK analysis

Based on this Yardstick analysis, SRK considers the implied value of the residual Resources held by OreCorp lies in the range from US\$8.1 M to US\$17.9 M with a preferred valuation of US\$13.0 M on a net attributable equity basis (Table 10-17).

Table 10-17: Yardstick Valuation of residual Resources and Exploration Target

Deposit/Project		Total (koz)	Value Low (US\$M)	Value High (US\$M)	Value Preferred (US\$M)
Nyanzaga OC and UG residual Resources	Measured	-	-	-	-
	Indicated	174,775	3.47	6.94	5.20
	Inferred	355,767	3.53	7.06	5.30
	Total	530,542	7.00	13.99	10.50
Kilimani residual Resources	Measured	-	-	-	-
	Indicated	50,284	1.00	2.00	1.50
	Inferred	91,822	0.91	1.82	1.36
	Total	142,106	1.91	3.82	2.86
Total residual Resources		672,648	8.91	17.81	11.22
Nyanzaga	Exploration Target	347,228	0.69	3.44	2.07
		Total Nyanzaga (100%)	9.59	21.26	15.43
		Total Nyanzaga (84%)	8.06	17.86	12.96

Source: SRK analysis

Silvercorp

Using the same methodology as outlined above, SRK has adopted the following yardsticks for silver based on the November 2023 average US silver price of US\$23.49/oz. On this basis, the implied value range multiples using the yardstick factors are summarised in Table 10-18.

Table 10-18: Yardstick factors value range (silver)

Resource	Percentage of the spot price	Value range	
		Low US\$/oz	High US\$/oz
Measured	2.0% to 5.0%	0.47	1.17
Indicated	1.0% to 2.0%	0.23	0.47
Inferred	0.5% to 1.0%	0.12	0.23
Target	0.1% to 0.5%	0.02	0.12

Source: SRK analysis

Based on this Yardstick analysis, SRK considers the implied value of the residual Resources held by Silvercorp lies in the range from US\$58.96 M to US\$129.42 M with a preferred valuation of US\$94.19 M on a net attributable equity basis (Table 10-19).

Table 10-19: Yardstick Valuation of residual Resources (Ying and GC)

Deposit/Project	Total Ag eq (Moz)	Value multiple Low (US\$)	Value multiple High (US\$)	Value multiple Preferred (US\$)	Value Low (US\$M)	Value High (US\$M)	Value Preferred (US\$M)
Measured	40.97	0.47	1.17	0.82	19.25	48.12	33.68
Indicated	67.84	0.23	0.47	0.35	15.93	31.87	23.90
Inferred	148.22	0.12	0.23	0.18	17.41	34.81	26.11
Total Ying (100%)	257.03				52.59	114.80	83.69
Measured	31.92	0.47	1.17	0.82	15.00	37.49	26.24
Indicated	52.78	0.23	0.47	0.35	12.40	24.79	18.60
Inferred	115.87	0.12	0.23	0.18	13.61	27.22	20.41
Ying (attributable to Silvercorp)	200.58				41.00	89.50	65.25
Measured	17.20	0.47	1.17	0.82	8.08	20.20	14.14
Indicated	16.15	0.23	0.47	0.35	3.79	7.58	5.69
Inferred	53.37	0.12	0.23	0.18	6.27	12.53	9.40
Total GC (100%)	86.71				18.14	40.32	29.23
Measured	17.03	0.47	1.17	0.82	8.00	20.00	14.00
Indicated	15.98	0.23	0.47	0.35	3.75	7.51	5.63
Inferred	52.83	0.12	0.23	0.18	6.20	12.41	9.31
GC (attributable to Silvercorp)	85.85				17.96	39.92	28.94
Total attributable Silvercorp	286.42				58.96	129.42	94.19

Source: SRK analysis

Table 10-20: Yardstick Valuation of BYP Mineral Resources

Deposit/Project	Total Au eq (koz)	Value multiple Low (US\$)	Value multiple High (US\$)	Value multiple Preferred (US\$)	Value Low (US\$M)	Value High (US\$M)	Value Preferred (US\$M)
Measured	269.00	38.37	95.94	67.15	10.67	26.69	18.68
Indicated	301.75	19.19	38.37	28.78	5.99	11.97	8.98
Inferred	43.67	9.59	19.19	14.39	4.40	8.80	6.60
Total BYP (100%)	1,014.42				21.06	47.46	34.26
Measured	215.20	38.37	95.94	67.15	10.67	26.69	18.68
Indicated	241.10	19.19	38.37	28.78	4.79	9.85	8.98
Inferred	354.93	9.59	19.19	14.39	3.52	7.04	5.28
BYP (attributable to Silvercorp)	811.53				16.85	37.97	27.41

Source: SRK analysis

10.4.5 Summary – residual Resource Valuation

OreCorp

SRK has elected to adopt an equal weighting for the values implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for OreCorp’s residual Resources and Exploration Target (Table 10-21).

Table 10-21: Summary of SRK’s Valuation of OreCorp’s residual Resources and Exploration Target on an attributable basis.

Method	Low (US\$M)	High (US\$M)	Preferred (US\$M)
Comparable transactions	9.36	19.60	14.48
Yardstick	8.06	17.86	12.96
Actual Transactions (total project basis)	17.20	29.34	23.27
Selected OreCorp (84%)	8.71	18.73	13.72

Source: SRK analysis

Note: The actual transaction value was for the whole project and not residual Resources plus the Exploration Target so a fair comparison cannot be made against the Comparable Transaction and Yardstick total values.

Based on this analysis, the implied value of OreCorp’s residual Resources and Exploration Target is estimated to reside between US\$8.7 M and US\$18.7 M with a preferred valuation of US\$13.72 M on a net attributable equity basis.

Silvercorp

SRK has elected to adopt an equal weighting for the values implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for Silvercorp’s residual Resources and Mineral Resources (Table 10-22).

Table 10-22: Summary of SRK’s Valuation of residual Resources and Mineral Resources

Method	Low (US\$M)	High (US\$M)	Preferred (US\$M)
Comparable transactions	74.38	119.29	96.84
Yardstick	41.00	89.50	65.25
Ying	57.69	104.40	81.05
Comparable transactions	31.84	51.06	41.45
Yardstick	17.96	39.92	28.94
GC	24.90	45.49	35.19
Comparable transactions	24.35	40.58	32.46
Yardstick	16.85	37.97	27.41
BYP	20.60	39.27	29.94
Total	103.19	189.16	146.17

Source: SRK analysis

Based on this analysis, the implied value of Silvercorp's residual Resources and Mineral Resources is estimated to reside between US\$103.2 M and US\$189.2 M with a preferred valuation of US\$146.2 M on a net attributable equity basis.

For the Kuanping Project, SRK considers the actual transaction value (US\$13.1 M) paid in November 2021 remains the best indication of value. As part of a recent acquisition via a competitive public auction, the purchase price is considered to be highly reflective of the future potential for that project.

No value has been assigned to the La Yesca Project as it is not considered to hold material value.

10.5 Exploration Potential

10.5.1 Introduction

In addition to its assessment of the residual Resources, SRK has also considered the value associated with the mineral tenure surrounding the currently defined Mineral Resource and Ore Reserve areas held by the parties.

In doing so, SRK has considered the values implied by comparable transaction analysis for early to advanced stage exploration projects and geoscientific rating methods. Details of these valuation methods and the associated outcomes are presented below.

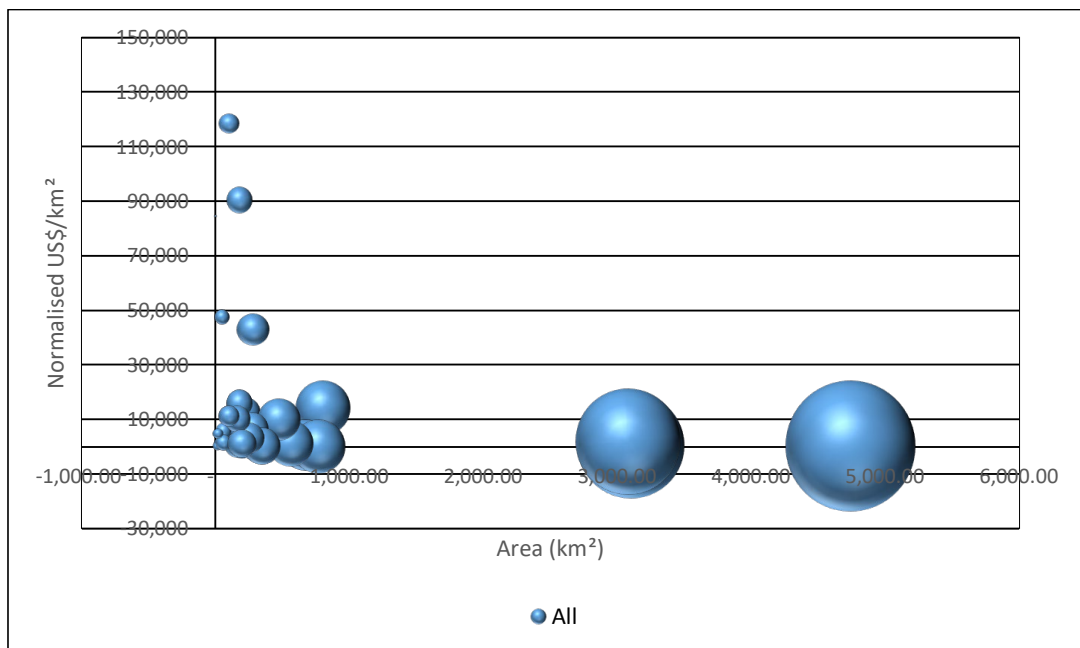
10.5.2 Comparable transactions – African gold

SRK has also reviewed transactions involving early to advanced stage gold exploration projects in Africa (i.e. those without defined gold Mineral Resources) occurring between 2020 and 2023. SRK has identified and compiled data for 51 transactions (Table 10-23) for which sufficient information was available to calculate an area-based multiple (i.e. US\$/km² or US\$/ha). SRK's analysis of the implied multiples was based on the reported areal extent of mineral tenure.

For the purpose of this section, SRK has expressed the area-based transaction multiple in US\$/km² terms. This value has been calculated using the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the average gold price of US\$1,918.70/oz, being the average spot gold price for the month of August 2023, to normalise the implied multiples and inform its market analysis.

SRK notes there is also a clear relationship between the size of tenure acquired and the implied value (in A\$/km² terms). Mining leases (MLs) are generally smaller than prospecting leases (PLs) or exploration leases (ELs) and are also generally more advanced in terms of the exploration completed. Consequently, MLs generally attract higher transaction prices and thus implied multiples. The relationship usually holds true when these datasets are reviewed exclusively from each other however there is insufficient data for Africa to prove this relationship (Figure 10-6). SRK considers this to be reasonable and in line with industry practice for, as exploration progresses on a tenure, explorers will, in accordance with regulatory requirements, intermittently relinquish those areas of lower perceived potential and retain only those areas considered to be the most prospective.

Figure 10-6: Area-based multiples African gold transactions (excludes high outliers >US\$300/km²)



Source: SRK analysis

Table 10-23: Area-based transaction multiple analysis

	Resource multiple – Raw (US\$/km ²)	Resource multiple – Normalised (US\$/km ²)
All		
count	51	51
min	91.0	100.8
median	4,375.0	4,546.0
average	290,735.7	299,916.8
max	6,100,000.0	6,331,658.1
weighted average	7,781.3	8,076.2
25th percentile	929.8	1,088.8
75th percentile	14,915.1	15,599.1
90th percentile	311,379.9	308,460.4
All excluding three high outliers >US\$1 M/km²		
count	91.0	100.8
min	4,163.4	4,313.0
median	31,591.9	31,982.7
average	319,539.5	319,539.5
max	7,313.6	7,602.7
weighted average	885.5	1,048.0
25th percentile	12,325.8	12,864.5
75th percentile	84,144.0	84,911.4
90th percentile	91.0	100.8
All excluding outliers >US\$0.3 M/km² for similar risk rating countries including Morocco, Tanzania, Cote d'Ivoire, Ghana, Ethiopia and Namibia		
count	19	19
min	91.0	100.8
median	1,230.7	1,180.8
average	13,634.7	14,374.1
max	83,062.9	89,013.7
weighted average	3,662.8	3,957.6
25th percentile	471.4	544.7
75th percentile	12,710.6	13,240.4
90th percentile	47,916.7	46,701.4

Source: SRK analysis

Based on its review of the available technical information, SRK has assessed the value of the exploration holdings for the relevant parties. All values were estimated on a net attributable equity basis.

In SRK’s opinion, applying values based on the ranges indicated by either ELs or MLs only, does not reflect the large and coherent nature of the respective party’s project tenure and its position relative to the surrounding Mineral Resources (which have been valued separately). SRK has further selected ranges for exploration-stage tenures based on the size of the tenure and selected its preferred value based on the perceived prospectivity of each tenement.

Where relevant, SRK has estimated the area covered by the currently stated Mineral Resource and removed this from the remaining area for valuation purposes to avoid double counting. For very small MLs containing defined Mineral Resources, this has resulted in little or no remaining area and consequently, these have been assigned no value on an area basis.

The implied values of a 100% interest in the exploration potential of OreCorp’s mineral tenures using the comparable transaction method are provided in Table 10-24.

Table 10-24: Exploration Potential Value using Transaction Analysis – net attributable basis

Project	Area valued (km ²)	Multiples by area (US\$/km ²)			Market Value (US\$M)		
		Lower	Upper	Preferred	Lower	Upper	Preferred
SML653/2021	9.34*	100,000	200,000	150,000	0.78	1.57	1.18
PL11873/2022	17.03	5,000	10,000	7,500	0.07	0.14	0.11
PL11874/2022	21.22	2,500	5,000	3,750	0.04	0.09	0.07
PL10911/2016	10.91	5,000	10,000	7,500	0.05	0.09	0.07
PL10877/2016	7.42	10,000	20,000	15,000	0.06	0.12	0.09
PL11186/2018	18.21	2,500	5,000	3,750	0.04	0.08	0.06
PL12429/2023	4.20	10,000	20,000	15,000	0.04	0.07	0.05
PL24748/2023	42.78	5,000	10,000	7,500	0.18	0.36	0.27
PL12430/2023	1.37	10,000	20,000	15,000	0.01	0.02	0.02
PL12427/2023	37.26	5,000	10,000	7,500	0.16	0.31	0.23
PL11961/2017*	3.53	5,000	10,000	7,500	0.01	0.03	0.02
Total					1.44	2.89	2.17

Source: SRK analysis

Notes:

*Area of SML653/2021 reduced to exclude the footprint of the mineral Resources, Ore Reserves and Exploration Targets which are valued under alternate methods.

**Indicates tenure remains in application to which a 20% discount has been applied.

Using the Comparative Transactions – area-based method, SRK considers the Market Value of the exploration potential (excluding the areas containing the defined Mineral Resources) associated with OreCorp’s mineral tenures resides between US\$1.44 M and US\$2.89 M, with a preferred value of US\$2.17 M on an attributable basis.

Asia Pacific/Eurasian silver projects

SRK does not consider there is any additional potential associated with Silvercorp’s Asia Pacific/Eurasian silver project assets over and above that associated with the defined Ore Reserves and Mineral Resources.

10.5.3 Geoscientific Rating

As a crosscheck to the values implied by market multiples, SRK has also considered the Geoscientific Rating method, a cost-based method. The Geoscientific Rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the base acquisition cost (BAC), which represents the 'average cost to identify, apply for and retain a base unit of area of title' for 1 year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value.

A BAC has been assumed in this valuation – which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification (Table 10-25) – and is considered to be:

- US\$492/km² (A\$5/ha) for a PL/EL in Tanzania
- US\$12,384/km² (A\$124/ha) for a ML in Tanzania.

Table 10-25: BAC cost calculation PL/EL

Base Area Cost input data – Prospecting Licence/Exploration Permit – Tanzania			
Metric	Unit	Unit Value	Cost
Average licence size¹	km ²	57.8	-
Average licence age²	Years	4	-
Application fee	US\$ per licence	2,000	2,000
Annual Administration fee	US\$/km ²	200	200
Annual rent	US\$ per licence	150	8,673
Minimal annual expenditure	US\$ per licence		28,911
BAC of average licence	US\$/km ²		688
BAC of average licence	US\$/ha		7

Source: SRK analysis 2021

Notes:

¹ The average licence size of 57.8 km² was calculated from the Mining Claims downloaded from the S&P Capital IQ Pro database services.

² Assumed

Table 10-26: BAC cost calculation SML

Base Area Cost input data – Special Mining Licence – Tanzania			
Metric	Unit	Unit Value	Cost
Average licence size ¹	km ²	40.80	-
Average licence age ²	Years	10	-
Application fee	US\$ per licence	5,000	5,000
Annual Administration fee	US\$/km ²	300	300
Annual rent	US\$ per licence	5,000	204,000
Minimal annual expenditure	US\$ per licence		
BAC of average licence	US\$/km ²		5,130
BAC of average licence	US\$/ha		51

Source: SRK analysis 2021

Notes:

¹ The average licence size of 40.8 km² was calculated from the Mining Claims downloaded from the S&P Capital IQ Pro database services.

² Assumed

In converting its implied technical values to a market value, SRK considers that market participants would apply a premium to the technical value of 20% to account for the current market sentiment and recent gold price performance.

In addition, SRK considers that any tenures in application would attract a 20% discount to reflect the uncertainty in likely timing of the grant, as well as approval conditions associated with the grant.

The geoscientific rating criteria are presented in Table 10-27.

Table 10-27: Modified property rating criteria

Rating	Off-property factor	On-property factor	Geological factor	Anomaly factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.9			Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified; initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	Significant grade intercepts evident but not linked on cross or long sections
2.5			Well-defined exploration model applied to new areas	
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in prospective host rock	
3.5				
4.0	Along strike from a major deposit	Major mine with significant historical production	Well-understood exploration model, with valid targets in structurally complex area, or under cover	
5.0	Along strike for a world class deposit		Well-understood exploration model, with valid targets in well understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World class mine		

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

OreCorp

Using the geoscientific rating method (calculations presented as Appendix B), SRK considers an 84% interest in the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) resides between US\$0.87 M and US\$2.34 M, with a preferred value of US\$1.61 M.

Table 10-28: Summary of Exploration Potential Value using the Geoscientific (Kilburn) Method – net attributable basis

Project	Area Valued (km ²)	Market Value (US\$M)		
		Lower	Upper	Preferred
SML653/2021	9.34	0.60	1.63	1.12
PL11873/2022	17.03	0.03	0.08	0.05
PL11874/2022	21.22	0.03	0.10	0.06
PL10911/2016	10.91	0.03	0.09	0.06
PL10877/2016	7.42	0.01	0.03	0.02
PL11186/2018	18.21	0.03	0.06	0.04
PL12429/2023	4.20	0.01	0.01	0.01
PL24748/2023	42.78	0.07	0.20	0.13
PL12430/2023	1.37	0.01	0.01	0.01
PL12427/2023	37.26	0.06	0.12	0.09
PL11961/2017*	3.53	0.004	0.01	0.01
Total on a net attributable basis		0.87	2.34	1.61

Source: SRK analysis (total is rounded)

Note: *Indicates tenure remains in application to which a 20% discount has been applied.

Silvercorp

SRK does not consider there is any additional potential associated with the Exploration Potential for Silvercorp's assets over and above that associated with the defined Ore Reserves and Mineral Resources.

10.5.4 Summary – Exploration Potential Valuation

OreCorp

In estimating the value of the exploration potential outside the defined Mineral Resource areas, SRK has considered the values implied by comparable transaction analysis and geoscientific rating methods.

In considering the overall value of the mineral assets, SRK has given equal weighting to the outcomes under both valuation methods, as it has no strong inclination to the values implied by one method over another. SRK has adopted the midpoint as its preferred value.

As summarised in Table 10-29, SRK considers the Market Value of the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) to reside between US\$1.15 M and US\$2.62 M, with a preferred value of US\$1.89 M.

Table 10-29: Valuation summary – exploration potential

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Comparable transactions	1.44	2.89	2.17
Geoscientific Rating	0.87	2.35	1.61
Selected (100%)	1.15	2.62	1.89

Source: SRK analysis (total is rounded)

Silvercorp

SRK does not consider there is any additional potential associated with Silvercorp's mineral assets over and above that associated with the defined Ore Reserves and Mineral Resources.

11 Valuation summary

Based on its technical assessment presented in the earlier sections of this Report, SRK has completed a valuation of OreCorp's and Silvercorp's Mineral Assets in accordance with its mandate.

SRK has elected to adopt an equal weighting for the values implied by the comparable transaction analysis and industry yardsticks to inform its valuation range for the Resources, residual Resources and Exploration Targets (Table 11-1).

In estimating the value of the exploration potential of OreCorp's and Silvercorp's mineral tenures outside the defined Mineral Resource areas, SRK has considered the values implied by comparable transaction analysis and geoscientific rating methods.

For the Kuanping Project, SRK considers the actual transaction value (US\$13.1 M) paid in November 2021 remains the best indication of value. As a recent acquisition in a competitive public auction it should be highly reflective of the future potential for that project. As there are no publicly reported Resources SRK has assigned this value to Silvercorp's Exploration Potential.

No value has been assigned to the La Yesca Project as it is not considered to hold material value.

In considering the overall value of the mineral assets, SRK has applied equal weighting to all valuation methods as it has no strong inclination to the values implied by one method over another. SRK has adopted the midpoint as its preferred value.

Based on its analysis, SRK considers the current Market Value of OreCorp's Mineral Assets (excluding the Mineral Resources within the LOM Plan) on a net attributable basis reside between US\$9.9 M and US\$21.4 M, with a preferred value of US\$15.6 M as summarised in Table 11-1.

Based on its analysis, SRK considers the current Market Value of Silvercorp's Mineral Assets (excluding the Mineral Resources within the LOM Plan) on a net attributable basis reside between US\$116.3 M and US\$202.3 M, with a preferred value of US\$159.3 M as summarised in Table 11-1.

Table 11-1: Summary of the Market Value of the Mineral Assets

Method	Low (US\$M)	High (US\$M)	Preferred (US\$M)
Residual Resources and Exploration Targets	8.71	18.73	13.72
Exploration Potential	1.15	2.62	1.89
Selected OreCorp (net attributable basis)	9.87	21.35	15.61
Residual Resources	57.69	104.40	81.05
Exploration Potential	-	-	-
Selected Ying (77.5%)	57.69	104.40	81.05
Residual Resource	24.90	45.49	35.19
Exploration Potential	-	-	-
Selected GC (99%)	24.90	45.49	35.19
Residual Resource	20.60	39.27	29.94
Exploration Potential	-	-	-
Selected BYP (70%)	20.60	39.27	29.94
Residual Resources	-	-	-
Exploration Potential	13.10	13.10	13.10
Selected Other	13.10	13.10	13.10
Residual Resources Totals	103.19	189.16	146.17
Exploration Potential Totals	13.10	13.10	13.10
Selected Silvercorp (net attributable basis)	116.29	202.26	159.27

Note: Any discrepancies between values in the tables are due to rounding.

Closure

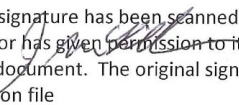
This report, Independent Specialist Report – Mineral Assets of OreCorp Limited and Silvercorp Metals Inc., was prepared by



Mathew Davies
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Jeames McKibben
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Comparative transactions

Transaction data for Resource based multiples – African Gold

Date of transaction	Project or Company Name	Buyer	Seller	Country	Development Stage	Commodity Details	Implied Price (100%) US\$ M	Equity Acquired (%)	Total Resource (Mt)	Total Resource Contained Gold (troy ounces M)	US\$/Au troy ounce	normalised US\$/Au troy ounce
Dec-20	Fininko concession	Kodal Minerals Plc	Sacko Holdings SA	0	Mali	0	2.28	90.00%	-	0.35	6.51	6.72
Jun-20	Bagoé and Liberty projects	Exore Resources Limited	Apollo Consolidated Limited	Reserves Development, Target Outline	Cote d'Ivoire	Gold	22.50	20.00%	6.60	0.52	43.52	48.21
Jun-22	Mankono-Sissédougou Joint Venture project	Montage Gold Corp.	Investor group	Early to Advanced Exploration	Côte d'Ivoire	Gold	23.90	100.00%	5.20	0.35	68.07	71.12
Jun-22	Kouri and Babonga Projects	BAOR SARL	Golden Rim Resources Ltd	Advanced Exploration	Burkina Faso	Gold	15.50	100.00%	50.00	1.97	7.85	8.20
Sep-21	Maligreen project	Caledonia Mining Corporation Plc	Pan African Mining (Private) Limited	Advanced Exploration	Zimbabwe	Gold	4.00	100.00%	15.60	0.94	4.24	4.59
Nov-20	Burkina Faso projects	Predictive Discovery Limited	Montage Gold Corp.	Advanced Exploration	Burkina Faso	Gold	0.33	51.00%	2.23	0.18	1.78	1.82
Jun-20	Lakanfla and Tabakorolé projects	Marvel Gold Limited	Altus Strategies plc	Reserves Development, Target Outline	Mali	Gold	6.45	33.00%	18.43	0.60	10.81	11.98
May-20	Dabia Sud project	RosCan Gold Corporation	Komet Resources Inc.	Reserves Development	Mali	Gold	2.28	100.00%	4.13	0.14	16.27	18.19
Jul-21	Harvest project	Zijin Mining Group Company Limited	East Africa Metals Inc.	Pre-feas/Scoping	Ethiopia	Gold	1.64	55.00%	1.13	0.12	14.21	15.08
Jul-23	Diba Project	Allied Gold Corp.	Elemental Altus Royalties Corp.	Pre-feas/Scoping	Mali	Gold	2.00	100.00%	10.31	0.40	4.97	4.88
Aug-23	Imwelo Gold Project	Tembo Gold Tanzania Limited	Lake Victoria Gold Ltd	Pre-feasibility	Tanzania	Gold	4.10	100.00%	4.73	0.28	14.79	14.79
May-22	Nyakafuru Project	Caracal Gold Plc	Private Investors-Mr. John & Mr. Nicholas	Pre-feas/Scoping	Tanzania	Gold	129.42	100.00%	8.70	0.67	193.72	201.08
Feb-20	West Kenya project	Shanta Gold Limited	Barrick Gold Corporation	Prefeas/Scoping	Kenya	Gold	18.67	100.00%	2.91	1.18	15.84	19.03
Jan-20	Dugbe project	ARX Resources Ltd.	Hummingbird Resources Plc	Feasibility Started	Liberia	Gold	4.08	49.00%	74.40	3.57	1.14	1.41
Apr-20	Toega Deposit	West African Resources Limited	Investor group	Feasibility Started	Burkina Faso	Gold	45.00	100.00%	17.53	1.13	39.72	45.28
Oct-21	Kiaka project	West African Resources Limited	B2Gold Corp.	Feasibility Started	Burkina Faso	Gold	111.67	81.00%	153.32	4.70	23.76	25.66
Jul-22	Bilboes Project	Caledonia Mining Corporation Plc	Undisclosed seller	Care and maintenance	Zimbabwe	Gold	53.28	100.00%	44.66	3.13	17.00	18.82
Jun-20	Kouroussa project	Hummingbird Resources Plc	Cassidy Gold Corporation	Commissioning	Guinea	Gold	23.97	100.00%	11.90	1.18	20.34	22.53
Feb-20	South African assets	Harmony Gold Mining Company Limited	AngloGold Ashanti Limited	Closed, Expansion, Operating, Satellite	South Africa	Gold	470.00	100.00%	-	22.03	21.33	25.63
Jul-20	Bogoso-Prestea mine	Future Global Resources Limited	Golden Star Resources Limited	Limited Production	Ghana	Gold	33.33	90.00%	27.29	3.15	10.60	11.01
Mar-22	Karma mine	Néré Mining	Endeavour Mining plc	Operating	Burkina Faso	Gold, Silver	16.67	90.00%	64.20	2.58	6.45	6.36
Jul-23	leopard and hillside project	Kavango Resources Plc	Undisclosed seller	Advanced to Operating?	Zimbabwe	Gold, Silver, Tungsten	62.58	100.00%	1.20	0.22	283.73	279.03
Jan-21	Agbaou mine	Allied Gold Corp.	Endeavour Mining Corporation	Operating	Cote d'Ivoire	Gold	70.59	85.00%	7.57	0.52	135.60	139.36
Jun-23	Boungou and Wahgnion Mines	Lilium Capital	Endeavour Mining plc	Operating	Burkina Faso	Gold, Silver	172.22	90.00%	27.40	1.45	118.87	117.39
Apr-22	Chirano Gold Mine	Asante Gold Corporation	Kinross Gold Corporation	Operating	Ghana	Gold, Silver	250.00	90.00%	33.23	2.01	124.42	123.26

Transaction data for area based multiples – African Gold

Date of transaction	Project or Company Name	Buyer	Seller	Country	Development Stage	Commodity Details	Implied Price (100%) US\$ M	Equity Acquired (%)	Area (km ²)	Area Multiple (US\$/km ²)	Normalised Area Multiple (US\$/km ²)
Apr-22	Onkoshi Project	Antler Gold Namibia (Pty) Ltd.	Undisclosed seller	Namibia	Advanced Exploration	Gold	0.18	90.00%	199.67	883	874
Jul-22	PR840 Permit	Awalé Resources Limited	Turaco Gold Limited	Côte d'Ivoire	Early Exploration	Copper, Gold	0.15	100.00%	324.00	459	508
Apr-22	Bakolobi permit	B2Gold Corp.	Undisclosed seller	Mali	Early Exploration?	Gold	31.14	100.00%	100.00	311,380	308,460
May-22	Odienné Project	Newmont Ventures Limited	Awalé Resources Limited	Côte d'Ivoire	Target Outline	Copper, Gold	10.78	51.00%	800.00	13,480	13,992
Jan-22	Billbale and Boulon projects	Red Rock Resources plc	Faso Greenstone Resources	Burkina Faso	Early Exploration	Gold	0.09	80.00%	348.00	264	279
May-21	Farani permit	Cora Gold Limited	Undisclosed seller	Mali	Early Exploration		0.08	95.00%	62.00	1,358	1,408
Mar-21	Four exploration licenses	Galiano Gold Inc.	Barrick Gold Corporation	Mali	Early Exploration		1.50	100.00%	167.00	8,982	10,030
Dec-20	Foutiere concession	Kodal Minerals Plc	Falcon Gold SARL	Mali	Reserves Development	Gold	0.22	90.00%	200.00	1,111	1,147
Aug-20	South Mali projects	Marvel Gold Limited	Oklo Resources Limited	Mali	Early to Advanced Exploration	Gold	0.40	80.00%	675.00	592	576
Jul-20	Kofi Quest permit	African Gold Limited	Somadium SARL	Mali	Early Exploration	Gold	0.09	100.00%	20.00	4,375	4,546
Apr-20	Djimbala property	Indigo Exploration Inc.	Desert Gold Ventures Inc.	Mali	Exploration	Gold	0.97	100.00%	100.00	9,665	11,017
Aug-20	South Mali projects	Marvel Gold Limited	Oklo Resources Ltd.	Mali	Early to Advanced Exploration	Gold	0.40	80.00%	675.00	592	576
May-23	Kolondieba Project	Resolute Mining Limited	Marvel Gold Limited	Mali	Early Exploration	Gold	2.00	50.00%	200.00	10,000	9,631
Aug-20	Tichka Est Project	Stellar AfricaGold Inc.	Moroccan National Office of Hydrocarbons and Mines	Morocco	Early Exploration	Gold	2.30	90.00%	48.00	47,917	46,701
May-20	Niou project	Nord Gold SE	Mako Gold Limited	Burkina Faso	Target Outline	Gold	0.70	100.00%	249.00	2,811	3,143
Jan-20	Hounde South project	Roxgold Inc.	Arrow Minerals Limited	Burkina Faso	Target Outline		1.43	70.00%	276.00	5,176	6,363
Jun-21	Marbera 2 Permit	Altair Resources Inc.	Private investors	Burkina Faso	Advanced Exploration	Gold	2.67	90.00%	178.79	14,915	15,599
Dec-21	Six prospecting licences	Bulyanhulu Gold Mine Limited	Tembo Gold Corp.	Tanzania	Early Exploration	Copper, Gold, Silver	15.00	100.00%	180.59	83,063	89,014
Jun-21	Napié Gold Project	Mako Gold Limited	Perseus Mining Limited	Cote d'Ivoire	Early Exploration	Gold	2.69	39.00%	225.00	11,941	12,488
Jun-20	Prikro project and Zenoula project application	Stellar AfricaGold Inc.	Altus Strategies plc	Cote d'Ivoire	Early Exploration		0.07	100.00%	769.50	91	101
Aug-23	Kimoukro Project	Starcore International Mines Ltd.	Undisclosed Seller	Côte d'Ivoire	Early Exploration	Gold	4.63	100.00%	14.48	319,539	319,539
May-21	3 Projects, 6 granted permits and 6 applications	Turaco Gold Limited	Resolute Mining Limited	Cote d'Ivoire	Exploration, Target Outline	Gold	0.98	76.50%	4,738.41	207	215
Mar-20	Bodite and Bianouan licenses	IronRidge Resources Limited	Major Star SARL	Cote d'Ivoire	Exploration	Gold	0.50	100.00%	560.00	886	1,068
Jan-20	Bocanda and Djekanou permits	Stellar AfricaGold Inc.	Undisclosed sellers	Cote d'Ivoire			3.78	80.00%	471.00	8,015	9,854
Feb-20	Terer and Meli licenses	Sun Peak Metals Corp.	Ezana Mining Development PLC	Ethiopia			9.80	51.00%	279.00	35,140	42,215
Dec-20	Stepford project	Middle East Diamond Resources Limited	Undisclosed sellers	Ghana			0.40	50.00%	101.22	3,952	4,080
Jan-21	Two additional permits	Golden Rim Resources Limited	Undisclosed seller	Guinea	Early Exploration		0.29	51.00%	194.60	1,470	1,511

Date of transaction	Project or Company Name	Buyer	Seller	Country	Development Stage	Commodity Details	Implied Price (100%) US\$ M	Equity Acquired (%)	Area (km²)	Area Multiple (US\$/km²)	Normalised Area Multiple (US\$/km²)
Jul-20	Kada project	Golden Rim Resources Limited	Elta Madencilik Ticaret Anonim STI	Guinea	Advanced Exploration	Gold	11.20	25.00%	100.00	112,000	116,379
Apr-20	Koundian Project	Predictive Discovery Limited	Private investors	Guinea			0.30	100.00%	303.00	974	1,110
Jun-20	Four exploration licences	Tanga Resources Limited	Undisclosed seller	Nambia			1.22	90.00%	3,100.00	394	437
May-20	EPL 6550	Antler Gold Inc.	Private investor - Mr. Eliphaz Shaningua Shipanga	Nambia			0.02	100.00%	24.80	884	989
Jul-23	Damara project	Sulliden Mining Capital Inc.	Undisclosed seller	Namibia	Early Exploration	Gold, Lithium	5.84	25.00%	3,077.78	1,897	1,866
Feb-20	EPL 7261	Antler Gold Inc.	Undisclosed seller	Nambia			0.08	100.00%	159.12	484	582
Jun-20	Exclusive Prospecting License 6408	Antler Gold Inc.	Private investor	Namibia			0.00	85.00%	17.47	220	243
Apr-23	Subriso-Kokotro concession	Pelangio Exploration Inc.	BNT Resources Ghana Ltd	Ghana	Early Exploration	Gold	0.35	100.00%	284.40	1,231	1,181
Nov-20	Fofora Gold project	Nexus Gold Corp.	Undisclosed Seller	Burkina Faso	Early Exploration	Gold	0.34	90.00%	62.00	5,444	5,597
Jan-20	Hounde South project	Roxgold Inc.	Arrow Minerals Ltd.	Burkina Faso	Target Outline	0	1.43	70.00%	276.00	5,176	6,363
Jan-22	Bilbale and Boulon projects	Red Rock Resources plc	Undisclosed sellers	Burkina Faso	Early Exploration	Gold	0.09	80.00%	348.00	264	279
May-20	Niou project	Nord Gold SE	Mako Gold Ltd.	Burkina Faso	Target Outline	Gold	0.70	100.00%	249.00	2,811	3,143
Jun-21	Marbera 2 Permit	Altair Resources Inc.	Private investors	Burkina Faso	Advanced Exploration	Gold	2.67	90.00%	178.79	14,915	15,599
Mar-21	Four exploration licenses	Galiano Gold Inc.	Barrick Gold Corp.	Mali	Early Exploration		1.50	100.00%	167.00	8,982	10,030
Apr-20	Djimbala property	Indigo Exploration Inc.	Desert Gold Ventures Inc.	Mali	Exploration	Gold	0.97	100.00%	100.00	9,665	11,017
May-21	Farani permit	Cora Gold Limited	Undisclosed seller	Mali	Early Exploration		0.08	95.00%	62.00	1,358	1,408
Aug-20	Tichka Est Project	Stellar AfricaGold Inc.	Moroccan National Office of Hy	Morocco	Early Exploration	Gold	2.30	90.00%	48.00	47,917	46,701
Dec-20	Foutiere concession	Kodal Minerals Plc	Falcon Gold SARL	Mali	Reserves Development	Gold	0.22	90.00%	200.00	1,111	1,147
Jul-20	Kofi Quest permit	African Gold Limited	Somadium SARL	Mali	Early Exploration	Gold	0.09	100.00%	20.00	4,375	4,546
Apr-22	Bakolobi permit	B2Gold Corp.	Undisclosed sellers	Mali	Early Exploration?	Gold	31.14	100.00%	100.00	311,380	308,460
Apr-23	MC-2 Gold Property	Sutter Mining (Private) Limited	Undisclosed seller	Zimbabwe	Advanced Exploration	Gold	0.09	75.00%	1.00	86,667	83,153
Jun-23	Nara project	Kavango Resources Plc	Undisclosed seller	Zimbabwe	Early to Advanced	Gold, Silver, Tungsten	5.00	100.00%	4.50	1,111,111	1,097,272
May-22	Chikonga mine	Sutter Mining (Private) Limited	Hilltouch Investments (Pvt.) Ltd.	Zimbabwe	Operating	Gold	2.44	75.00%	0.40	6,100,000	6,331,658
May-22	Chikonga mine	Sutter Mining (Private) Limited	Undisclosed sellers	Zimbabwe	Operating	Gold	2.44	75.00%	0.40	6,100,000	6,331,658

Transaction data for Resource based multiples – China/Russia Silver

Announcement Date	Tenements/Project	Acquiring Entity	Selling Entity	Principal location	Percentage acquired	Development stage	Implied value (US\$M) for 100%	Total Resource (t)	Ag eq (g/t)	Ag eq content (oz)	Ag spot price (US\$/oz)	Valuer per Ag equivalent (US\$/oz)	Valuer per Ag equivalent normalised (US\$/oz)
26/10/2014	Xizang Changdu County Dadi Mining Company Limited	Jiangxi Province Yifeng Wanguo Mining Company Limited	Private Investors	China	51.00%	Advanced exploration	20.06	17,320,000	216.57	120,594,559	19.58	0.17	0.23
13/07/2015	Primorskoye property	Polymetal International Plc	Decamor Investments Limited	Russia	100.00%	Advanced exploration	6.72	500,000	1,429.24	22,975,523	20.29	0.29	0.46
31/10/2016	Prognoz property	Baker Steel Group	Nord Gold SE	Russia	50.00%	Scoping	57.02	15,500,000	586.42	292,233,788	23.18	0.20	0.26
19/01/2017	Prognoz property	Polymetal International Plc	Polar Acquisition Limited	Russia	5.00%	Scoping	60.00	15,500,000	586.42	292,233,788	22.68	0.21	0.29
24/04/2018	Prognoz property	Polymetal International Plc	Garden Ring Capital	Russia	50.00%	Pre-feasibility in progress	280.00	10,070,000	817.56	264,691,701	21.67	0.60	0.85
19/02/2018	Prognoz property	Polymetal International Plc	Baker Steel Capital Managers LLP	Russia	45.00%	Pre-feasibility in progress	160.00	10,070,000	826.38	267,548,216	21.07	1.06	1.49

Transaction data for Resource based multiples – China gold

Announcement Date	Tenements/Project	Acquiring Entity	Selling Entity	Principal location	Percentage acquired	Development stage	Implied value (US\$M) for 100%	Total Resource (t)	Au eq (g/t)	Au eq content (oz)	Au spot price (US\$/oz)	Valuer per Au equivalent (US\$/oz)	Valuer per Au equivalent normalised (US\$/oz)
06/11/2022	Zhaojin Mining Industry Company Limited	Gold Mountains (Hong Kong) International Mining Company Limited	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.	China	20.00	Operating, exploration	2,799.64	180,242,400	6.47	37,478,678	1725.07	74.70	85.92
14/07/2022	Sawayaerdun Project	Zijin Mining Group Northwest Company Limited	GobiMin Inc.	China	70.00	Pre-feas/Scoping	106.18	76,539,900	1.56	3,838,868	1732.74	27.66	31.67
05/04/2017	Two Gold Mines	Combined Success Investments Limited	Fung Wai Enterprises Ltd.	China	100.00	Advanced exploration	41.62	1,464,000	6.81	320,459	1266.88	129.86	203.39
26/04/2016	Jinfeng property	China National Gold Group Hong Kong Limited	Eldorado Gold Corporation	China	82.00	Operating	365.85	20,853,887	3.80	2,547,019	1242.26	143.64	229.42
31/05/2015	Shandong Ruiyin Mining Industry Development Company Limited	Yantai Jinshi Mining Investment Company Limited	Laizhou Ruihai Investment Company Limited	China	63.86	Construction	687.92	109,412,000	4.30	15,126,000	1198.63	45.48	75.28
22/05/2015	Changkeng gold project	Minco Investment Holdings HK Ltd.	Minco Gold Corporation	China	51.00	Advanced exploration	22.04	7,962,000	4.09	1,047,120	1198.63	21.05	34.85
15/12/2014	Xiahe Binghua Mining Industry Company Limited	Investor group	Investor group	China	80.00	Operating	294.57	12,950,000	3.09	1,286,527	1200.62	228.96	378.38
24/02/2014	Eastern Dragon project	CDH Investments	Eldorado Gold Corporation	China	20.00	Pre-production	200.00	5,700,000	6.48	1,187,681	1299.58	168.40	257.09

Appendix B SRK assessment: geoscientific scorecard

SRK assessment: geoscientific scorecard – Nyanzaga and surrounds

Lease	Area (km ²)	BAC A\$/km ²	Equity interest	Off-property		On-property		Geology		Anomaly		Market Factor	Low (A\$M)	High (A\$M)	Midpoint (A\$M)
				2.5	3.0	2.0	2.5	1.0	1.5	2.5	3.0				
SML653/2021	9.34	47,933	84%	2.5	3.0	2.0	2.5	1.0	1.5	2.5	3.0	1.20	0.604	1.631	1.12
PL11873/2022	17.03	11,717	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.5	1.20	0.027	0.080	0.05
PL11874/2022	21.22	14,599	84%	2.5	3.0	1.0	1.5	0.9	1.0	0.9	1.5	1.20	0.030	0.099	0.06
PL10911/2016	10.91	7,506	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.5	2.5	1.20	0.026	0.085	0.06
PL10877/2016	7.42	5,105	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.5	1.20	0.012	0.035	0.02
PL11186/2018	18.21	12,528	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.0	1.20	0.028	0.057	0.04
PL12429/2023	4.20	2,890	84%	2.5	3.0	1.0	1.5	0.9	1.0	0.9	1.0	1.20	0.006	0.013	0.01
PL24748/2023*	42.78	29,433	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.5	1.20	0.067	0.200	0.13
PL12430/2023	1.37	943	84%	2.5	3.0	1.0	1.5	0.9	1.0	2.5	3.0	1.20	0.005	0.013	0.01
PL12427/2023	37.26	25,635	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.0	1.20	0.058	0.116	0.09
PL11961/2017	3.53	2,429	84%	2.5	3.0	1.0	1.5	0.9	1.0	1.0	1.5	1.20	0.004	0.013	0.01
Totals	173.27												0.87	2.34	1.60

Source: SRK Analysis

ANNEX 2

COMPARISON OF RELEVANT AUSTRALIAN AND CANADIAN LAWS

A comparison of some of the material provisions of Australian corporate law and Canadian corporate law as they relate to OreCorp and Silvercorp respectively is set out below.

Canadian corporate law is essentially embodied in the provisions of the relevant federal or provincial corporate statutes pursuant to which companies are incorporated or continued. In the case of Silvercorp, the relevant statute is the Business Corporations Act. In addition, Silvercorp is subject to the securities legislation of each of the provinces and territories of Canada for which it is a reporting issuer.

References to “Australian law” where they appear in this section are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable. References to “Canadian law” are references to the Business Corporations Act, the TSX Company Manual, applicable Canadian securities laws and Canadian common law, as applicable.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations, and is intended as a general guide only. OreCorp Shareholders should consult with their own legal adviser to obtain further information on the difference between Australian law and Canadian law and how these differences may affect the rights of OreCorp Shareholders.

(a) Shareholder meetings

Rights of holders of OreCorp Shares	Rights of holders of Silvercorp Shares
Requirement of annual meetings; ability to call special meetings	
<p>Under Australian law, OreCorp is required to hold an annual general meeting at least once in each calendar year, and within 5 months after the end of its financial year, unless ASIC agrees to an extension of time.</p> <p>Since 1 April 2022, Australian companies have been able to hold hybrid meetings and, if the company’s constitution provides for it, wholly virtual meetings. Hybrid meetings are meetings that use virtual technology to facilitate the meeting but also have one or more physical places at which the meeting is held. This means OreCorp Shareholders can choose to attend in person or participate remotely using virtual technology meetings of members.</p> <p>A general meeting of OreCorp Shareholders may be called from time to time by the OreCorp Board, individual OreCorp Directors or by OreCorp Shareholders in certain circumstances. When requested to do so by OreCorp Shareholders holding at least 5% of the votes</p>	<p>Under the Business Corporations Act, Silvercorp must hold an annual general meeting of Silvercorp Shareholders at least once per calendar year and not more than 15 months after the last preceding annual meeting. The TSX Company Manual mandates that unless a listed issuer obtains a waiver, each listed issuer must hold its annual meeting of shareholders within 6 months from the end of its fiscal year, or at such earlier time as is required by applicable law.</p> <p>The Business Corporations Act permits fully electronic meetings of shareholders. All Silvercorp Shareholders or proxyholders entitled to participate in a meeting of Silvercorp Shareholders may do so electronically if all Silvercorp Shareholders and proxyholders are “able to participate” in, including vote, at the meeting. Further, fully electronic meetings do not require a specified physical location to be named.</p>

Rights of holders of OreCorp Shares

that may be cast at the meeting, OreCorp Directors must call a general meeting within 21 days after the request is given to OreCorp, and the meeting must be held not later than 2 months after the request is given.

Alternatively, OreCorp Shareholders holding at least 5% of the votes that may be cast at the meeting may themselves call, and arrange to hold, a general meeting of OreCorp at their own cost.

Rights of holders of Silvercorp Shares

The Silvercorp Articles do not contain restrictions which would prevent the holding of fully electronic or hybrid shareholder meetings.

Under the Business Corporations Act and the Silvercorp Articles, the Silvercorp Board may call a special meeting of Silvercorp Shareholders at any time.

The Business Corporations Act further provides that one or more shareholders of a company holding not less than 5% of the issued voting shares of the company may give notice to the directors requiring them to call and hold a general meeting of shareholders for the purposes stated in the requisition, which meeting must be held within 4 months, unless the directors are excused from doing so.

Notice of meeting

A notice of a general meeting of OreCorp Shareholders must be given at least 28 days before the date of the meeting. OreCorp is required to give notice of the meeting to OreCorp Shareholders entitled to vote at the meeting, the OreCorp Directors and OreCorp's auditor(s).

Notice of the meeting may be given electronically.

The Business Corporations Act requires that notice of a general meeting of Silvercorp Shareholders must be given to the directors and Silvercorp Shareholders entitled to vote at least 21 days before the date of the meeting. The record date must not precede the date on which the meeting is to be held by more than 2 months.

However NI 54-101 requires Silvercorp to provide, subject to certain exceptions, Silvercorp Shareholders with greater than 21 days' notice of a meeting of shareholders.

NI 54-101 also requires Silvercorp to set a record date for determining the registered Silvercorp Shareholders that are entitled to receive notice of a shareholder meeting that is at least 30 days and no more than 60 days prior to the date of the meeting (subject to certain exception), and to notify all depositories, applicable securities regulatory authorities and the TSX at least 25 days prior to the record date.

Notice of a meeting at which special business is to be transacted must state the nature of that business in sufficient detail to permit a shareholder to form a reasoned judgement on that business, as well as the text of any special resolution to be submitted to the meeting. In addition, Silvercorp is also required to provide,

Rights of holders of OreCorp Shares

Rights of holders of Silvercorp Shares

or make available to shareholders, any document to be approved in connection with the special business at the meeting.

The Silvercorp Articles provide that:

- at a meeting of Silvercorp Shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- at an annual general meeting, all business is special business except for the following:
 - the business relating to the conduct of or voting at the meeting;
 - consideration of any financial statements of Silvercorp presented to the meeting;
 - consideration of any reports of the directors or auditor;
 - the setting or changing of the number of directors;
 - the election or appointment of directors;
 - the appointment of an auditor;
 - business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
 - any other business which, under these Articles or the Business Corporations Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

Quorum requirements

The quorum for a meeting under OreCorp's Constitution is satisfied by 2 OreCorp Shareholders attending, whether present in person, by proxy, attorney or representative. If within 30 minutes after the time appointed for a meeting, a quorum is not present, the meeting:

The Silvercorp Articles provide that, subject to the special rights and restriction attached to the shares of any class or series of shares, the presence of two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at such meeting will

Rights of holders of OreCorp Shares	Rights of holders of Silvercorp Shares
<ul style="list-style-type: none"> • if convened on a requisition, is dissolved; and • in any other case, stands adjourned to a date and at the time and place to be fixed by the OreCorp Directors. 	<p>constitute quorum for the transaction of business at the meeting of Silvercorp Shareholders.</p> <p>If, within 30 minutes from the time set for holding of a meeting of shareholders, a quorum is not present:</p>
<p>If at an adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.</p>	<ul style="list-style-type: none"> • in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and • in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.
	<p>If at an adjourned meeting quorum is not present within 30 minutes, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.</p>

Voting requirements

Unless the Corporations Act or the OreCorp Constitution requires a special resolution, ordinary resolutions are passed by a simple majority of votes cast on the resolution. Under the Corporations Act, a special resolution may be passed by OreCorp if not less than 28 days' notice of a general meeting is given, the notice specifies the intention to propose the special resolution and states the resolution to be proposed. A special resolution must be passed by at least 75% of the votes cast by Ore Corp Shareholders entitled to vote. The Corporations Act requires certain matters to be resolved by a company by special resolution, including:

- a change of company name;
- a selective reduction of capital or selective share buy-back;
- the giving by the company of financial assistance in connection with the acquisition of shares in the company;

Under the Business Corporations Act, certain extraordinary corporate actions, such as amalgamations, continuances, reorganisations and other extraordinary corporate actions such as liquidations (winding-ups) and arrangements, require approval of Silvercorp Shareholders by special resolution.

Under the Business Corporations Act, a resolution passed by a special majority at a general meeting for which proper notice has been provided constitutes a special resolution.

A special majority is a majority of votes, as specified by the Silvercorp Articles, that has at least two thirds of the votes cast on the resolution.

The Business Corporations Act and the Silvercorp Articles provide that a special majority of votes is required for Silvercorp to pass a special resolution at a meeting of Silvercorp Shareholders.

Rights of holders of OreCorp Shares

- the conversion of the company from one type or form to another;
- a decision to wind up the company voluntarily (subject to section 491 of the Corporations Act); and
- a decision to modify or repeal the OreCorp Constitution.

The OreCorp Constitution also stipulates certain matters to be resolved by special resolution, including the exercise of certain powers by a liquidator on a winding up.

Each OreCorp Share (subject to any specific terms of issue) confers a right to vote at all general meetings. On a show of hands, each OreCorp Shareholder present in person, or by proxy, attorney or representative, has one vote.

If a poll is held:

- the holders of fully paid OreCorp Shares present in person or by their proxy, attorney or representative will have one vote for every fully paid share held at the record date for the meeting; and
- the holders of partly paid OreCorp Shares present in person or by their proxy, attorney or representative will have a fraction of one vote which the amount paid (not credited) on the share bears to the total amount payable (excluding amounts credited) on the share.

A proxy or attorney may not vote at a general meeting or adjourned meeting or on a poll unless the instrument appointing the proxy or attorney, and the authority under which the instrument is signed, or a certified copy of the authority, are received by OreCorp at least 48 hours before a meeting.

The OreCorp Constitution provides that at any general meeting a resolution put to the vote of the general meeting shall be decided on a show of hands, unless a poll is demanded. A poll may be demanded by the chairperson of the general meeting, at least 5 OreCorp Shareholders entitled to vote on the resolution or OreCorp

Rights of holders of Silvercorp Shares

Unless the Business Corporations Act or the Silvercorp Articles require a special resolution, ordinary resolutions of Silvercorp Shareholders are passed by a simple majority of votes cast on the resolution.

Additionally, under the Business Corporations Act, a resolution consented to in writing by all of the Silvercorp Shareholders holding shares that carry the right to vote at general meetings constitutes a special resolution.

The Business Corporations Act provide that, unless the Silvercorp Articles provide otherwise, each Silvercorp Share entitles the holder to one vote at a meeting of Silvercorp Shareholders. Furthermore, the Business Corporations Act and the Silvercorp Articles state that voting is to be conducted by a show of hands, unless a poll is, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

In accordance with the Silvercorp Articles and subject to the special rights and restrictions attached to any share and to certain restrictions imposed on voting by joint shareholders, on a show of hands, each holder of Silvercorp Shares present in person or by proxy and entitled to vote has one vote. If a poll is called, each holder of Silvercorp Shares present in person or by proxy will have one vote for each Silvercorp Share held.

The Business Corporations Act also provides that holders of shares of a class or a series are entitled to vote separately as a class or series on certain proposals to amend the Silvercorp Articles that affect the rights of such holders, whether or not such shares carry the right to vote.

The Silvercorp Articles allow the Silvercorp Board to specify in a notice calling a meeting of Silvercorp Shareholders any time, on, unless these Articles otherwise provide, at least the following number of days' notice before the meeting:

Rights of holders of OreCorp Shares

Shareholders holding at least 5% of the votes that may be cast at a general meeting on a poll.

Rights of holders of Silvercorp Shares

- if and for so long as the company is a public company, twenty-one days;
- otherwise, ten days.

Shareholders' rights to bring a resolution before a meeting

Under the Corporations Act, OreCorp Shareholders holding at least 5% of the votes that may be cast at a general meeting may by written notice to OreCorp propose a resolution for consideration at the next general meeting, which must occur more than 2 months after the date of the notice.

The Business Corporations Act entitles a registered or beneficial holder of not less than 1% (or having a fair market value in excess of C\$2,000) of Silvercorp Shares eligible to be voted at its annual shareholder meeting to submit to Silvercorp notice of any matter that the person wishes to have considered at the next annual general meeting. If Silvercorp receives notice of a proposal at least three months prior to the anniversary of the previous year's annual reference date, and is soliciting proxies, Silvercorp must include details of the proposal in its information circular.

The Business Corporations Act provides for exemptions from the requirements to include a proposal in a company's information circular in certain circumstances, including where:

- it clearly appears that the primary purpose of the proposal is to secure publicity or to enforce a personal claim or redress a personal grievance against the company or its directors, officers or security holders;
- it clearly appears that the proposal does not relate in a significant way to the business or affairs of the company;
- substantially the same proposal failed to receive a certain amount of support at a prior meeting held not more than five years before the receipt of the proposal;
- the proposal has already been substantially implemented;
- the proposal, if implemented, would cause the company to commit an offence;
- the proposal deals with matters beyond the company's power to implement; or

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

- the proposal is invalid or exceeds the maximum length of 1,000 words.

(b) Shares**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares****Share capital**

Under Australian law there is no concept of authorised capital or par value.

Under the Silvercorp Articles, Silvercorp is authorised to issue an unlimited number of common shares without par value. There is no minimum share capital prescribed by the Business Corporations Act.

Purchase of own shares

Under the Corporations Act, OreCorp may buy back its shares under a specific buy-back scheme:

- if the buy-back does not materially prejudice OreCorp's ability to pay its creditors; and
- OreCorp follows the procedures set out in the Corporations Act.

Share buy-backs that intend to buy-back more than 10% of the votes attaching to the smallest number of shares in the previous 12 months require approval by OreCorp Shareholders by way of ordinary resolution.

The form of an OreCorp Shareholder approval (eg. ordinary resolution or special resolution) is required, absent limited exceptions (eg. for equal access buy-backs that do not exceed certain thresholds), the notice period and the disclosure requirements applying to such shareholder approval depends on the type of buy-back (including the number of shares to be bought back in any 12 month period). Generally, buy-back schemes can be characterised as minimum holding, equal access, selective, on market or relating to employee share schemes.

Under the Business Corporations Act and the Silvercorp Articles, Silvercorp may repurchase its shares provided that there are no reasonable grounds for believing that the company is insolvent or making the payment or providing the consideration would render the company insolvent.

Under Canadian law, a repurchase of its own shares by Silvercorp may constitute an "issuer bid" which must be effected in accordance with NI 62-104.

The TSX permits a company, subject to the filing of the required form of notice at least two clear trading days prior to any purchases under a bid, to conduct a "normal course" buy-back for that company's own shares for a period of up to one year. There are a number of restrictions with respect to the buy-back, including on the number of shares and price at which those shares are purchased. Any company that conducts a buy-back in this manner is required to issue a press release summarising the terms of the buy-back and the details of any similar purchases made, and is also required to report certain information concerning the buy-back to the TSX.

Transfer of shares

Under OreCorp's Constitution, the OreCorp Directors may refuse to register any transfer of OreCorp Shares (other than an ASX Settlement transfer) where:

- the ASX Listing Rules permit or require OreCorp to do so; or
- the transfer is a transfer of "Restricted Securities" which is or might be in breach of the ASX Listing Rules or any escrow agreement entered into by OreCorp in relation to such restricted securities pursuant to the ASX Listing Rules.

Where the OreCorp Directors refuse to register a transfer, they shall send notice of the refusal and the precise reasons for the refusal to the transferee and the lodging broker (if any) in accordance with the ASX Listing Rules.

Issue of new shares

Typically, a constitution would authorise the board to approve the issue of new shares, with such rights or restrictions as the directors determine in their discretion (subject to restrictions under the ASX Listing Rules and the Corporations Act).

Subject to specified exceptions (such as pro rata rights or entitlements to existing shareholders), the ASX Listing Rules apply to restrict OreCorp from issuing, or agreeing to issue, more equity securities (including shares and options), than the number calculated as follows in any 12 month period without the approval of OreCorp Shareholders:

- 15% of the total of:
 - the number of OreCorp Shares on issue 12 months before the date of the issue or agreement; plus

Under the Silvercorp Articles a transfer of Silvercorp Shares must not be registered where Silvercorp has not received:

- a duly signed instrument of transfer;
- if a share certificate has been issued by Silvercorp in respect of the shares to be transfer, that share certificate; or
- if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by Silvercorp in respect of the share to be transferred, that acknowledgement.

Silvercorp Shares may be issued for such consideration as the Silvercorp Directors may determine subject to the Business Corporations Act, the rights of the holders of issued shares of Silvercorp, and the rules and policies of the TSX Company Manual.

Under the TSX Company Manual, Silvercorp requires the approval of the TSX to issue securities other than unlisted non-voting, non-participating securities. The TSX may impose conditions on a transaction or grant exemptions from its own requirements. The TSX will consider various factors, including the involvement of insiders of Silvercorp in the transaction, whether the transaction materially affects control of Silvercorp, Silvercorp's corporate governance practices, the size of the transaction relative to the liquidity of Silvercorp and whether a court or administrative body has considered the interests of the Silvercorp Shareholders.

Rights of holders of OreCorp Shares

- the number of OreCorp Shares issued in the 12 months under a specified exception; plus
- the number of partly paid ordinary OreCorp Shares that became fully paid in the 12 months; plus
- the number of OreCorp Shares issued in the 12 months with OreCorp Shareholder approval; minus
- the number of OreCorp Shares cancelled in the 12 months, minus
- the number of equity securities issued or agreed to be issued in the 12 months before the date of issue or agreement to issue but not under specified exceptions or with OreCorp Shareholder approval.

In addition, OreCorp (as an “eligible entity” for the purposes of the ASX Listing Rules with a market capitalisation of less than A\$300 million) may seek approval from its ordinary shareholders by special resolution passed at an annual general meeting to potentially issue an additional 10%, subject to certain conditions.

Subject to certain exceptions, the ASX Listing Rules require the approval of OreCorp Shareholders, by ordinary resolution, for OreCorp to issue shares or options to OreCorp Directors.

Under the OreCorp Constitution, the OreCorp Directors may issue such number of shares at the issue price, and with rights or restrictions as the OreCorp Directors determine in their absolute discretion, subject to the Corporations Act, the ASX Listing Rules and the OreCorp constitution.

Rights of holders of Silvercorp Shares

The TSX will generally require Silvercorp Shareholder approval of any transaction that materially affects control of Silvercorp or provides consideration to insiders of Silvercorp that represents 10% or more of Silvercorp’s market capitalisation (subject to certain conditions) during any six month period, and has not been negotiated at arm’s length.

For distributions of listed securities in reliance on a prospectus exemption (known as private placements), the TSX may require Silvercorp Shareholder approval depending on the price at which the securities are being sold and the number being sold in relation to the number outstanding. If the price is below market and the number of securities of Silvercorp to be issued represents more than 25% of the number outstanding (on a non-diluted basis), Silvercorp Shareholder approval is required, while if the price is at or above market, Silvercorp Shareholder approval is generally not required regardless of the number of securities being issued. If the issuance is to be less than or equal to 25% of the number of securities outstanding, shareholder approval will not be required unless the price is below a permitted discount to market (which is 15% where the securities are trading above C\$2.00 each or 20% where the securities are trading between C\$0.51 and C\$2.00 each).

TSX-listed issuers must obtain shareholder approval when the number of securities issued in payment for an acquisition exceeds 25% of the number of issued and outstanding securities of the issuer on a non-diluted basis, whether the target being acquired is a private company or a reporting issuer.

In private placements to insiders of Silvercorp and acquisitions involving issuances of listed securities to insiders of Silvercorp, the TSX will require Silvercorp Shareholder approval depending on the number of securities issued in relation to the number outstanding. Specifically, if insiders of Silvercorp will be issued, by way of private placements during any six month period, or if insiders will receive, as consideration in an acquisition, securities or options, rights or other entitlements to listed securities representing more than 10% of the

Rights of holders of OreCorp Shares

Rights of holders of Silvercorp Shares

number of securities outstanding on a non-diluted basis, shareholder approval will be required and the insiders of Silvercorp may not vote their securities.

The TSX also requires shareholder approval of securities-based compensation arrangements, including any compensation or mechanism involving the potential issuance of securities from treasury.

The TSX prescribes specific disclosure requirements for the materials provided to Silvercorp Shareholders for the purposes of such approval, including all material information that shareholders may reasonably require to approve the arrangements. Certain substantive requirements are imposed that must be complied with: exercise prices for any stock options granted under a security based compensation arrangement may not be lower than market price of the securities at the time the stock options are granted; there must be a maximum number or percentage of securities issuable; and most amendments also require shareholder approval.

Variation of class rights

Under the OreCorp Constitution, rights attaching to a share in OreCorp may only be varied:

- by a special resolution passed at a meeting of the OreCorp Shareholders entitled to vote and holding shares in that class; or
- with the written consent of OreCorp Shareholders with at least 75% of the votes in the class.

Under the Business Corporations Act and the Silvercorp Articles, rights attaching to a class of shares may only be varied by a special resolution of all shareholders.

Protection of minority shareholders

Under the Corporations Act, any OreCorp Shareholder can bring an action in cases of conduct which is contrary to the interests of OreCorp Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any OreCorp Shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former OreCorp Shareholders can also bring an action

Under the Business Corporations Act, a shareholder, defined to include a beneficial shareholder and any other person whom the court considers to be an appropriate person, may seek a remedy for “oppressive” or “unfairly prejudicial” conduct of Silvercorp. The applicant must bring the application in a timely manner.

Rights of holders of OreCorp Shares

if it relates to the circumstances in which they ceased to be an OreCorp Shareholder.

A statutory derivative action may also be instituted by an OreCorp Shareholder, former OreCorp Shareholder or person entitled to be registered as a shareholder of OreCorp. In all cases, leave of the Court is required. Such leave will be granted if the Court is satisfied that:

- it is probable that OreCorp will not itself bring the proceedings or properly take responsibility for them or for the steps in them;
- the applicant is acting in good faith;
- it is in the best interests of OreCorp that the applicant be granted leave;
- if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and

either,

- at least 14 days before making the application, the applicant gave written notice to OreCorp of the intention to apply for leave or the reasons for applying; or
- it is otherwise appropriate to grant leave.

In addition to the above, a OreCorp Shareholder may be able to bring a claim against OreCorp based on the general laws of contract, tort or other laws applicable in Australia.

Payment of dividend and distribution

In accordance with the Corporations Act, OreCorp must not pay a dividend unless:

- OreCorp's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;

Rights of holders of Silvercorp Shares

A Silvercorp Shareholder or Silvercorp Director, may also, with leave of the court, bring a legal proceeding in the name and on behalf of Silvercorp to enforce a right or obligation owed to Silvercorp that could be enforced by Silvercorp itself, or to obtain damages for any breach of such a right or obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against Silvercorp.

The Business Corporations Act further provides that if a company or any director, officer, shareholder, employee, agent, auditor, trustee, receiver, receiver manager or liquidator of a company contravenes or is about to contravene a provision of the Business Corporations Act or the regulations or the articles of the company, a complainant, defined as a shareholder or any other person that the court considers appropriate, may, in addition to any other rights that that person might have, apply to the court for an order that the person who has contravened or is about to contravene the provision comply with or refrain from contravening the provision.

The granting of leave is not automatic, but requires the court to exercise a judicial discretion. Generally, a court is likely to grant leave where the proposed action is in the shareholders' interest unless the action appears likely to be dismissed, or is frivolous, scandalous or vexatious.

In addition to the above, Silvercorp Shareholders may bring claims against Silvercorp based on the general laws of contract, tort or other private laws applicable in Canada.

Under the Business Corporations Act, Silvercorp may pay a dividend by issuing fully paid shares or in property, including money. Silvercorp may not declare or pay a dividend if there are reasonable grounds for believing that Silvercorp is insolvent or the payment of the dividend would render Silvercorp insolvent.

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

- the payment of the dividend is fair and reasonable to OreCorp Shareholders as a whole; and
- the payment of the dividend does not materially prejudice OreCorp's ability to pay creditors.

Subject to the Corporations Act, and the terms of issue or rights of any shares with special arrangement as to dividends, and OreCorp's Constitution, OreCorp Directors may decide to pay a dividend to the OreCorp Shareholders entitled to the dividend. OreCorp Directors may rescind a decision to pay a dividend if they decide before the payment date, that OreCorp's financial position no longer justifies the payment.

(c) Directors and Officers**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares****Management of the business of the company**

Under the OreCorp Constitution, the OreCorp Directors will manage the business of OreCorp.

The OreCorp Directors may exercise all the powers of the company except any powers that the Corporations Act or the OreCorp Constitution requires the Company to exercise in a general meeting.

The Silvercorp Articles do not restrict the powers of the Silvercorp Board. Under the Business Corporations Act, the Silvercorp Board is to manage or supervise the management of the business and affairs of Silvercorp.

Number and election of directors

Under the OreCorp Constitution, OreCorp must have at least 3, but not more than 9, directors at all times.

OreCorp may elect a person as director by resolution passed in a general meeting. At OreCorp's annual general meeting every year, one-third of the directors, or if the number of directors is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) retires from office. The directors to retire at an annual general meeting are those who have been longest in office since their last

The Business Corporations Act and the Silvercorp Articles require a minimum of 3 directors. Currently, there are 5 Silvercorp Directors.

Unless appointed by the board to fill a vacancy or otherwise in accordance with the Business Corporations Act and the Silvercorp Articles, Silvercorp's directors are appointed at Silvercorp's annual general meeting to serve until the next annual general meeting or until such person otherwise ceases to hold office.

Rights of holders of OreCorp Shares

election. A retiring director is eligible for re-election.

OreCorp's managing director is exempt from the retirement and election by rotation procedures under the OreCorp Constitution.

Removal of directors

OreCorp Shareholders may remove a director before their period of office ends by passing a resolution to do so at a general meeting. The resolution must be passed by a majority of the votes cast by OreCorp Shareholders present and voting at the meeting.

Under the Corporations Act, the OreCorp Directors cannot themselves remove an OreCorp Director from their office or require an OreCorp Director to vacate their office.

Residency of directors

Under the Corporations Act, public companies must have at least 3 directors, at least 2 of which ordinarily reside in Australia.

Under the Corporations Act, private companies must have at least 1 director, who must ordinarily reside in Australia.

Rights of holders of Silvercorp Shares

Under the Business Corporations Act and the Silvercorp Articles, Silvercorp Shareholders may remove one or more directors by ordinary resolution.

Under the Silvercorp Articles, the directors may remove any director if the director is convicted of an indictable offence or if the director ceases to be qualified to act as a director and does not promptly resign.

The Business Corporations Act does not prescribe any residency requirements for directors.

(d) Remuneration of directors and officers

Rights of holders of OreCorp Shares

Under the ASX Listing Rules, the maximum amount to be paid to OreCorp Directors for their services as OreCorp Directors (other than the salary of an executive director) is not to exceed the amount approved by OreCorp Shareholders in a general meeting.

As at the Last Practicable Date, the latest approval was at OreCorp's annual general meeting on 27 November 2019, at which OreCorp Shareholders approved aggregate remuneration for non-executive directors of \$500,000 per annum.³¹

Rights of holders of Silvercorp Shares

Under the Business Corporations Act, the directors of Silvercorp may fix the remuneration of the directors, officers and employees of the company. The Silvercorp Articles do not place any restrictions on the remuneration of Silvercorp's directors.

Under Canadian securities law, specific compensation disclosure, including with respect to compensation of the CEO, CFO and next three highest paid executives, is required to be included in the management proxy circular in connection with the annual meeting each year.

³¹ OreCorp's Notice of Annual General Meeting as released to ASX on 24 January 2024 includes a resolution proposing to increase the total aggregate amount of fees payable to non-executive directors from \$500,000 per annum to \$750,000 per annum (see resolution 7).

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

OreCorp's annual report includes a remuneration report within the directors' report. In accordance with the Corporations Act, the remuneration report is required to include a discussion of the OreCorp Board's policy in relation to remuneration of key management personnel of OreCorp.

Under the Corporations Act, a listed company (such as OreCorp) must put its remuneration report to a shareholder vote at its annual general meeting. If, at two consecutive annual general meetings, 25% or more of the votes cast on the resolution to adopt the remuneration report vote against the resolution, a spill resolution must then be put to shareholders.

A spill resolution is a resolution put to the members that states:

- a spill meeting be held within 90 days; and
- all directors (other than the managing director who is exempt from the retirement by rotation requirements) cease to hold office immediately before the end of the spill meeting.; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.

If the spill resolution is approved by the majority of votes cast on the resolution, a spill meeting will be held, at which directors wishing to remain directors must stand for re-election.

(e) Retirement Benefits**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares**

The Corporations Act provides that, in respect of termination benefits payable to a company director, senior executive or key management personnel, shareholder approval is required if the total value of the benefits exceed one year of that person's base salary.

Under the Business Corporations Act and the Silvercorp Articles:

- there are currently no restrictions on the quantum of retirement benefits that Silvercorp may pay to its directors or officers; and

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

In addition, the ASX Listing Rules provide that OreCorp must ensure that no officer is entitled to termination benefits (or any increase in them) if a change occurs in the shareholding or control of OreCorp. Further, OreCorp Shareholder approval is required if the value of the termination benefits that may become payable to all officers together exceeds 5% in aggregate of OreCorp equity interests.

- there is no requirement for shareholders of Silvercorp to approve the quantum of such retirement benefits (if any).

(f) Release from liability and indemnification of directors and officers**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares**

Under Australian law, OreCorp cannot:

- exempt an officer or auditor from liability to OreCorp incurred in their capacity as an officer or auditor;
- indemnify an officer or auditor against a liability owed to OreCorp or a Related Body Corporate; or
- indemnify an officer or auditor against the legal costs incurred in defending certain legal proceedings, including proceedings in which the person is found liable to OreCorp or a Related Body Corporate.

The OreCorp Constitution contains a provision permitting OreCorp (to the extent permitted by law) to indemnify every OreCorp Director, executive officer or secretary of OreCorp against a liability to another person (other than OreCorp or a Related Body Corporate of OreCorp), provided that the provisions of the Corporations Act are complied with in relation to giving the indemnity and the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

Under the Business Corporations Act, a director is not liable for a resolution he or she voted in favour of if the director has relied in good faith on:

- financial statements of the company represented to the director by an officer of the company or in a written report of the auditor of the company to fairly reflect the financial position of the company;
- a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement;
- a statement of fact represented to the director by an officer of the company to be correct; or
- any record, information or representation that the court considers provides reasonable grounds for the actions of the director, whether or not the record, information or representation was forged, fraudulently made or inaccurate.

Furthermore, a director is not liable for a resolution for which he or she voted in favour if he or she did not know and could not reasonably have known that the act done or authorised by the resolution was contrary to the Business Corporations Act.

Under the Business Corporations Act, a company may indemnify a past or present director or officer (an eligible party) against certain judgments, penalties or fines, or an

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

amount paid in settlement of proceedings, relating to their actions as directors and officers of the corporation, unless prohibited by the articles or if, in relation to the subject proceedings, the eligible party did not act honestly and in good faith with a view to the best interests of the company and, in the case of criminal proceedings, did not have reasonable grounds for believing that the his or her conduct in respect of which the proceeding was brought was lawful.

A company must pay the net expenses of an eligible party, after the final disposition or settlement of the matter, if:

- the party was substantially successful on the merits, or
- the party was wholly successful on the merits or otherwise.

A company may pay the expenses of an eligible party in advance, provided that the party undertakes to repay the advances if it is later determined that the corporation is prohibited from paying such expenses.

(g) Fiduciary Duties of Directors and Officers**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares**

Under Australian law, the directors and officers of a company such as OreCorp are subject to a range of duties including duties to:

- act in good faith in the best interests of the company;
- act for a proper purpose;
- not fetter their discretion (in the case of directors only);
- exercise care and diligence in the performance of their duties;
- avoid conflicts of interest;

Under the Business Corporations Act, each director and officer of Silvercorp, in exercising their powers and discharging their duties, must act honestly and in good faith with a view to the best interests of Silvercorp (commonly referred to as the 'duty of loyalty') and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (commonly referred to as the 'duty of care').

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

- not use their position to gain advantage for themselves or someone else, or to cause detriment to the company;
- not misuse information which they have gained through their position to gain advantage for themselves or someone else to cause detriment to the company; and
- otherwise act in accordance with the Corporations Act and the OreCorp Constitution.

There are no limitations on shareholders' ability to bring claims against directors for a breach of duty, subject to certain procedural requirements and (in the case of statutory derivative action) the leave of the court.

(h) Transactions involving directors, officers or other related parties**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares**

The Corporations Act prohibits a public company such as OreCorp from giving a related party a financial benefit unless it:

- obtains the approval of shareholders and gives the benefit within 15 months after receipt of such approval; or
- the financial benefit is exempt.

A related party is defined by the Corporations Act to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons. Exempt financial benefits include indemnities, insurance premiums and payments for legal costs which are not otherwise prohibited by the Corporations Act and benefits given on arm's length terms.

The ASX Listing Rules prohibit a listed entity such as OreCorp from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial

In Canada, MI 61-101 establishes disclosure, valuation, review and approval processes in connection with certain transactions where there is a potential for conflicts of interest because the transaction involves one or more interested or related parties who are parties to the transaction and have potential information or other advantages (for example, voting power through share ownership, or representation on the target company's board of directors), or are otherwise entitled to receive different consideration or other benefits under the terms of the transaction that are unavailable to the other shareholders of the target company. As a reporting issuer in Ontario listed on the TSX, Silvercorp is subject to the requirements of MI 61-101.

Depending on the nature of the transaction and subject to the availability of certain exemptions, MI 61-101 provides procedural protections to minority or disinterested shareholders in connection with transactions subject to MI 61-101. For example:

- the requirement for a valuation performed by a qualified and independent valuator in

Rights of holders of OreCorp Shares

asset to, certain related parties of the entity, unless it obtains the approval of shareholders.

The related parties include directors, persons who have or have had (in aggregate with any of their associates) in the prior six month period an interest in 10% or more of the shares in the company and, in each case, any of their associates. The provisions also apply where the transaction may be on arm's length terms.

The ASX Listing Rules also prohibit a listed entity such as OreCorp from issuing or agreeing to issue shares to a director unless it obtains the approval of shareholders or the share issue is exempt. Exempt share issues include issues made pro rata to all shareholders, under an underwriting agreement in relation to a pro rata issue, under certain dividend or distribution plans or under an approved employee incentive plan.

The Corporations Act generally requires an OreCorp Director who has a material personal interest in a matter that relates to the affairs of OreCorp to give the other OreCorp Directors notice of that interest. That OreCorp Director must not be present at a meeting where the matter is being considered or vote on the matter unless the other OreCorp Directors or ASIC approve, or the matter is not one which requires disclosure under the Corporations Act. Under the Corporations Act, failure of an OreCorp Director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of the resolution in which the OreCorp Director has an interest. OreCorp Directors, when entering into transactions with OreCorp, are subject to the common law and statutory duties to avoid conflicts of interest.

(i) Amendments to constitution**Rights of holders of OreCorp Shares**

Any amendment to the OreCorp Constitution must be approved by a special resolution passed by OreCorp Shareholders present and voting on the resolution. A special resolution requires

Rights of holders of Silvercorp Shares

respect of the target company's securities which are the subject of the transaction;

- approval of a proposed transaction by a majority (50.1%) of the votes cast by the minority or disinterested shareholders at a shareholders' meeting and excluding shares held by the interested parties;
- formation of a special committee composed of independent directors who do not have a conflict of interest to supervise the preparation of a formal valuation; and/or
- additional prescribed disclosure in respect of the transaction.

The Business Corporations Act sets out the following requirements for a contract or transaction in which a director or officer has a competing interest or duty:

- disclosure of the nature and extent conflicting interest to the board;
- abstention from voting at the board level; and
- approval by directors or shareholders.

A court may order an accounting of profits where the first two criteria are not met if it finds that the material contract or transaction was not fair and reasonable.

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

Under the Business Corporations Act and Silvercorp Articles, approval by special resolution of the shareholders is required to amend a company's articles.

Rights of holders of OreCorp Shares	Rights of holders of Silvercorp Shares
approval of at least 75% of the votes cast by shareholders entitled to vote.	Under the Business Corporations Act and the Silvercorp Articles, a special resolution must be passed by a majority of not less than two thirds of the votes cast by the shareholders entitled to vote on the resolution.

(j) **Insider trading**

Rights of holders of OreCorp Shares	Rights of holders of Silvercorp Shares
Under the Corporations Act, any person who possesses price sensitive information relating to OreCorp or its securities is prohibited (subject to limited exceptions) from buying or selling those securities or procuring others to do so, or from communicating the information to third parties.	<p>Canadian law prohibits certain persons (including directors, officers and employees) from trading securities of a reporting issuer with knowledge of a material fact or material change with respect to a reporting issuer that has not been generally disclosed.</p> <p>In addition, NI 55-102 establishes a mandatory system of electronic reporting of trading activity by certain insiders of each reporting issuer. Insiders generally have to report within five days following any trade in securities of the issuer. Insider reports are filed on www.sedi.ca.</p>

(k) **Disclosure of substantial shareholdings**

Rights of holders of OreCorp Shares	Rights of holders of Silvercorp Shares
<p>A person who obtains voting power in 5% or more of an ASX listed company is required to publicly disclose that fact within two business days (and the next day, in the case of a takeover bid) after becoming aware of that fact via the filing of a substantial holding notice. A person's voting power consists of their own 'relevant interest' in shares plus the relevant interests of their associates.</p> <p>A further notice must be filed within two business days after each subsequent voting power change of 1% or more, and after the person ceases to have voting power of 5% or more. The notice must attach all documents which contributed to the voting power the person obtained or provide a written description of arrangements which are not in writing.</p>	<p>Canadian law includes concepts of "insider", "acquirer", and "control person" that trigger certain disclosures and restrictions.</p> <p>A person is an "insider" if that person, among other things, is a director or officer of an issuer or a person that is itself an insider or a subsidiary of an issuer, or has:</p> <ul style="list-style-type: none"> • beneficial ownership of, or control or direction over, directly or indirectly, or • a combination of beneficial ownership of, and control or direction over, directly or indirectly, 10% or more of the company's outstanding voting securities. <p>In addition, within two business days of an acquirer acquiring beneficial ownership of, or control or direction over, securities that, together with the acquirer's securities,</p>

Rights of holders of OreCorp Shares**Rights of holders of Silvercorp Shares**

constitute 10% or more of the outstanding voting or equity securities of the company, the acquiror must file an early warning report in the prescribed form with such Securities Commission(s).

Similar notification requirements apply in the event that a person's holding increases or decreases by an amount equal to 2% or more of the company's outstanding voting securities, or where a person ceases to hold 10% or more of the company's outstanding voting securities.

A control person includes a person that holds a sufficient number of any of the securities of a company so as to affect materially the control of that company, or that holds more than 20% of the outstanding voting shares of the company. There are restrictions on trade by control persons, in addition to the disclosure requirements described above.

(I) Takeovers**Rights of holders of OreCorp Shares****Rights of holders of Silvercorp Shares****Takeover requirements**

Australian law imposes restrictions on a person acquiring interests in the voting shares of OreCorp where, as a result of the acquisition, that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or any increase from a starting point that is above 20% and below 90%. Exceptions to this restriction include an acquisition of no more than 3% of the voting shares in the company within a six month period, an acquisition made with shareholder approval, an acquisition made under a takeover bid conducted in accordance with Australian law or an acquisition that results from a court-approved compromise or arrangement.

Takeover bids must treat all shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist under the Corporations Act and there are also restrictions concerning the withdrawal and suspension of offers.

Securities laws relating to formal take-over bids are harmonized across Canada under NI 62-104. Under NI 62-104, a take-over bid is an offer to acquire outstanding voting securities made to one or more securityholders where the securities subject to the offer, together with the securities beneficially owned, or over which control or direction is exercised on the date of the offer to acquire by the offeror (i.e. the person making the take-over bid) and any person acting jointly or in concert with the offeror, constitute 20% or more of the outstanding securities of that class at the date of the offer. An offeror proposing a take-over bid must comply with the technical procedural requirements (including those relating to determining beneficial ownership of securities and whether a person is acting jointly or in concert with an offeror) and disclosure requirements of the take-over bid rules unless an exemption is available from those requirements, all in accordance with NI 62-104.

Takeover defence mechanisms

Under Australian takeovers legislation and policy, boards of target companies are limited in the defensive mechanisms that they can put in place to discourage or defeat a takeover bid. For example, it is likely that the adoption of a shareholders' rights plan (or so-called 'poison pill') would give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel if it had the effect of frustrating the bid by diluting the existing shares and the control position of an existing shareholder/bidder.

NP 62-202 regulates the defensive tactics that may be employed by a target company in a take-over bid, and limits the ability of a target board to entrench itself to the detriment of shareholders. The primary objective of the relevant take-over bid provisions of Canadian law is the protection of the bona fide interests of shareholders of the target company. A secondary objective is to provide a regulatory framework within which take-over bids may proceed in an open and even-handed environment. The takeover bid provisions should favour neither the bidder nor the management of the target company and should leave the shareholders of the target company free to make a fully informed decision.

Canadian securities regulatory authorities:

- consider that unrestricted auctions produce the most desirable results in takeover bids and are reluctant to interfere in contested bids;
- appreciate that defensive tactics may be taken by a board of directors of a target company in a genuine attempt to obtain a better bid;
- are prepared to take appropriate action if they become aware of defensive tactics that will likely result in shareholders being deprived of the ability to respond to a takeover bid or to a competing bid;
- have determined that it is inappropriate to specify a code of conduct for directors of a target company in addition to the fiduciary standard required by corporate law; and
- are prepared to examine target company tactics in specific cases to determine whether they are abusive of shareholder rights.

(m) Shareholder rights

Rights of holders of OreCorp Shares

Rights of holders of Silvercorp Shares

Notice of members rights to receive documents

Under the Corporations Act, once each financial year OreCorp must send its members a notice setting out:

- the member's right to elect to receive documents in either physical or electronic form; and
- the members right to elect to not be sent certain documents at all.

OreCorp may alternatively make the above statements on its website.

There is no general requirement under Canadian law to canvass a shareholder's preference to receive documents.

Under Canadian law, a company may use Notice and Access for distribution of meeting materials. Notice and Access allows Silvercorp to send Silvercorp Shareholders paper copies of a notice of meeting and form of proxy or voting instruction form, while providing Silvercorp Shareholders access to electronic copies of the information circular over the internet or the option to receive paper copies of the information circular if they so request within the prescribed time periods.

Statutory rights of action for misrepresentations

Under the Corporations Act, any shareholder who suffers loss as a result of misleading or deceptive conduct relating to securities can bring an action against the person engaged in the conduct. Similarly, any shareholder who suffers loss as a result of a misleading or deceptive statement contained in a disclosure document (ie. a prospectus) can bring an action against the company, any director or the underwriter to the offer made through the disclosure document.

Under Canadian law, purchasers of securities of a company can bring an action against various persons or companies including the issuer of securities, the underwriter, directors and officers of the issuer, and certain other persons or companies responsible for the issue of a prospectus in respect of damage suffered by reason of a misrepresentation therein. A similar right of action is available in some jurisdictions against certain persons or companies in respect of misrepresentations contained in other disclosure documents such as offering memoranda or takeover bid circulars.

Right to Inspect Corporate Books and Records

Under the Corporations Act, a shareholder must obtain a court order to obtain access to the corporate books. To obtain the order, the applicant must be acting in good faith and be making the inspection for a proper purpose. The OreCorp Constitution provides that OreCorp Directors may determine whether and to what extent, at what time and place and under what conditions, the accounting record and other documents of OreCorp will be open to the inspection of Shareholders other than OreCorp Directors.

Under the Business Corporations Act, any person may examine certain of the corporate records of Silvercorp (including the securities register, articles, minutes of meetings and resolutions of shareholders) at Silvercorp's registered office or such other place where such records are kept during Silvercorp's usual business hours free of charge, and copies may be obtained for a fee.

Rights of holders of OreCorp Shares

Rights of holders of Silvercorp Shares

Right to Inspect Register of Shareholders

Under Australian law, the register of shareholders of a company is usually kept at the registered office or principal place of business in Australia and must be available for inspection by shareholders, free of charge, at all times when the registered office is open to the public.

If a person asks OreCorp for a copy of the OreCorp Share Register (or any part of the OreCorp Share Register) and pays the requested fee (up to a prescribed amount), OreCorp must give that person the copy within seven days of the date on which OreCorp receives such payment.

Under the Business Corporations Act, any person may inspect Silvercorp's central securities register and/or apply to the company for a list setting out the names and last known addresses of the shareholders and the number of shares of each class or series of shares held by each of those shareholders.

Any person wishing to examine the list of shareholders must first make a request to the company, accompanied by an affidavit stating that the list will not be used except for certain purposes permitted under the Business Corporations Act.

(n) Winding up

Rights of holders of OreCorp Shares

Rights of holders of Silvercorp Shares

Under Australian law, an insolvent company may be wound up by a liquidator appointed either by creditors or the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors as a dividend. The shareholders rank behind the creditors (as unsecured creditors) and therefore will only receive a dividend if there are any funds left over.

Shareholders of a solvent company may decide to wind up the company if the directors are able to form the view, and make a written declaration, that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting.

The OreCorp Constitution provides that on winding-up, the liquidator may, with the authority of a special resolution, divide among

Under the Business Corporations Act, only solvent companies may engage in dissolution and liquidation proceedings. As a result, the directors of a company seeking to dissolve must adequately provide for the payment of each of the company's liabilities; if that is not possible, it may be necessary to proceed under insolvency legislation (such as the Bankruptcy and Insolvency Act). If a company is found to be "insolvent" for the purposes of the Bankruptcy and Insolvency Act, any must be stayed. After the assets of a company have been liquidated and distributed under the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act, the company will still exist, and can only be dissolved by action taken in accordance with the procedures of the Business Corporations Act.

To voluntarily dissolve a company under the Business Corporations Act that has been properly authorized to do so, a company must provide to its records office an affidavit, sworn by a director of the company, which states that: (i) the dissolution was duly authorised by an ordinary resolution of the shareholders or it has not issued any shares, and has the authorization

Rights of holders of OreCorp Shares

OreCorp Shareholders in kind the whole or any part of OreCorp's property, and may set the value as the liquidator considers fair on any property to be so decided and may determine how the division is to be carried out.

Rights of holders of Silvercorp Shares

of the directors; (ii) the company has no assets; and (iii) the company has no liabilities or has made adequate provision for the payment of each of its liabilities.

Proceedings may be continued against a company after its dissolution or brought against a company within two years after its dissolution as if the company had not been dissolved. When assets of the company are distributed to a shareholder in anticipation of, during, or as a result of the company's liquidation or dissolution, the court may add the shareholder as a party to litigation, determine the amount for which the shareholder is liable and the amount the shareholder must contribute to satisfy the plaintiff's claim and direct payment of those amounts, provided that the shareholder is not liable unless added as a party within two years after the date of dissolution. The shareholder's liability is limited to the value of the assets they received, as at the date of distribution.

The Silvercorp Articles do not impose any restrictions on winding-up.

(o) Disclosure**Rights of holders of OreCorp Shares****Nature of disclosure**

OreCorp is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require OreCorp to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market. OreCorp has an obligation under the ASX Listing Rules (subject to some exceptions) to notify ASX immediately upon becoming aware of any information concerning it, which a reasonable person would expect to have a material effect on the price or value of OreCorp Shares. OreCorp's recent ASX announcements are available on the ASX website at www.asx.com.au. Further

Rights of holders of Silvercorp Shares

Silvercorp is subject to regular reporting and disclosure obligations under Canadian law.

Silvercorp's annual reporting obligations include requirements to prepare and file annual and interim financial statements, as well as an annual information form and management information circular.

In addition, Silvercorp has certain periodic or special event reporting obligations under Canadian law, for instance, if a material change occurs, Silvercorp must immediately issue and file a news release disclosing the nature and substance of the material change, and as soon as practicable, and in any event within 10 days of the date on which a material change occurs, prepare and file a material change report.

Rights of holders of OreCorp Shares

announcements will continue to be made available on the ASX website after the Last Practicable Date.

Rights of holders of Silvercorp Shares

The TSX Company Manual requires timely disclosure of material information, which TSX considers broader than a “material change”. The TSX Company Manual also requires a company to keep TSX fully informed of both routine and unusual events and decisions affecting its security holders.

Silvercorp’s financial statements and accompanying management and discussion and analysis, annual information form, management information circular and news releases are available on Silvercorp’s corporate profile on SEDAR+ www.sedarplus.ca.

Financial statements

Pursuant to the Corporations Act, OreCorp is required to prepare and lodge with ASIC and ASX both annual and half yearly consolidated financial statements accompanied by an OreCorp Directors’ statement and report, with an audit or review report, as applicable.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office, on ASX’s website (www.asx.com.au) and on OreCorp’s website.

Silvercorp is required to file audited annual financial statements and accompanying management discussions and analysis within 90 days of the most recently completed financial year end and interim (three month) financial statements and accompanying management discussions and analysis within 45 days of the end of the interim period.

Corporate directory

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Legal adviser	Allen & Overy Level 12, Exchange Plaza 2 The Esplanade Perth, Western Australia 6000 Australia
Share registry	Automic Pty Ltd Level 5, 191 St Georges Terrace Perth, Western Australia 6000 Telephone: 1300 441 602 International: +61 2 9934 0529