Silver Bear Resources Plc

Annual Information Form

(for the year ended December 31, 2020)

31 March 2021

SBR: TSX
www.silverbearresources.com

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INTRODUCTORY NOTES

General

Throughout this annual information form ("**AIF**"), we us, our, Silver Bear, and the Company mean, Silver Bear Resources Plc and its wholly-owned subsidiaries, Silver Bear Resources Inc. ("**SBR Inc.**"), Silver Bear Resources B.V. ("**SBR BV**") and AO Prognoz ("**Prognoz**"). References to this year means 2020 and all information herein is as of April 2, 2020, unless otherwise indicated.

All dollar amounts are in Canadian dollars unless stated otherwise.

Except as otherwise noted, the information in this AIF is as of December 31, 2020. The Company prepares the financial statements referred to in the AIF in accordance with International Financial Reporting Standards ("**IFRS**"). For additional financial information, readers should refer to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2020 and the Management's Discussion and Analysis thereon. Technical Reports, the Management Information Circular, the Company's Annual Financial Statements for the year ended December 31, 2020 and the Management's Discussion and Analysis are available on SEDAR at www.sedar.com or the Company's website at www.silverbearresources.com.

Steven James McRobbie BSc (Hons), MSc, ACSM, MAusIMM, of Wardell Armstrong (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 ("**NI 43-101**") and has reviewed the scientific and technical information in this report.

Cautionary Note Regarding Forward-Looking Information

This AIF contains forward-looking information, which reflects management's expectations regarding Silver Bear's future growth, results of operations, resource estimates, economic potential of the Mangazeisky Property (as defined herein), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as "intends", "expects", "scheduled", "estimates", "anticipates", "believes" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this AIF reflect management's current, beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Silver Bear cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking information including those listed in the "*Risk Factors*" section of this AIF and its continuous disclosure filings filed from time to time on SEDAR. These factors should be considered carefully, and prospective investors should not place undue reliance on the forward-looking information. Forward-looking information necessarily involves significant known and unknown risks, assumptions and uncertainties that may cause Silver Bear's actual results, events, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. Although Silver Bear has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking information is made as of the date of this AIF, and Silver Bear assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law.

Cautionary Note Regarding Mineral Reserves and Resource Estimates

This AIF uses the terms "measured", "indicated" and "inferred" resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable.** See "*Risk Factors – Mineral Resource Estimate and Lack of Mineral Reserve Estimate."*

Cautionary Note Regarding Preliminary Economic Assessment ("PEA")

The Mangazeisky North PEA is preliminary in nature and is based on a number of assumptions that may be changed in the future as additional information becomes available. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and as such, there is no certainty that the preliminary assessment and economics will be realized. See "*Risk Factors – Preliminary Economic Assessment*".

Currency and Exchange Rate Information

This AIF contains references to Russian Rubles, United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars. United States dollars are referred to as "US$" and Russian Rubles ("**RUB**").

The closing, high, low and average exchange rates for the United States dollar and Russian Ruble in terms of Canadian dollars for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 as reported by the Bank of Canada, were as follows:

Canadian Dollars per US$

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Closing	1.2732	1.2988	1.3642
High	1.4496	1.3600	1.3642
Low	1.2718	1.2988	1.2288
Average[(1)]	1.3415	1.3269	1.2957

(1) Calculated as an average of the daily noon rates for each period.

Canadian Dollars per RUB

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Closing	0.01716	0.02109	0.01959
High	0.02137	0.0212	0.02288
Low	0.01644	0.01964	0.01871
Average[(1)]	0.01863	0.02051	0.02071

(1) Calculated as an average of the rates for each period.

On March 30, 2021, the Bank of Canada noon spot exchange rate was $1.00 = USD$0.7917or USD$1.00 = $1.2631

On March 30, 2021, the Bank of Canada noon spot exchange rate was RUB 1.00=$0.01661 or $1.00 = RUB 60.2047

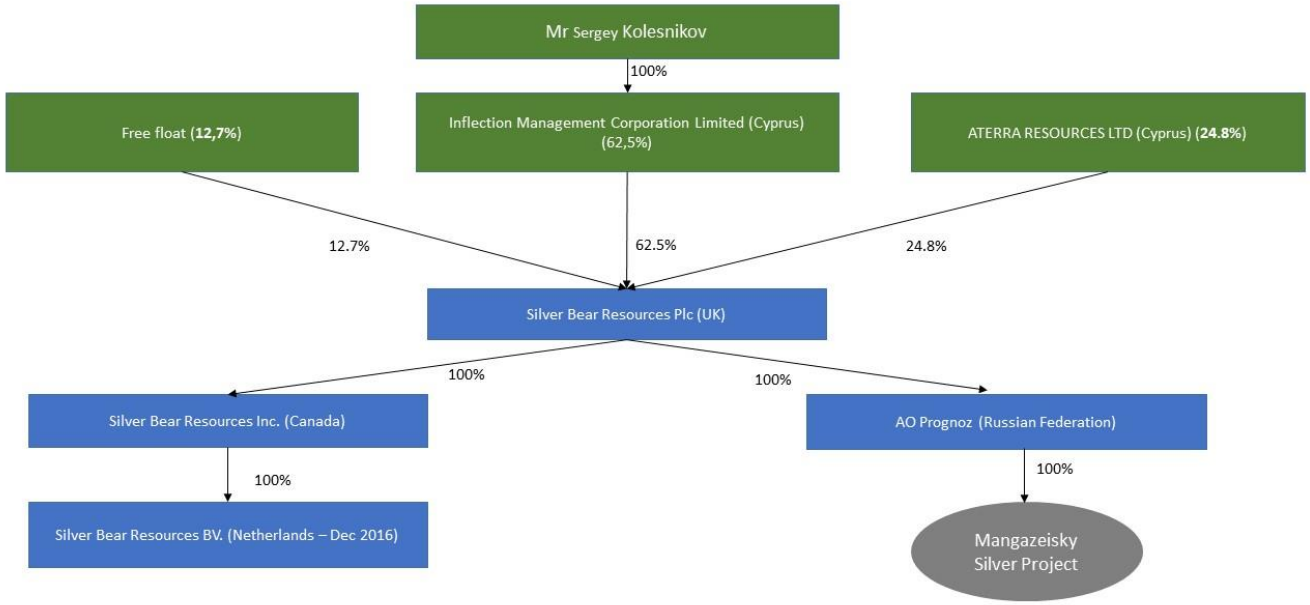
CORPORATE STRUCTURE

SBR Inc. was incorporated under the *Business Corporations Act* (Ontario) on April 8, 2004, as a private company, and continued under Articles of Continuance dated August 30, 2004 under the *Business Corporations Act* (Yukon) and then further continued into Ontario on February 1, 2005 under the *Business Corporations Act* (Ontario). In December 2007, Silver Bear amended its articles to consolidate its common shares on a three-for-one basis.

On June 30, 2017, the Company completed a re-domiciliation transaction under a statutory plan of arrangement (the "UK Arrangement") by which Silver Bear Resources Plc (a UK Incorporated company) became the listed parent company of the Silver Bear group, for full details please refer to the Company's June 30, 2017 press release. The registered office of the Company is located Second Floor, Regis House, 45 King William Street, London, England, United Kingdom, EC4R 9AN.

As a result, of the UK Arrangement, SBR Inc. (a Canadian Incorporated company) has become a wholly owned subsidiary of Silver Bear Resources Plc. The Company remains listed on the Toronto Stock Exchange and its Shares trade under the same trading symbol "SBR".

As of the date of this report, Silver Bear has the following wholly owned subsidiaries: (i) SBR Inc. (Canadian corporation) which will be liquidated later in 2021; (ii) SBR BV (Netherlands corporation) which will be liquidated later in 2021; and (iii) Prognoz (a Russian Federation corporation).



GENERAL DEVELOPMENT OF THE BUSINESS

Key Milestones in the Company's Recent History

2020	2019	2018
▪ During the year, the Group successfully completed its winter road resupply that included the XRT processing line equipment delivery. ▪ Continued to Implement cost reductions in its corporate structure and services, reagent consumption and fuel and energy costs at its Mangazeisky Silver Project. ▪ Announced a further amendment to its Facilities Agreement with major shareholders Inflection and Aterra, who agreed to a further reduction in interest payable on all funds drawn under the facilities agreement from 9% to 7% per annum. ▪ Announced the final commissioning of the new XRT processing equipment despite delays due to government-mandated COVID-19 restrictions, the consultants, and following a prescribed quarantine period, have completed the commissioning. The XRT equipment is now fully operational. ▪ Announced the receipt of a draft WAI report ("**Draft WAI Report**") and the decision to withdraw its August 2017 NI 43-101 technical report on the Vertikalny feasibility study and Mangazeisky pre-feasibility study (full details are described below). ▪ Announced further amendment to its existing Facilities Agreement major shareholders Aterra and Inflection, extending the maturity dates of certain components of Tranches F, G, H and I, issued by Inflection from 31 July 2021 and 20 September 2022, as applicable, to 1 January 2023.	▪ Announce the major shareholders have agreed to a further reduction in the facilities agreement interest rate from 10% to 9% ▪ Announce the change of Auditor from PwC (UK) to BDO (Russia) then on February 28, 2019 the Company filed a change of Auditor notice to BDO (UK) ▪ Announced the appointment of Mikhail Ilyin as Chief Financial Officer ▪ Achieved full commercial production on July 1, 2019 ▪ Engaged Wardell Armstrong International (Moscow) ("**WAI**") to provide a review of the mineral resources and mine and processing plans for Vertikalny and Mangazeisky North deposits ▪ Produced a total of 1,596,987 ounces of silver and sold a total of 1,550,101 ounces of silver, for a totaling production revenue of US$ 25,4 million for the year ended December 31, 2019 ▪ Mined a total of 118,240 tonnes of ore, processed 100,338 tonnes of ore at an average grade of 668 g/t of silver for the year ended December 31, 2019 ▪ Announced amendment to its existing Facilities agreement in the amount of US$4 M, funds to be used to acquire X-Ray Transmission processing equipment and flotation line construction	▪ Announce receipt of its Hazardous Materials licence in time for transport of cyanide via the 2017-18 winter road resupply ▪ Announce first silver production in April 2018 as a result of its commissioning activities ▪ Announce the appointment of Alexey Sotskov as Deputy Chief Executive Officer ("CEO") to provide support in Mangazeisky mine operations ▪ Announce positive drilling results from its Vertikalny open pit it is expected that following 2019 exploration season the Company may update it NI 43-101 resource statement ▪ Announce the amendments to the Company's facility agreement providing for an additional tranche of US$8 million; includes interest rate reduction of all funds drawn under the facilities agreement from 15% to 10% ▪ Announce the appointment of Vadim Ilchuk as CEO of the Company following Graham Hill's resignation; Mr. Ilchuk continues to act as Interim CFO during the search for his replacement

2021 Recent Activities

In the fist quarter 2021, the Group entered into a loan agreement with SKA ASSETS MANAGEMENT LIMITED, a company under common control with Inflection, in the amount of RUB 750,000,000 (equivalent to approximately C$12,000,000) with an interest rate of 8.27% per annum, which interest shall accrue on a monthly basis. The Principal will be due and payable on 31 December 2021.

On 30 March 2021, the Group announced the filing of the final WAI NI 43-101 technical report titled "Mangazeisky Silver Project MRE Update and Strategy Re-assessment, Republic of Sakha (Yakutia), Russian Federation" (the "**Final WAI Report**"). For full details on the Final WAI Report please see the Mangazeisky Silver Project, Final WAI Report section below.

2020 and Early 2021 Developments

Financing Activities

On 27 May 2020, the Group announced that it has further amended its existing facilities agreement (the "Facilities Agreement") with Inflection Management Corporation Limited ("Inflection"), a major shareholder of the Company, and Unifirm Limited ("Unifirm"), an affiliate of A.B. Aterra Resources Ltd. ("Aterra"), also a major shareholder of the Company. The amendments to the Facilities Agreement (the "Facilities Agreement Amendments"): (i) reduce the interest payable on all funds drawn under the Facilities Agreement from 9% to 7% per annum; and (ii) extend the first interest period under the Facilities Agreement and revise the interest capitalization date to 1 April 2020.

31 December 2020, the Group further amended its existing Facilities Agreement major shareholders Aterra and Inflection, extending the maturity dates of certain components of Tranches F, G, H and I, issued by Inflection from 31 July 2021 and 20 September 2022, as applicable, to 1 2023.

The Facilities Agreement Amendments are a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Inflection and Aterra, an affiliate of Unifirm, are related parties to the Company, as its major shareholders. Pursuant to Section 5.7(f) of MI 61-101, the Company is exempt from obtaining approval of the Company's minority shareholders as a result of the Facilities Agreement Amendments being an amendment to a loan to the Company (obtained from a related party on reasonable commercial terms that are not less advantageous to the Company than if such credit facility was obtained through an arm's length lender) that has no equity or voting component. The Company will file a material change report in respect of the Facilities Agreement Amendments. The Group filed a material change report in respect of the Facilities Agreement Amendments on December 24, 2019.

In the fist quarter 2021, the Group entered into a loan agreement with SKA ASSETS MANAGEMENT LIMITED, a company indirectly owned by Sergey Kolesnikov, who is in turn a majority shareholder of Inflection, in the amount of RUB 750,000,000 (equivalent to approximately C$12,000,000) with an interest rate of 8.27% per annum, which interest shall accrue on a monthly basis. The Principal will be due and payable on 31 December 2021. SKA Assets is indirectly owned by Sergey Kolesnikov, who is in turn a majority shareholder of Inflection Management Corporation ("Inflection"), a major shareholder of Silver Bear.

The SKA Asset Loan Agreement is a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Inflection is a related party of the Company, as its major shareholder. Pursuant to Section 5.7(1)(f) of MI 61-101, the Company is exempt from obtaining minority shareholder approval for the SKA Asset Loan Agreement as a result of the loan being obtained from a related party on reasonable commercial terms that are not less advantageous to the Company than if such loan was obtained through an arm's length lender and having no equity or voting component. The Company will file a material change report in respect of the SKA Asset Loan Agreement. However, the material change report will be filed less than 21 days prior to the execution of the SKA Asset Loan Agreement, which is consistent with market practice and the Company deems reasonable in the circumstances.

Operational Activities

During 2020, the Group mined 2.8% less ore compared to 2019, as it moved deeper into Vertikalny open pit and further open pit extension required. Mining head grade reduced from 2019 by 4.2%, however recoveries increased by 11.9% as a result of several factors notably the full year of operating the Merrill Crowe process (a separation technique) at the end of the technological processing circuit and the operational efficiencies implemented during the year. The 22% improvement in the silver production in 2020 over 2019, is primarily due to the achieving high recovery rate from processed ore. As a result, the Group's 2020 revenues increased by 53% compared to prior year, due to increased silver recovery and the improvement of the average price of silver in 2020.

For the full year ended 31 December 2020, the Group sold a total of 1,937,158 ounces of silver at an average price of US$20.03 per ounce of silver resulting in total revenue of US$38.76 million

During the first quarter, the Group's 2020 winter road procurement and transportation delivered approximately 14,000 tonnes of supplies, including a new drill rig, excavator and the new XRT processing equipment. The winter road was closed on 30th of April this year, by which time delivery of all the Group's summer demand for gas condensate and diesel fuel had been accomplished. Deliveries for the summer and fall months are now via cargo flights using the Group's newly completed airstrip.

During the second quarter, in May 2020, following a prescribed quarantine period, the XRT consultants arrived at site and completed the final commissioning. The XRT equipment is now fully operational. The flotation facility construction project design development phase was completed in the second quarter.

In June 2020, the Group announced following the receipt of the draft Wardell Armstrong report (the "Draft WA Report") based on the material change in the mineral resource estimates of both Vertikalny and Mangazeisky North deposits and scope of the project the August 2017 NI 43-101 technical report containing a resource update and accompanying Vertikalny feasibility study and Mangazeisky pre-feasibility study should no longer be relied upon and are withdrawn by the Group. In the statement, the Group stated that finalization of the Draft WA Report is dependent on Wardell Armstrong conducting a site visit to the its mining operations, owing to government mandated COVID-19 restrictions the site visit has been delayed for an indefinite period of time.

During the third quarter, the Group began the construction on the foundation for the new flotation plant, that is designed to process the primary sulphide ores at the Vertikalny deeper pit and underground mining operations. It is expected that the new flotation plant will be completed in early 2022.

As of the date of this report there are approximately 226 Prognoz employees at site. There are also 64 contractors, namely catering, process consultants, and construction workers. As of 31 December 2020, there was no lost time recorded accident at site.

In light of the World Health Organization ("WHO") declaring COVID-19 a global pandemic in March of this year, the Group has developed and implemented a response and mitigation plan for both its Yakutsk head office and Mangazeisky mine site. At the date of this report the Group has had no major disruptions at either sites or to our planned production and operations, however we continue to monitor the situation ensuring we keep the safety of our work force our main priority.

Exploration Activities

During the third quarter 2020, the Group was working on the completion of the details of its exploration program for the upcoming exploration season. During the exploration season the Group is planning to target extensions of existing deposits and new areas of significance with the intent to grow the Group's resources and establish future drilling programs. In August 2020, the Group has started its 2020 exploration drilling activities. About 4,000 metres of core drilling is expected to test both flanks of Vertikalny deposit where previous work has identified possible additional resources, to further test the Porfirovy mineralization area to the south as well as additional infill drilling at the Vertikalny and Mangazeisky North deposits.

2019 Developments

Financing Activities

In January 2019, the Company's major shareholders Inflection Management Corporation Limited ("Inflection"), and Unifirm Limited ("Unifirm"), an affiliate of A.B. Aterra Resources Ltd. ("Aterra") agreed to a further reduction in the interest rate applicable to all funds drawn under the Facilities Agreement. The interest rate was amended from 10% to 9% per annum effective immediately for the remaining terms of the facilities drawn under the Facilities Agreement.

On December 24, 2019, the Company announced that it had amended its existing facilities agreement (the "**Facilities Agreement**") with Inflection, a major shareholder of the Company, and Unifirm, an affiliate of Aterra, also a major shareholder of the Company. The amendments to the Facilities Agreement (the "**Facilities Agreement Amendments**"): (i) provide for two new term loan facility tranches of US$2 million each ("**Tranche H**" and "**Tranche I**") for an aggregate of US$4 million, which will become due and repayable on July 31, 2021; and (ii) extend the first interest period under the Facilities Agreement and revise the interest capitalization date to January 1, 2020. The Facilities Agreement Amendments have been conditionally approved by the Toronto Stock Exchange.

The Facilities Agreement Amendments are a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Inflection and Aterra, an affiliate of Unifirm, are related parties to the Company, as its major shareholders. Pursuant to Section 5.7(f) of MI 61-101, the Company is exempt from obtaining approval of the Company's minority shareholders as a result of the Facilities Agreement Amendments being an amendment to a loan to the Company (obtained from a related party on reasonable commercial terms that are not less advantageous to the Company than if such credit facility was obtained through an arm's length lender) that has no equity or voting component. On December 24, 2019, the Company filed a material change report in respect of the Facilities Agreement Amendments.

Corporate Activities

On February 28, 2019, the Company filed a Change of Auditor notice with SEDAR, from BDO Unicon AO ("BDO Russia") to BDO LLP ("BDO UK") at the request of the Company. BDO Russia resigned as auditor of the Company effective February 15, 2019 and BDO UK was appointed as the new auditor on the same date.

On June 10, 2019, the Company announce the appointment of Mr. Mikhail Ilyin as Chief Financial Officer ("CFO") effective June 10, 2019.

Mr. Ilyin first joined Silver Bear as a Group Finance Controller on February 28, 2019. Mr. Ilyin has extensive experience as a financial executive and senior audit consultant. Mr. Ilyin joined the Company from United Cable Group where he was Head of Finance Control. He also served for several years as a Senior Audit Consultant for PricewaterhouseCoopers LLP (Moscow). Mr. Ilyin holds a five-year Specialists degree in Finance and Legal from the Moscow Humanitarian-Economic University in Moscow. Mr. Ilyin will be responsible for overseeing Company's financial strategy, planning and analysis, accounting and financial reporting and will report to Mr. Vadim Ilchuk, the Company's President and Chief Executive Officer ("**CEO**").

Operational Activities

On July 1, 2019, the Company achieved full commercial production. In September 2019, the President and CEO of Silver Bear Resources, Vadim Ilchuk officially opens the Group's Vertikalny Mine at the fifth annual Eastern Economic Forum in Far East Russia.

In the Second quarter, the Group completed construction of an on-site airstrip the benefits of which include the reducing personnel and cargo logistics costs and lessening flight irregularities due to weather conditions. The Group is also considering building a refueling station at the airstrip in the near future, which is expected to further reduce costs.

In the third quarter of 2019, the Company announced it had engaged Wardell Armstrong (Moscow) to provide a review of the mineral resources as well as revised mine and processing plans of Vertikalny and Mangazeisky North deposits (the "**Wardell Review**"). The Company expects to receive the final results of the Wardell Review in 2020. Though the exact amounts are not currently known, initial indications suggest that the current resources at both deposits may be materially overstated. Final results and any impact on the mine and processing plans will be disclosed once the final Wardell Review has been received and assessed.

In December 2019, the Company announced it would use the funds from the Facility Agreement Amendment to acquire X-Ray Transmission ("**XRT**") processing equipment and for flotation line construction. The Company expects that the implementation of the XRT processing technology to its processing line will improve overall process plant efficiency and lower operational costs, as well, the new flotation equipment is expected to deal with the processing of the primary ore. The new equipment has been procured in time for transport down the Company's 2020 winter road resupply.

As at December 31, 2019, the Company has mined a total of 118,240 tonnes and milled 100,338 tonnes of ore at an average silver grade of 668 g/t Ag/t, for a total of approximately 1,596,987 ounces silver contained in the dry powder (after smelting losses and refinery adjustment). As of December 31, 2019, the Company has sold approximately 1,550,101 ounces of silver at a realized price of US$16.38 Ag/oz.

2018 Developments

Financing Activities

On September 18, 2018, the Company announced that it had amended its existing Facilities Agreement with its major shareholders Inflection and Aterra. The Facilities Agreement Amendment provide the following:

i. an additional US$8 million Tranche G that was made available to the Company by Inflection in two sub-tranches, which are expected to be used to fund the Company's working capital requirements for the remainder of 2018, and which will mature and become repayable on July 31, 2021;

ii. extend the maturity date of the existing US$20 million tranche F term loan ("Tranche F") from September 20, 2020 to September 20, 2022;

iii. extend the maturity date of the facilities drawn under the Facilities Agreement, other than Tranche F and Tranche G, from March 20, 2022 to March 20, 2023; and

iv. reduce the interest rate applicable to all funds drawn under the Facilities Agreement, as amended, from 15% to 10% per annum, which reduction in interest rates will become effective immediately for the remaining terms of the facilities drawn under the Facilities Agreement.

The Toronto Stock Exchange ("TSX") approved the September 2018 Facilities Agreement Amendment.

The Facilities Agreement Amendments are a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Inflection and Aterra are related parties to the Company, as its major shareholders. Pursuant to Section 5.7(f) of MI 61-101, the Company is exempt from obtaining approval of the Company's minority shareholders as a result of the Facilities Agreement Amendments being an amendment to a loan to the Company (obtained from a related party on reasonable commercial terms that are not less advantageous to the Company than if such credit facility was obtained through an arm's length lender) that has no equity or voting component. The Company filed a material change report in respect of the Facilities Agreement Amendments on September 20, 1018.

Corporate Activities

On July 23, 2018, the Company announced the appointment of Mr. Alexey Sotskov as its Deputy CEO. Mr. Sotskov has been a director of Silver Bear since August 2014 and is a representative of the Company's major shareholder, Inflection and he will continue to sit on the Company's board of directors. As Deputy CEO, Mr. Sotskov will share management of the Mangazeisky silver project in Far East Russia with the Company's President and CEO.

Mr. Sotskov has more than 15 years of project management experience in the technology and business process optimization sectors. Currently, he is the nominee of Inflection on the Board. Previously, he was the Project Portfolio Manager of Technonicol, a large Russian manufacturer and distributor of construction materials. Prior to joining Technonicol, Mr. Sotskov led certain business optimization and ERP implementation programs for TNK-BP, a major vertically integrated Russian oil company headquartered in Moscow, and for Kinross Gold. Mr. Sotskov holds a Master's Degree in Science and Applied Mathematics from the Moscow Institute of Physics and Technology.

On November 12, 2018, the Company announced the appointment of Mr. Vadim Ilchuk as President and CEO to lead the Company through its next phase as a silver producer. Mr. Ilchuk succeeds Mr. Graham Hill who has announced his resignation from the Company to pursue other opportunities. In addition, Mr. Hill has resigned his seat on the Board of Directors and Mr. Ilchuk was appointed to the board of directors effective November 14, 2018.

A Russian and US national and seasoned international mining executive, Mr. Ilchuk has been with Silver Bear since July 2017 as the CFO and has been responsible for implementing many financial and operational controls positioning the Company to become a successful silver producer. Mr. Ilchuk has 19 years of experience in the mining industry and natural resource investment business, with an extensive background in mine finance and accounting, financial reporting and cross-border M&A process and integration. Mr. Ilchuk joined the Company from RT-Business Development, Inc. where he was CFO. He also served several years in managerial roles in Kinross Gold Corporation in the United States and Russia.

Operational Activities

On January 10, 2018, the Company announced the receipt of the licence for usage and storage of hazardous chemical materials (the "**Licence**") for its Mangazeisky silver project, an important milestone in the development of the mine. With the Licence in hand, the Company delivered all of the necessary reagents to site for its final hot commissioning and silver production for 2018.

On June 23, 2018, the Company announced as of April 2018 it has produced first silver from its operations at its Mangazeisky silver project following its initial commissioning activities. During this phase of pre-commercial production, the Company is milling lower grade material for commissioning purposes.

On November 12, 2018, the Company announced that since September 2018, it had implemented cost optimisation developments most notably major cost reductions in corporate structure and services and reductions in its debt interest rates, as well as, reductions in reagent consumption and in fuel costs. In addition, the Company took advantage of a state-run cost facilitation program, which subsidizes power generation costs for businesses located in the Far North of Russia. Participation in the program starting from November 1, 2018, allowed Silver Bear to radically reduce its power generation costs, from US$0.40 per KW/h to approximately US$0.13 per kW/h, a 67% reduction. The significant energy cost reduction could result in an annual savings of up to US$3 million a year for the project. Terms of the program are subject to government regulations, which can be changed at any time depending on economic conditions and government requirements.

As at December 31, 2018, as a result of pre-commercial production activities, the Company has mined a total of 80,831 tonnes and milled 51,147 tonnes of ore at an average silver grade of 705 g/t Ag/t, for a total of approximately 594,921 ounces silver contained in the dry powder (after smelting losses and refinery adjustment). As of December 31, 2018, the Company has sold approximately 433,095 ounces of silver at a realized price of US$14.78 Ag/oz.

Exploration Activities

In August 2018, the Company announced additional positive infill drilling results for the Vertikalny deposit, which was in addition to the infill drilling and metallurgical work that resulted in the new NI 43-101 mineral resource update announced in December

2017. Initial results for the first 210 metres of infill diamond drilling contains 23.5 m of significant silver intersects (>200 g/t Ag and greater than 0.5 m apparent thickness). The new drill results form part of the previously announced ongoing infill drilling campaign at Vertikalny deposit. Full details of this work is presented in *Exploration History* section.

During the 2018 field season, a drilling plan was completed for Mangazeisky North deposit. This included technological and metallurgical sampling and analysis of possible extensions of the mineralization along strike and down-dip. In addition, Russian regulatory studies are taking place to enable mining to start at Mangazeisky North in two years' time in line with the development program for the operations.

During the 2018 field season, field investigations and surface sampling was completed to look at the potential for further positive development at Nizhny Endybal including additional drilling. Data obtained from this program have shown a rich variety of ores, with a high degree of hydrothermal alteration of rocks. Samples taken were tested in the Company's certified laboratory for Ag, Cu, Pb, Zn and at AO Yakutskgeologia's laboratory for Au. High grades of silver (up to 10,000 g/t) and gold (up to 3.1 g/t) were identified.

During the 2018 field season, fieldwork was completed at Kis Kuel. Multiple surface and near surface samples were collected and analysed for gold and silver. Results for both gold and silver look very good at several of the target orebodies sampled, with an average grade of 27g/t Au at one of the orebodies. This data will be considered as a guide for potential 2019 exploration plans.

DESCRIPTION OF THE BUSINESS

Overview

The primary business of the Company is the evaluation, acquisition, exploration and development of silver properties in the Russian Federation. On April 1, 2018, the Company achieved first silver production as a result of pre-production commissioning activities. On July 1, 2019, the Company achieved full commercial production.

The Company's principal asset is its wholly owned Mangazeisky Property (the "Mangazeisky Property"), located approximately 400 kilometres north of Yakutsk in the Republic of Sakha, Yakutia in the Russian Federation. The Company was first granted the 560 sq. km exploration Mangazeisky Property licence ("**Exploration Licence**") in September 2004 for an initial term of five years. On February 18, 2009, the licence term was extended to December 31, 2011 and on December 21, 2011, the licence term was extended to December 31, 2012. In January 2013, the Company was granted a four-year extension to the term of the Exploration Licence relating to its Mangazeisky Silver Property, providing for a new licence term that ran until December 31, 2016.

On September 21, 2016, Silver Bear was granted a seven-year extension to the Company's wholly owned Exploration Licence covering the Mangazeisky silver project. Prior to the extension, the Company was permitted to explore on the property until December 31, 2016. The extension provides that the new licence term will run to December 31, 2023. The Exploration Licence contains no requirements for minimum work on both trenching and drilling and the surface are of the Exploration Licence remains the original size.

In August 2012, the Company obtained its Certificate of First Discovery from the Federal Russian Authorities, allowing Silver Bear to file a formal application for a mining licence on its Vertikalny deposit located in central portion of the Mangazeisky Property. In September 2013, the Company was granted a mining license for the company's Vertikalny Deposit on its Mangazeisky property in Russia ("**Mining Licence**"). The Mining License is valid for a period of twenty years.

Silver Bear has many strengths, a property with a significant resource and further exploration potential; strong Russian partners; and an experienced management team. Silver Bear believes that the Company's current assets are key in its pursuit of the continued exploration and development of the Mangazeisky Property.

Competitive Conditions

The Company's mineral exploration and development business is competitive with other entities engaged in the same business. The Company competes with a number of other entities in the search for and the acquisition of mineral properties. As a result, of this competition, the majority of which is with companies with greater financial resources than the Company, Silver Bear may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have greater resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. See "*Risks and Uncertainties – Competition*" below.

Environmental Protection

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operations. The current and future operations of the Company, including exploration activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters.

To date, the applicable environmental legislation has had no material financial or operational effects upon the capital expenditures or operations of the Company. See also Risk Factors and Uncertainties – Environmental Risk and Regulations section.

Employees

As of the date of this report, the Company had approximately 35 staff in Yakutsk office, 229 Prognoz staff on site with 64 contractors on site, namely catering, and consulting geologists. Final construction work on site is being undertaken by Prognoz staff and a minimal number of contractors. In addition, there are also approximately four staff in Russia and Canada.

Foreign Operations

The Company's mineral projects are located in the Russian Federation. Any changes in regulations or shifts in political attitudes in the Russian Federation or any other jurisdictions in which Silver Bear has projects from time to time are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. The effect of these factors cannot be accurately predicted. For full details, refer to "*Risk Factors*" section below.

DESCRIPTION OF THE MANGAZEISKY SILVER PROJECT

Technical Report

Certain information in this AIF is derived from the following Technical Report:

(a) An NI 43-101 report filed on SEDAR on March 30, 2021, prepared for Silver Bear by Wardell Armstrong International titled Technical Report titled "Mangazeisky Silver Project MRE Update and Strategy Re-assessment, Republic of Sakha (Yakutia), Russian Federation" ("**WAI Technical Report**"), the Qualified Persons are noted below in this AIF and available under the Company's profile on SEDAR website.

(b) Steven James McRobbie BSc (Hons), MSc, ACSM, MAusIMM, of Wardell Armstrong Russia (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 ("**NI 43-101**") and has reviewed the scientific and technical information in this AIF, See "*Interests of Experts*".

Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the WAI Technical Report filed on March 30, 2021 with certain Canadian securities regulatory authorities pursuant to NI 43-101 and available for review at www.sedar.com.

Property Description and Location

The Property is located in the north of Kobyaysky District, in central Sakha Republic (Yakutia), and is comprised of one mining licence within a larger exploration licence, the centroid of which at approximately 65°40' south and 130°07' east. It lies approximately 400 km north of Yakutsk, capital city of the Sakha Republic, 300 km southwest of Batagai and approximately 230 km north of Sangary, a river port on the right bank of the Lena River (Figure 1).

Figure 1 – Mangazeisky Location Map

Licence Tenure

The Company holds the mineral rights to the Property through its 100% interest in Prognoz. Silver Bear purchased Prognoz in 2004 from the National Resource Company. The mining license, number YaKU 03626 BE, covers the entire Vertikalny silver deposit over an area of 13.55 km^2. The coordinates of the mining license are shown in Table 1 and 2 below as well as the surrounding Exploration License.

Table 1: Mining License Coordinates		
Mining Licence YaKU 03626 BE		
Corner no	**Northing Coordinate**	**Easting Coordinate**
1	65˚41'15.917"	130˚01'55.381"
2	65˚41'41.938"	130˚03'23.150"
3	65˚41'37.066"	130˚04'59.859"
4	65˚41'20.210"	130˚06'27.196"
5	65˚40'08.102"	130˚08'20.361"
6	65˚39'44.803"	130˚08'11.742"
7	65˚39'40.272"	130˚07'17.802"
8	65˚36'46.221"	130˚05'22.190"
9	65˚39'54.675"	130˚03'29.389"
10	65˚40'11.350"	130˚01'57.673"
11	65˚40'46.388"	130˚01'42.001"

Table 2: Exploration License Coordinates		
Mining Licence YaKU 03626 BE		
Corner no	**Northing Coordinate**	**Easting Coordinate**
1	65˚49'35"	130˚00'00"
2	65˚49'35"	130˚19'20"
3	65˚29'00"	130˚22'00"
4	65˚29'00"	130˚00'00"

The exploration licence YaKU 12692 BP was granted to Prognoz on September 24, 2004 by the Federal Subsoil Resources Management Agency (ROSNEDRA) and was valid for an initial term of five years. Three extensions were granted until

December 31, 2016. On September 21, 2016, Silver Bear was granted a further seven-year extension was granted until December 2023 with no minimum expenditure commitments.

The exploration licences give the recipient the authority to use the subsoil for the purposes of geological investigation within the licence area, for exploration, and appraisal of the gold and silver deposits. The licence area has the status of a "geological allotment" with the preliminary borders outlined and an unlimited licenced depth for investigation. There are no specially protected natural territories within the limits of the licence.

In September 2013, Silver Bear received its mining licence YaKU 03626 BE for the Vertikalny deposit. The term of the licence is approximately 20 years (to 2033). The licence requirements include:

- Completion of 15,000m of drilling and 15,000m3 of trenching by or before December 2017;
- Initiation of drilling and trenching no later than March 2015;
- Mine must be operational within the next nine years (2023), inclusive of permitting and report approvals;
- Mine output must be greater than 180,000tpa by the year 2023.

A summary of the terms of the licence agreements is presented in Table 3 below.

Table 3: Licence Details

Licence Name	Licence ID	Type	Area (km^2)	Issue Date	Expiry Date	Annual Fees (RUB)
Endybal Area (Mangazeisky)	YaKU 12692 BP	Geological Allotment	570.00	28 September 2004	31 December 2023	150,242
Vertikalny Deposit	YaKU 03626 BE	Licence to Use Subsoil	13.55	31 August 2013	1 September 2033	110,771

Royalties Agreements and Encumbrances

On October 21, 2004, the Company completed an acquisition of all of the outstanding shares of Prognoz. Pursuant to the transaction, the Company acquired 100% of the issued and outstanding common shares of Prognoz for RUB10,000,000 or $331,000 and assumed certain bank indebtedness and other liabilities of Prognoz. The parties to the transaction agreed that the value of the exploration licences held by Prognoz closely approximated the indebtedness assumed and accordingly, a value of RUB20,585,221 or $890,310 was attributed to the licences.

Environmental Liabilities and Permitting

Baseline studies to fulfil environmental requirements for exploration activities revealed that concentrations of minerals in some surface water and sediment samples did exceed local regulatory standards in some cases, which were attributed to natural weathering processes across the Project affecting regional watersheds and to exploration activities in local waterways near the Vertikalny deposit area. It is assumed that the legacy of such emissions have been addressed where possible during exploration work and incorporated into the Environmental OVOS.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Property is only accessible from Yakutsk by air, either by fixed wing aircraft or by helicopter. There is an airstrip on the Property at the confluence of the Endybal and Arkachan Rivers, approximately 10 km from the base camp. A flight by AN2 aircraft is typically two hours.

The Property may also be accessed via Batagai, located approximately 300 km northeast of the Property. There are regular scheduled flights to Batagai as well as aircraft available for charter.

There is also a winter road for transport of all freight and supplies to the Property.

The Project area is isolated and can be accessed by a winter road that is usable from mid-January until mid-April. Seven tonne all-terrain vehicles (ATVs) are used for transporting workers and materials to site. The main haul route runs north-south 370 km to the port of Batamai on the Lena River then on an all-weather road an additional 200 km down the Lena Valley to Yakutsk. The Lena River is navigable for barges up to 3,000 t to Batamai and Sangar from June to September though there is no road access to the Property from May to December.

Regional airports are located at Sangar and Batagai, located 230 km SW and 300km NE of the site respectively. During most of the year the Property is accessible primarily by helicopter or light fixed wing aircraft from Yakutsk, Batagai, or Sangar. Currently, AN-2 and AN-3 fixed wing aircraft are being used for small loads (800 to 900kg); MI-8 MTV and MI-26 helicopters are available for heavier loads (up to 1,800kg).

The Berkakit-Tommot-Yakutsk rail link is reportedly near completion. The rail head will be located on the east side of the River Lena; at present it is not known if a bridge is planned. This spur will link Yakutsk to the Trans-Siberian, Amur-Yakutia Railroad and the Northern Sea Route. Journey times will be significantly reduced.

The Property lies in a mountainous region with elevations ranging from 800 to 1,400masl. The main ridges have steep slopes (25 to 30° and rounded crests that are 200 to 500 above the valley floors). The vegetation surrounding the Property is composed of 'Taiga' - primarily aspen, birch and fir trees in the lower parts of the valleys.

The climate of northeast Russia is Continental subarctic to Tundra Climate zones (Dfd to ET; Köppen climate classification) and is characterized extreme cold dry winters and cool summer seasons. The nearest weather station to site is located at Verhojansk (National Oceanic and Atmospheric Administration (NOAA) Station ID RA24266; 67°33' North, 133°23' East, 137m). The annual precipitation averages 200 mm with the majority occurring as rain during the summer months. Average temperatures range from +25°C in July to -40°C in December and January. Snow cover is formed around the end of September until mid-May. The area is subject to permafrost to 400m depth with seasonal thaw during the summer of the top 0.5-15m depth.

Figure 2

The vegetation surrounding the Mangazeisky Project is composed of primarily aspen, birch and fir trees in the river bottoms with generally only grass and wildflowers at higher elevations. There are also widespread lichens and moss.

History

The Deposit was initially discovered by Russian Cossacks in 1764. Soviet-era prospecting occurred during 1952 and 1953 and work focused on the Mikhailovsky and Kuzminsky zones, which are located 7.5 km and 10 km to the north of Vertikalny, respectively. This work included geological mapping (1:50,000), trenching, sampling, and the establishment of two short adits (32 m) beneath the trenches. Work also included a topographic survey (1:2,000, 3km^2) and an induced polarisation (IP) survey (1:5,000, 1.7 km^2). By 1960, the exploration work completed in the licence area had identified more than 160 anomalies within a north-south trend up to 20km in length. This trend is 2km wide in the north (Nuektame River) and up to 4.5 to 5.0 km wide in the south (Endybal River).

In 1989, systematic prospecting and exploration resumed. From 1991 to 2003 JSC Yangeologia completed 151,452 m^3 of trenching, 10.2-line kms of magnetic surveys, detailed geological mapping, soil geochemical surveys, and 10 diamond drillholes totalling 1,303m. This exploration work covered more than 15 principal vein systems. From 1989 exploration was primarily located within the Vasilievsky, Sterznhevoy, and Nizhne-Endybalsky mineralised zones, outlining over 30 mineralised structures containing potentially economic grades.

After the Russian Financial Crisis of 1998, the early 2000s experienced a rapid rise in foreign investment and the development of silver deposits in Far East Russia at Goltsovoye, Dukat with Pan American Silver, and acquisition of Prognoz by Silver Bear in 2004. Metallurgical testwork was conducted on two samples and reported by Western Services (2004).

An historical Russian inventory of reserves and resources was compiled in 2000 and reviewed by JSC Yangeologia. NI 43-101 compliant estimates were produced for the Vertikalny structure (Wardrop 2009a) that was later revised in December 2009 (Wardrop 2009b). The Mineral Resource was further updated in the September 2011 PEA (Wardrop 2011), February 2015 and in August 2017 (Tetra Tech 2015a).

In September 2013 SBR was granted a 20-year Mining Licence for the Vertikalny deposit. Construction on Vertikalny commenced in early 2016 and first silver production was achieved on commissioning in April 2018. As of December 31 2020 a total of 4,081,378 ounces of silver has been produced with sales of 3,920,354 ounces of silver totalling production and pre-commercial production revenue of $70.6 million.

Geological Setting

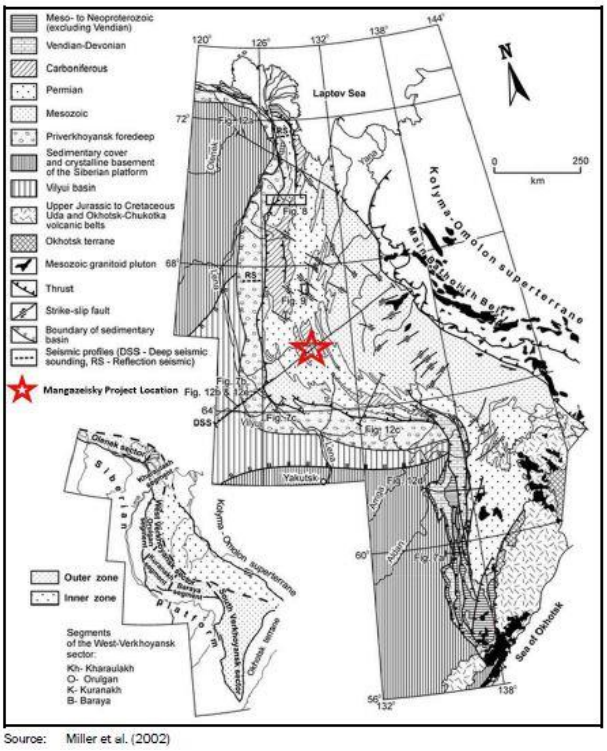
The Mangazeisky Exploration Licence area is located within the Verkhoyansk mobile belt of northeastern Yakutia. The fold-and-thrust belt forms part of a major orogenic system separating the Siberian North Asian Craton to the west from the immense expanse of accreted terrains, which form most of the Russian Far East.

The belt extends for 2,000 km from the Laptev Sea to the Sea of Okhotsk (Figure 3). The belt is made up of a rock package that is greater than seven km in thickness and is comprised of Late Precambrian to Triassic rocks deposited along the paleo-Pacific margin of the Siberian Craton. This margin developed because of rifting events which occurred in the Late Precambrian and again during the Late Devonian to Early Mississippian periods. Deformation events during the Late Jurassic to Early Cretaceous periods were accompanied by low-grade metamorphism in the internal parts of the belt and the emplacement of high-level granitic bodies. During the Tertiary period, strike-slip faulting occurred within the fold-and-thrust belt. The central part of the belt is dominated by a thick monotonous succession of Carboniferous and Permian turbidites which are metamorphosed to lower greenschist grade. Granodiorite and granite plutons intrude the core of the range and are associated with extensive precious metal-bearing quartz vein systems.

At a district scale lithology and structure are dominated by three events influenced by shearing and overthrusting on the Nuektaminsky-Granichny Fault Zones:

1. Proto-mineralised layers of sandstone containing sulphide mineralisation;
2. Structural deformation
3. Intrusion of the Endybal Diatreme.

Figure 3: Regional Geology of the Property



Source: Miller et al. (2002)

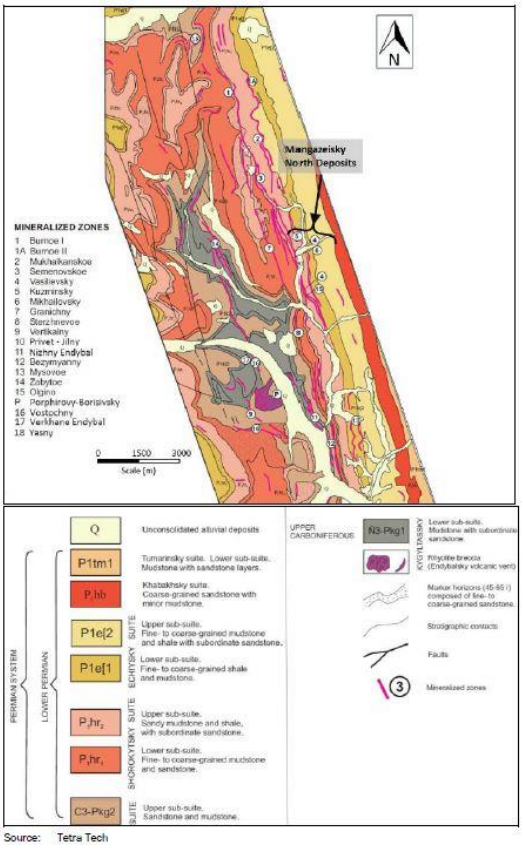
Mineralisation

The Property contains several explored areas that host more than 100 occurrences of mineralisation concentrated within a 35km long corridor (Figure 4) below.

Silver mineralization is epigenetic forming in a high-level low-sulphidation environment with meteoric dominated waters fuelled by an underlying porphyry intrusion. The mineralisation on the Property can be broadly classified into four different styles of occurrence:

- Strata-bound silver-bearing, quartz-carbonate-sulphide structures within sandstone with average grades greater than 900g/t silver and lead and zinc by-products. Examples of this are the Vasilievsky—Anglesite-Cerussite and Olgina—Mikhailovsky veins within the Mangazeisky North zone.
- Thick linear-type stockwork areas with carbonate-silver sulphosalt mineralisation. Examples of this occur in the Strezhevoy and Nizhny Endybal Zones.
- Narrow late-stage, steep dipping veins such as Vertikalny that cross-cut stratigraphy and feature grades in excess of 1,000g/t silver over widths ranging from several centimetres to several metres. Vertikalny and possibly Zabytoe and Kis-Kuel are examples of this style of mineralisation.
- A marginal porphyry area associated with quartz, quartz-carbonate and quartz-sulphide veins and veinlets, hosted by extrusive rhyolite porphyry. Porfirovy is an example of this.

Figure 4: Mineralised Zones on the Property



Source: Tetra Tech

Vertikalny Deposit

Of the many prospects defined at the Mangazeisky project, the Vertikalny deposit is the most advanced. The Vertikalny vein has been traced on surface for 5.1 km. The under-explored southeast portion, identified in 1990 by Yangeologia, possibly extends to the Endybal River valley. To the northeast, along the areas where oxide material is identified, the vein swells from three to 15 metres. Further northeast, the zone splits into two. The eastern branch, which is obscured by a siltstone bed, was traced by individual grab samples in erosional windows.

The mineralisation occurs as sandstone breccias with quartz or siderite cement, abundant hydrous ferric oxides that results from the oxidation of sphalerite and galena. In the Northwest Zone, potential mineralisation was traced in float and frost heaves up to the head of Krainy Creek. Further along, the mineral zone enters the right side of the Sirelendge River, where it is tested by trenches and found to contain galena-siderite mineralisation. Along the entire length, mineralisation is expressed as breccias with siderite-sphalerite-galena and various quantities of silver sulphosalts. Mineralisation is usually associated with the presence of dykes of intermediate to basic composition.

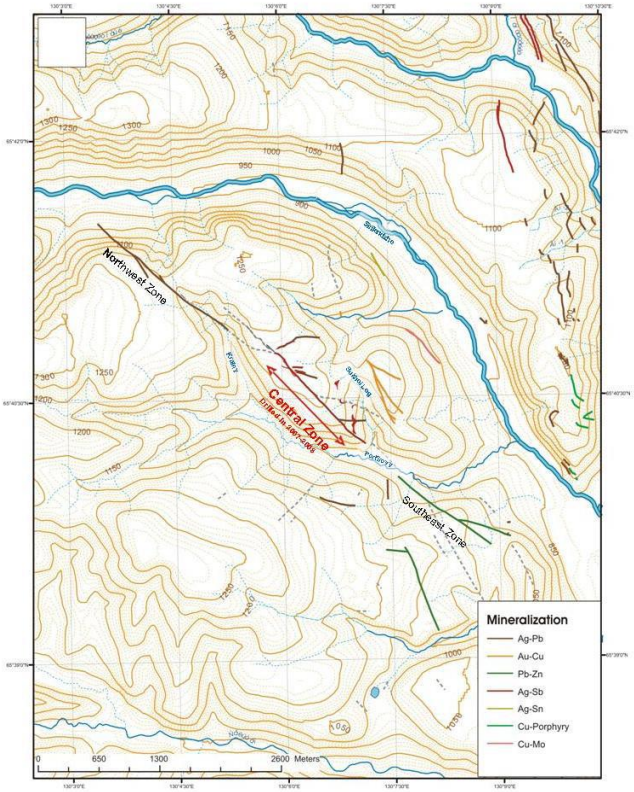
The Vertikalny Zone is not a single linear feature, but rather a combination of conjugated faults and breccias with various mineral compositions and quality. Structurally, the Vertikalny Zone is associated with the right-lateral strike-slip fault zone, which can be readily identified on IKONOS satellite images. Exploration of the structure has revealed sub-parallel branches with potentially prospective mineralisation similar to that found in the Central Zone. The intersections of the main structure and vein splays can result in the development of thicker intersections of mineralisation.

The mineral composition along the length of the Vertikalny structure is represented by galena and sphalerite, with subordinate values of other sulphides. However, early geochemical association analysis has shown three mineralisation types, which characterise the zones: The Northwest Zone (silver-lead-zinc), the Central Zone (silver-lead-zinc-tin) and the Southeast Zone (lead-zinc).

Typical Vertikalny Central mineralization is demonstrated in core as shown in Figure 5 and represented by silver and silver-rich galena in a quartz carbonate-rich shear zone (below GPS in photo). The total drilled strike length of the Vertikalny structure is some 2,400-metres. Drilling has tested portions of the structure to a maximum depth of 500-metres from surface.

Figure 5: Beginning of mineralised intersection from hole V13-020

Figure 6: The three zones that make up the Vertikalny structure



Zones of Mineralization along the Vertikalny Structure

Figure 7: Surface expresion of the Vertiklayn Vein

Mangazeisky North Deposit

The second most advanced project is the Mangazeisky North deposit. The Mangazeisky North deposits comprise of a series of sub-parallel shallowly dipping stratiform epithermal veins, hosted within a package of sediments belonging to the Echinyskaya, Khorokiskaya and Kigiltasskaya suites. The host rocks comprise a series of interbedded siltstones, sandstones and argillites. The mineralization of Mangazeisky North is mainly associated with banded brecciated textures. The following minerals are present: Native silver, acanthite, stephanite, polybasite, canfieldite, pyrargyrite, miargyrite, diaphorite, tetrahedrite, owyheeite, freieslebenite, boulangerite, arsenopyrite, sphalerite, pyrite, galena and chalcopyrite.

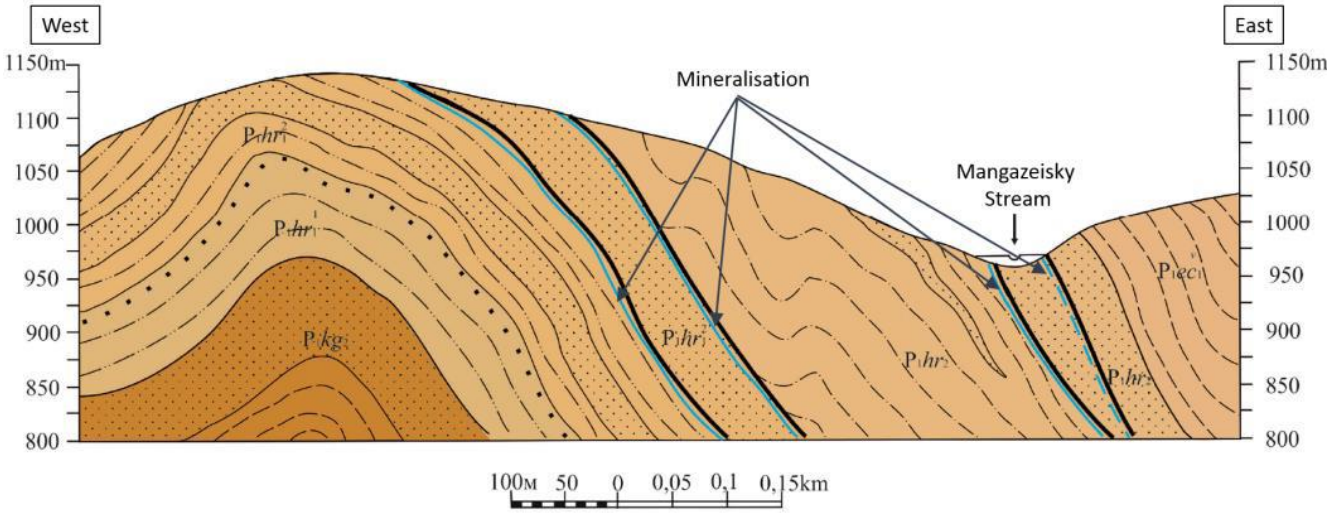
The veins are strata-bound, occurring on contacts between strata, particularly around sandstone units, and tend to be dilated towards the hinge of the local fold structure. It is noted that the strongest silver mineralisation occurs within the central core of the veins, this also correlates with the zones of strongest oxidation.

Brecciated sandstones have a thickness up to 0.5 metres with the contacts of the brecciated zones being sharp and defined by early shearing. The shear commonly exhibits slickensides with horizontal striations. Brecciation was also accompanied by

silicification of the finely laminated fine-grained sandstones. The cement is represented by medium-grained quartz and fine-grained light grey siderite. The interpretation of tectonic stress fields for the southern flank of the Vasilievsky Zone (Kostin et al. 1997) indicates that mineralised shoots formed in areas where both vertical and horizontal displacement occurred.

The area is dominated by a north-north west/ south-south east striking anticlinal fold, Figure 6. Bedding planes and mineralisation dips at between 20 and 40° towards

Figure 8: West to East Cross Section through Mangazeisky North



Exploration and Drilling History

Table 4 below outlines the major exploration drilling and trenching activities on an annual basis since Silver Bear acquired the Mangazeisky Project in 2004.

Year	Drilling (metres)			Trenching (cubic metres)		
	License Requirements	Annual Completed	Cumulative Completed	Licence Requirements	Annual Completed	Cumulative Completed
2004	-	-	-	-	-	-
2005	2,000	3,370	3,370	10,000	9,642	9,642
2006	1,500	732	4,102	4,000	4,843	14,485
2007	1,500	3,094	7,196	6,000	6,048	20,533
2008	-	12,945	17,047	10,000	22,633	37,118
2009	3,000	12,373	32,514	10,000	15,067	58,233
2010	3,000	-	32,514	5,000	-	58,233
2011	3,000	9,100	41,614	5,000	5,000	63,233
2012	3000	3045	44,659	5,000	7,071	70,304
2013	3000	3040	47,699	5,000	11,387	81,691
2014	3,000	6,796	54,495	5,000	11,149	92,840
2015	3,000	6,656	61,151	5,000	13,000	105,840
2016	3,000	2,973	64,124	5,000	8,308	114,148
2017	3,000	387	64,511	5,000	8,597	122,745
2018	Nil	1,451	65,962	Nil	Nil	122,745
2019 [1]	Nil	Nil	65,962	Nil	685	123,430
2020	Nil	4,000	69,962	Nil	Nil	123,430

Note 1. No exploration drilling was completed in 2019 other than for mining purposes and not included in the table.

Silver Bear's early exploration in 2005 focused on the narrow, stratabound silver mineralization of the Vasilievsky and Mikhailovsky targets, exposed in outcrops along the river valleys. Drilling results were disappointing and exploration shifted to the evaluation of the thicker, linear stockworks at Sterzhnevoe and Nizhne-Endybalsky. Again, drilling results failed to confirm the grades collected from surface outcrop sampling.

In 2006, the decision was made to evaluate the narrow, steep, dipping veins that cross-cut stratigraphy. The most immediate target was the Vertikalny vein which had been intersected by six surface trenches, all of which yielded encouraging results.

In 2007, Silver Bear completed approximately 3,100 metres of diamond drilling at Vertikalny deposit. Several very high-grade drill results were returned with the maximum being 8,915 grams per tonne silver over a 6.0 metre interval. Native wire silver was observed in trenches and drill holes. During that year, Silver Bear completed 6,000 cubic metres of trenching at Vertikalny. Several very high-grade drill results were returned with the maximum being 8,915 grams per tonne silver over a 6.0 metre interval. Native wire silver was observed in trenches and drill holes.

In 2008, the Company completed extensive trenching program totalling 22,633 cubic metres of trenching primarily excavated at the Vertikalny deposit and Zabyty prospect. Work at Zabyty-2 (the area between Vertikalny and Zabyty) consisted of lithogeochemical sampling, mapping and prospecting and trenching. At Zabyty-2, five trenches, for 3,044 cubic metres were excavated over favourable lithogeochemical anomalies. The best results include 292.0 grams per tonne silver over 1.0 metres (K-6804) and spot sample results of 2,773 grams per tonne silver over 0.2 metres (K-6804) and 2,202 grams per tonne silver over 0.2 metres (K-6814).

Also in 2008, the Company completed 11,663 metres of drilling conducted in the Central Zone of the Vertikalny structure were sufficient to determine an NI 43-101 compliant Inferred Mineral Resource, which was released on March 6, 2009. Seven holes drilled on the Semenovsky and Vasilievsky veins in the Mangazeisky Porject area failed to intersect mineralization.

In 2009, eight discrete trenches and several road cuts and drill pads were mapped and sampled; with the total volume excavated being 15,067 cubic metres. Work in the Kis-Kuel area consisted of mapping and prospecting, lithogeochemical sampling, ground geophysics and trenching. 50 grab samples and 2,897 lithogeochemical samples were collected from the Kis-Kuel area. The mineralization styles are dissimilar to those seen elsewhere on the Mangazeisky License because they are hosted within the intrusive body rather than along the margins. The stock is often covered with sedimentary units; therefore, there is potential for hidden, undiscovered copper-molybdenum and copper-gold porphyry systems. Arsenopyrite-quartz veinlets suggest the presence of gold.

During 2009, the Company completed 74 diamond drill holes, for a total of 12,373 metres, were drilled over the Central and Northwest Zones of the Vertikalny structure. The objective of the drilling was to increase the mineral resource by drilling down-dip and along strike, extending into the Northwest Zone that appeared to have similar characteristics as the Central Zone. This drilling was to confirm Central Zone trench sampling results, which indicated wide zones of mineralization that were not supported by that observed in drill core and to infill a portion of the Central Zone with drilling at 50 by 50 metres spacing in order to calculate a Russian C_1 reserve estimate and to reproduce select highest grade intersections with larger diameter core, in response to a Russian request. No other Mangazeisky targets were drilled. Eight discrete trenches and several road cuts and drill pads were mapped and sampled; with the total volume excavated being 15,067 cubic metres.

No exploration work was carried out during 2010. As of December 31, 2010, the Vertikalny vein has been intersected by 54 surface trenches and 167 drill holes in the Central and Northwest Zones. The total drilled strike length is approximately 2,400 metres. Drilling has tested the vein to a maximum depth of 500 metres from surface.

During 2011 and 2012, the Company completed a total of 12,071 cubic metres of trenching was completed, of that six trenches were excavated at the Nizhny Endybal deposit. The trenches were excavated within the central part of the deposit, totalling 1,600 cubic metres. Notable intersections in the 2012 trenching include trench K-6049, with a 24 m intersection from 19 to 43 m carrying a silver grade of 162 g/t, including 1 m at 807 g/t and 1 m at 1,420 g/t. In trench K-6051, a 4.1 m intersection between 47.5 and 51.6 m was noted with a silver grade of 82.3 g/t, including 0.2 m with a grade of 175 g/t. Trench K-6053 has a 2 m intersection from 16 to 18 m, which has a silver grade of 486 g/t, including 1 m with 683 g/t. Also, in trench K-6053, a 4 m intersection has been observed between 37 and 41 m, with a silver grade of 136 g/t, including 1 m with a grade of 225 g/t.

Also, during 2011 and into 2012, Silver Bear re-commenced drilling adding a further nine intersections of the Vertikalny mineralised structures, and also completed 21 holes at the Nizhny Endybal deposit. At Vertikalny, the 2011 and 2012 drilling campaigns were intended to provide infill drilling in the Northwest Zone and down dip extension to the Central Zone. In addition, the drilling provided the first intersection within the Vertikalny Southeast Zone.

The 2011 and 2012 drilling program at Nizhny Endybal designed with the intention of increasing the strike length of the defined resource by exploring the area to the south of the previous drilling campaign, successfully extended the zone a further 305 metres to the south. At the end of the 2012 campaign sufficient drilling and mineralization were modelled to support an estimated NI 3-101 inferred mineral resource at Nizhny Endybal, as detailed in section *Mineral Resources* below.

In 2013, Silver Bear shifted some of its exploration focus to the Mangazeisky North and South deposits completing over 22,536 cubic meters of trenching, a total of 52 trenches were excavated at regular intervals normal to the mineralised structure at Mangazeisky North and South. The figure below illustrates the location of the 2013 trenches in relation to the Mineralised veins at Mangazeisky North.

Also, during the 2013 field season, the Company added a further 59 drill hole intersections at the Vertikalny mineralised structures. The 2013 infill-drilling program was designed with the intention of increasing knowledge of short-range variability of the mineralisation to build confidence in the grade continuity. The drilling was focused close to surface, within the Vertikalny central zone. The majority of the 2013 drilling is dipping at between 60 and 66°, with all of the drill holes orientated towards the southwest (generally with a strike of 224 of 220°). As a consequence of the drilling angle and the steeply dipping mineralisation, the true thickness of the mineralisation is between 40 and 50% of the drilled intersection lengths. In order to provide representative mineralised samples of sufficient quantity for metallurgical testing, drill holes V13-35MET to V13-45MET were advanced at 80 degrees.

In 2008, Silver Bear collected two bulk samples from the Vertikalny vein. The samples were collected from the mineralization intersected by surface trenching. The samples were submitted to the Central Research Institute of Geological Prospecting for Base and Precious Metals ("TsNIGRI") for metallurgical analysis.

Sample 1 weighed 188.3 kilograms and contained 640 grams per tonne silver, 1.63% lead and 1.14% zinc. Sample 2 weighed 97.8 kilograms and contained 575 grams per tonne silver, 6.74% lead and 2.35% zinc.

A gravity flotation concentration method recovered 90.3% and 93.2% of the contained silver in samples 1 and 2, respectively. The results suggest that a minimum recovery of 92% silver is possible from ores originating from the Vertikalny vein.

In June 2014, the Company announced the results of its primary leach optimization tests on milled ore from its Vertikalny deposit in the Mangazeisky project. Testing was carried out from 400 kg of drill core extracted from the Vertikalny deposit. The head assay ranged from 1,020 g/t of silver to 1,150 g/t of silver with an average of 1,100 g/t of silver. Silver was recovered following gravity concentration of silver and cyanide leaching of silver in the gravity tailing. A silver recovery of 88.3% was achieved with a practical leach retention time of 72 hours. A silver recovery of 93.3% was achieved at a leach retention time of 144 hours, indicating potential for further optimization. Results of the testing can be found in the Table 1 below. Metallurgical leaching tests were conducted at SGS Metallurgical & Geochemical Laboratory in Chita, Russia.

Table 5. Metallurgical Test Results

Test	Ag Recovery %	Test Time (hours)	Cyanide Concentration (g/L)
Diagnostic Leach Test	89.6	Not Applicable	Not Applicable
Gravity Concentration & leach test	89.2	72	5
Gravity Concentration & leach test	88.3	72	2
Gravity Concentration & leach test	93.3	144	2
Gravity Concentration & leach test	81,8	96	1

Note: All samples were crushed to 0.075mm passing 80%

The Chita Lab is accredited under Certificate POCCRU.001.214U28, August 2, 2011. The tests have been reviewed and approved by Andy Carter C Eng., MIMMM of Tetra Tech and the work has been completed under the supervision of Mike Hallewell C Eng., FIMMM, FSAIMM, FMES, of SGS Labs, both individuals are independent of Silver Bear and are qualified persons under NI 43-101 standards.

The 2014 drilling program totalled 96 holes (6,795.5 metres). At the Vertikalny deposit 36 holes, totalling 3,583.0 metres of infill drilling was completed and at the Mangazeisky North and South deposit 60 holes, totalling 3,212.5 metres was drilled at with the intention of resource definition.

In the 2015 drilling program, the Company completed a total of 6,656 metres of diamond drilling and 13,000 cubic metres of trenching. Drilling was completed primarily on the Vertikalny Central deposit (9 drill holes, 1,996 metres) mainly for infill drilling purposes for the reserve calculation1,369 metres) were completed as exploratory drilling on north western section of the Vertikalny Central deposit. At Mangazeisky North deposit, infill drilling totaled (12 drill holes, 482 metres) and 24 drill holes, 1,808 metres were completed to test both the Sterzhnevoy and Porfirovy prospects including four drill holes, 1,001 metres were completed for underground water testing.

During 2014 and 2015, the Company completed approximately 11,000 and 13,000 cubic metres or trenching respectively on the Vertikalny Central, Mangazeisky North, Sterzhnevoy and Porfirovy deposits, results of which were incorporated into an updated mineral resource estimate on the deposits.

In the 2016 exploration field season the Company completed 66 drill holes for a total length of 2,973 metres. The drilling comprised of 1,887 m of diamond drilling on Mangazeisky North and 216 m of diamond drilling at Vertikalny. In addition to the exploration drilling, a further 370 m of drilling was completed for geothermal, geotechnical and hydrogeological investigations.

During 2016, the Company also completed at total of 500 metres of drilling for the geological research, prospecting and evaluation of the underground water and their extraction for drinking and process water for the Vertikalny Central Mine development.

Also in during the 2016 exploration program, the Company undertook a reinterpretation of the aerial geophysics at a Russian Institute, as a result two new targets were identified that will be explored during the 2017 field exploration field season by taking grab samples and using a new hand-held XRF analyser. Grab samples taken on historical trench on Zabyty prospect, just several km north of Vertikalny Central, returned good results, please refer to the Table 6 below.

Trench ID	Au (g/t)	Ag (g/t)	Sample ID
K-6803	<0.05	2,430	10837
K-6803	0.07	462	10838
K-6814	<0.05	263	10839
K-6812	<0.05	2,720	10840

The Company also completed a total of 8,308 cubic metres of trenching, which focused mainly on the Porfirovy exploration target.

In late 2017, the Company also commenced of 4,250 metre infill and metallurgical drilling program at the Vertikalny Central deposit. The program was designed to provide samples of fresh and mixed oxidation state material for additional metallurgical test work. In addition to being designed to collect metallurgical samples, the drill holes will be used to infill drill the mixed and sulphide zones of the Vertikalny Central deposit. The additional data will increase the knowledge of the short-range variability in the grade distribution within the vein, which may contribute to a revised Resource Classification for parts of the deposit. New mineralized structures have also been identified in pit and are currently being drilled and surface sampled to assess whether the new mineralization is economical for mining as ore. Results include 27 samples (23 metres total) that have assay grades >1,000 g/t Ag, which are evenly distributed along strike of the main structure in the current pit.

Also, in 2017 the Company announced the results of an infill channel sampling campaign at the Vertikalny deposit that confirmed high-grade mineralisation within the initial phases of the Vertikalny Central open pit production. The channel samples were taken from the pre-stripped Vertikalny open pit area and were cut perpendicular to the strike of the mineralised vein. Some of the significant results from the program include VS-41 – 1,266 g/t Ag over 9.2 metres, VS-40 – 2,772 g/t Ag over 2.6 metres, VS-30 – 1,836 g/t Ag over 11.1 metres and VS-29 – 1,459 g/t Ag over 5.5 metres (all widths reported are true widths).

In 2018, the Company completed field investigations and surface sampling to look at the potential for further positive development at Nizhny Endybal with additional drilling. Data obtained from this program have shown a rich variety of ores, with a high degree of hydrothermal alteration of rocks. Samples taken were tested in the Company's certified laboratory for Ag, Cu, Pb, Zn and at AO Yakutskgeologia's laboratory for Au. High grades of silver (up to 10,000 g/t) and gold (up to 3.1 g/t) have been identified. In addition, the Company completed fieldwork at Kis Kuel. Multiple samples at surface and near surface were collected and were analysed for gold and silver. Results for both gold and silver were promising at several of the target orebodies sampled, with an average grade of 27g/t Au at one of the orebodies. This data was considered as a guide for follow up exploration planned for 2020.

In 2018, the Company also completed a drilling plan for Mangazeisky North deposit. This included technological and metallurgical sampling and analysis of possible extensions of the mineralization along strike and down-dip. The results of this work are expected to produce a Resource update for Mangazeisky North. In addition, Russian regulatory studies are taking place to enable mining to start at Mangazeisky North in 2021 in line with the development program for the operations.

In August 2018, the Company announced additional positive infill drilling results for the Vertikalny deposit within the Mangazeisky Silver Project that is expected to result in a mineral resource update later in fourth quarter of 2018. Initial results for the first 210 metres of infill diamond drilling contains 23.5 m of significant silver intersects (>200 g/t Ag and greater than 0.5 m apparent thickness). These drill results form part of the previously announced ongoing infill drilling campaign at Vertikalny deposit. All intersections are of apparent thicknesses. Included intervals >1,000 g/t Ag are highlighted in table below.

BHID	From (m)	To (m)	Interval (m)	Length Weighted Average Ag (g/t)
C_01_2018	6.2	8.6	2.4	1506
Including	6.2	7.0	0.8	3054
Including	8.0	8.6	0.6	1895
C_03_2018	6.7	7.6	0.9	547
C_03_2018	20.2	24.9	4.7	2640
Including	22.0	24.9	2.9	4,101
C_04_2018	23.0	25.5	2.5	306
C_04_2018	32.5	33.1	0.6	252
C_04_2018	35.8	43.7	7.9	2412
Including	37.5	39.5	2.0	4617
Including	41.5	43.7	2.2	4008
C_05_2018	21.7	24.8	3.1	878
C_06_2018	18.9	19.5	0.6	423
C_06_2018	43.2	44.0	0.8	2049

During the first quarter of 2019, a drilling plan was completed for Mangazeisky North deposit, which included technological and metallurgical sampling and analysis of possible extensions of the mineralization along strike and down-dip. In addition, Russian regulatory studies are taking place to enable mining to start at Mangazeisky North in two years' time in line with the development program for the operations. In the second quarter of 2019, 500 meters of trenching was completed focused mainly on the KysKuel area located at the south-eastern part of the license area to investigate an anomaly identified during the 2018 exploration field season.

In addition, geophysical studies were performed at Kyys Kuel and Porfirovy properties. The geophysical surveys were conducted at a scale of 1: 2000 (spaced @ 20 × 5 m) to locate potential mineralisations, study their structural positions, identify ore-bearing structures, and perform detailed geological mapping.

A set of electrical exploration works was performed with the mid-gradient method using capacitive receiving lines: mid-gradient noncontact measurement, mid-gradient induced polarization electrical profiling in the frequency range with galvanic grounding, vertical electrical sensing and magnetic exploration.

As a result, potential mineralization zones have been identified and mapped at both Kyys Kuel and Porfirovy. The results of the surveys were used for planning the exploration program in 2020.

From 2018 to present, the Company has planned and implemented limited exploration, as it focuses its resources towards achieving full commercial production. On July 1, 2019, the Company achieved full commercial production.

Sample Preparation, Analysis and Security Methodology

Prior to 2004, exploration programs followed the sampling methods and approaches dictated by the Yangeologia Standards of Sampling and Russian State regulations for the type of mineralization encountered at the Mangazeisky property.

2004-2010

Drilling and trenching are conducted on parallel sections that are perpendicular to the strike of the main mineralized zones. The works are wide spaced initially, with spacing decreasing as exploration advances. All trenches, road cuts and other exposures are mapped in detail and sampled as required.

The trenches were dug across the strike of the mineralized zones to a depth of up to 4.0 metres in the mineralized areas and surrounding host rocks. The width of the trenches was 1.0 to 4.0 metres depending on the thickness of the overburden. The trenches were excavated at intervals of 40 to 100 metres in the Vertikalny area but vary in spacing across the license area. All trenches were sampled by chip / channel samples, the cross-section of which was 3.0 x 10.0 cm. The length of the samples varies from 0.1 to 6.0 metres and averages 1.0 metres. The entire trench exposure is sampled. Additional grab and chip samples are often collected from alternate locations with the trench. Sample weights vary from five to 10 kilograms.

Diamond drilling is carried out using Boart Longyear LF70 and LF90 rigs operated by Boart Longyear Russia. These rigs collar at HQ (63.5 millimetres) diameter and reduce to NQ (47.6 millimetres) when ground conditions dictate. Limited drilling is completed using Russian SKB5 rigs.

The rigs have an established water line and drilling mud with polymers used to maintain core recovery. Core recovery is recorded by measurement by Silver Bear geologists and averages 95%.

For the drilling programs, all core containing mineralized intersections are split in half by core saw or trowel as appropriate and then sampled. In under-explored areas, every third drill hole is sampled in its entirety. The weight of core samples ranges from approximately 2.0 kilograms to 4.0 kilograms.

During reconnaissance traverses, rock grab or chip samples were taken from the mineralized zones and the hydrothermally altered rocks. The weight of these samples varied from 4.0 kilograms to 10.0 kilograms.

The Vertikalny mineralized zone is dominated by a series of brecciation events and probable subsequent fault movement within the host rocks. As a result, the presentation of the mineralized zone varies from solid cylinders of core through to highly broken, soft, gouge type material. Observation of the mineralized zones indicates that even in the broken and soft areas core recovery is good and has generally improved with the introduction of drilling muds. Inevitably, poor recovery does occur, but this is in the minority of cases. Tetra Tech (then Wardrop, a Tetra Tech company) is of the opinion that there is no correlation between recovery and silver grade and that there is no correlation between sample length and grade; therefore, the samples have been taken as representative.

2011-2017

The current sampling methods and approaches, and those used for the 2011 through to 2017 exploration programs are summarised as follows:

- Where possible trenching and drilling is conducted on a grid of parallel lines oriented perpendicular to the strike of the main mineralised zones. All trenches, road cuttings and other exposures are mapped in detail and sampled as required.

- The trenches are excavated across the strike of the mineralised zones to a depth of up to 4.0 m in the mineralised areas and surrounding host rocks.

- All trenches are sampled by channel samples, the cross-section of which was 3.0 x 10.0 cm. The length of the samples varies from 0.1 to 6.0 m and averages 1.0 m. The entire trench exposure is sampled. Sample weights vary from 5 to 10 kg and average 7.5 kg.

Diamond drilling was mostly carried out using Boart Longyear rigs with some drilling completed with a Russian SKB 5 rig. The Boart Longyear rigs collar at HQ (63.5 mm) diameter and reduce to NQ (47.6 mm) around 40 m. The Russian drill rig collars with 112 mm diameter core reducing at about 6.0 m to 93 mm and then to 76 mm where required. The Russian rig drills dry. The Boart Longyear rigs have an established water line, and some drilling mud is used to maintain core recovery. Core recovery is measured and recorded by Silver Bear geologists.

For the drilling programs, all core containing mineralised intersections are split in half by core saw or trowel as appropriate and then sampled. The weight of the core samples range from approximately 2.0 to 4.0 kg.

During reconnaissance traverses rock grab or chip samples were taken from the mineralised zones and the hydrothermally altered rocks. The weight of these samples varied from 4.0 to 10.0 kg.

2018 to Present

A Quality Assurance/ Quality Control program is part of the drilling program on the Mangazeisky deposits. This program includes chain of custody protocols as well as systematic submittals of standards, duplicates and blank samples into the flow of samples produced by the drilling. Sample analyses was undertaken at the Vertikalny onsite mine laboratory utilising the atomic absorption method for silver analyses.

Sample Preparation

Silver Bear operates its own sample preparation laboratory, where samples are crushed and milled. On completion of the logging and sampling, paperwork outlining the regime for analysis is prepared from the geological log. Silver Bear operates its own sample preparation laboratory where samples are crushed and milled.

Samples are crushed and milled to greater than 85% passing 1 mm, before quartering to produce a 1 kg samples. Final milling is carried out at the assaying laboratory ALS Chemex in Chita, Russia, where the material is reduced to 85% P75 micron (µm), prior to analysis. All hydrological testing of the Mangazeisky Project water samples are tested at the Federal State-Funded Healthcare Institution "Sakha Republic Hygiene and Epidimiology Centre".

For trenching samples in 2013 to 2016, a similar process was followed however, the lab facility used was GUGGP Yakutsgeo located in the town of Aldan that is in the southern part of Yakutia Republic. The sample tray is vacuum cleaned post jaw crushing. The jaw crusher operator clears all sample material from the crusher and brushes off the crusher apron and top of the jaws. After the ball crushing the sample tray is thoroughly brushed out. No vacuuming of this tray was observed, but this is recommended. Blank material is run through the crushers after every 10 samples, or after every sample if designated for fire assay. No compressed air is available to blow out dust from the crushers and it is recommended that this be introduced.

The crushed sample is systematically mixed on a metal surfaced table using flat blades and then manually quartered using a steel quadrant device. The operator then takes an approximately equal scoop from each quarter to fill the required sample bags. The sample bags are quickly weighed by the operator to ensure that sufficient sample is taken. The remaining (reject) sample is retained if the sample is designated for fire assay. Other reject material is currently not retained, but it is recommended that all reject material is kept in the future. The table is thoroughly brushed off between samples.

The samples are sealed and accurately weighed, and the weight recorded on the sampling list. Samples for analysis are boxed and sealed, usually by hole, for despatch to the laboratory concerned.

Boxed samples are checked against the sample list and a despatch note. The exact sequence of sample numbers is listed as to the order in which the samples are to be processed at the laboratory. This includes how the samples are to be processed even if the numbers are not sequential. A copy of the instructions is sent to the laboratory.

Prior to 2011, analysis was carried out at Russian certified Chemical Laboratory of the State Enterprise Aldangeologiya ("Aldan Lab) located in Yakutia, Russia.

From 2011 to 2018 campaign, the ALS Chemex laboratory in Chita was used for all of the testing. The laboratory has International Organisation for Standardisation (ISO)/IEC 17025 accreditation.

Both Laboratories were wholly independent from Silver Bear.

For the 2011 to 2018 campaign, analyses were by a four-acid sample digestion of 0.25 grams (g) followed by inductively Coupled Plasma (ICP) finish and reporting of 33 elements (Lab code ME-ICP62). Where values of silver, lead or zinc exceeded the respective upper detection limits, a further four acid digestion analyses were undertaken of 0.4 g followed by ICP finish (Lab code ME-OG62).

Where values of silver exceeded the upper detection limit for ME-OG62 (1,500 g/t), a 50 g sample was taken for fire assay analyses with a gravimetric finish (Lab Code Ag-GRA22).

A selection of the samples was identified by the Prognoz geologists for gold assaying. This was undertaken via fire assaying with an atomic absorption (AA) finish using a 50 g sample (Lab Code Au-AA24).

Retained samples (duplicates and rejects) are boxed by hole number and stored in a locked container at the Endybal site. Analytical results are received electronically and updated in the drill hole database.

Assay certificates are submitted in electronic and hard copy form to the Project Geologists.

Final WAI Report – Sample Preparation, Analysis and Security

Prior to 2007 the sample preparation, analyses and security was conducted according to Russian State 'Gostandarts'. Since 2005, sampling has been carried out under Silver Bear's Standard Operational Procedures using a combination of diamond core drillholes and surface trench channel samples as detailed above.

Methodology

Diamond drilling was used to obtain predominantly 1.0 m samples (minimum length 0.25m to a maximum of 3.00 m) that were subsequently cut in half along its long axis, with half core used for primary analysis and the other half retained for reference purposes, to produce half core for sample preparation (crushing/pulverising) and a final sub-sample for laboratory analysis. Trenching was used to obtain predominately 1.0m samples (minimum length 0.10 m to a maximum of 2.00 m) cut by portable diamond saw and collected using hammer and chisel. The entire sample was taken for sample preparation (crushing/pulverising) to produce a final sub-sample for laboratory analysis.

Grade control (carried out from October 2018 to July 2019) sampling methods were not assessed as part of the WAI study.

WAI understands sampling of dump stockpiles (six stockpiles in total) were taken at random mechanically from each 30t bucket at a temporary weighbridge facility where weight and moisture content were also measured. Four grab samples were taken of

approximately 8kg each, representing 1 per mil of the load. Each sample was prepared and assayed according to RF protocol GOST 14180-80 "Ores and concentrates of non-ferrous metals. Methods of sampling and preparation of samples for chemical analysis and determination of moisture".

Security

Samples were transported to site sample preparation facilities. After preparation in the field, samples were packed into sealed bags and dispatched to the freight forwarders directly by the Company for dispatch direct to the laboratory. The laboratory is obliged to report on discrepancies in the state of the sample when checked in on arrival as part of its LIMS protocol.

The sample preparation facility, state of security and the laboratory has not been inspected by WAI at the time of writing this report.

Sample Preparation

Sample preparation for Vertikalny was carried out on site. The sample preparation flowsheet comprised:

- Two stage crushing to 85% passing 1mm;
- Split to 1kg sample;
- Submit for futher analysis.

Prior 2011 final milling and pulverising to 85% passing 75µm was carried out in Chemical Laboratory of State Enterprise Aldangeologia in Aldan (Russia) and later in ALS Chemex in Chita, Russia.

WAI is satisfied that sub-sampling quality control has been maintained through use of company SOP's being adopted to ensure consistency by following a standard set of practices throughout the process.

Quality Control Procedures

Quality assurance and quality control (QA/QC) are the key components to verify the validity of sample collection, security, preparation, and analytical methods. The aim of the QA/QC programme is to quantify and monitor any errors and to provide information that might be used to improve sampling and analytical procedures in order to minimise any errors. A comprehensive QA/QC programme should monitor the accuracy, precision and contamination of each step through exploration from the sampling through the final assay value produced by the laboratory.

QA/QC programmes over the various exploration periods at Vertikalnoye have incorporated the inclusion of duplicate samples, certified reference materials, and blank samples inserted at differing ratios into the sample stream. The results of WAI analysis are summarised below.

WAI Procedures

For duplicate sample sets, the precision can be discussed in terms of the following statistical measures applied by WAI.

- Summary Statistics showing the mean, mode, standard error, range and standard deviation can be indictors if the data sets are in agreement.
- Rank HARD Plot, which is the ranked half absolute relative difference, ranks all assay pairs in terms of precision levels measured as half of the absolute relative difference from the mean of the assay pairs (HARD), used to visualise relative precision levels and to determine the percentage of the assay pairs population occurring at a certain precision level (10%). Duplicates on Vertikalnoye include second core halves and/or repeatedly taken channel samples (so called field duplicates). In this case precision for 70% of samples should be within 10%. It should be noted that as the HARD statistic uses and absolute difference, a ranked HARD plot does not revel bias in duplicate data, only the relative magnitude of differences (i.e. precision). The HARD values are sorted from lowest to highest and ranked accordingly, with the rank expressed as a percentage. The ranked HARD plot is then generated by plotting the percent rank on the X-axis against the HARD value on the Y-axis. A rank HARD plot is constructed that enables quick identification of the percentage of the sample pairs with a HARD value less than 10%.

- Correlation Plot is a simple plot of the value of the duplicate samples, assay 1 against assay 2. This plot allows an overall visualisation of precision and bias over selected grade ranges. Correlation coefficients are also good indicators to quantify the agreement between data sets. A correlation greater than 0.9 is generally described as strong, whereas a correlation less than 0.6 is generally described as weak.
- Thompson and Howarth Plot showing the mean relative percentage error of grouped assay pairs across the entire grade range, used to visualise precision levels by comparing against given control lines.

For certified reference materials (CRM), control charts such as Shewhart X (average) and R (range) charts are constructed for each element standard. The control charts plot process variability, with metal content on the Y-axis and sample number on the X-axis. The plotting of data on charts of this type allows for the easy recognition of samples that fall outside of the action limits applicable for each standard used. Warning and control limits are established at mean ±2 and ±3 standard deviation limits respectively. Any analysis beyond the ±3 standard deviation limit is considered as a failure.

QC Analysis – Vertikalny

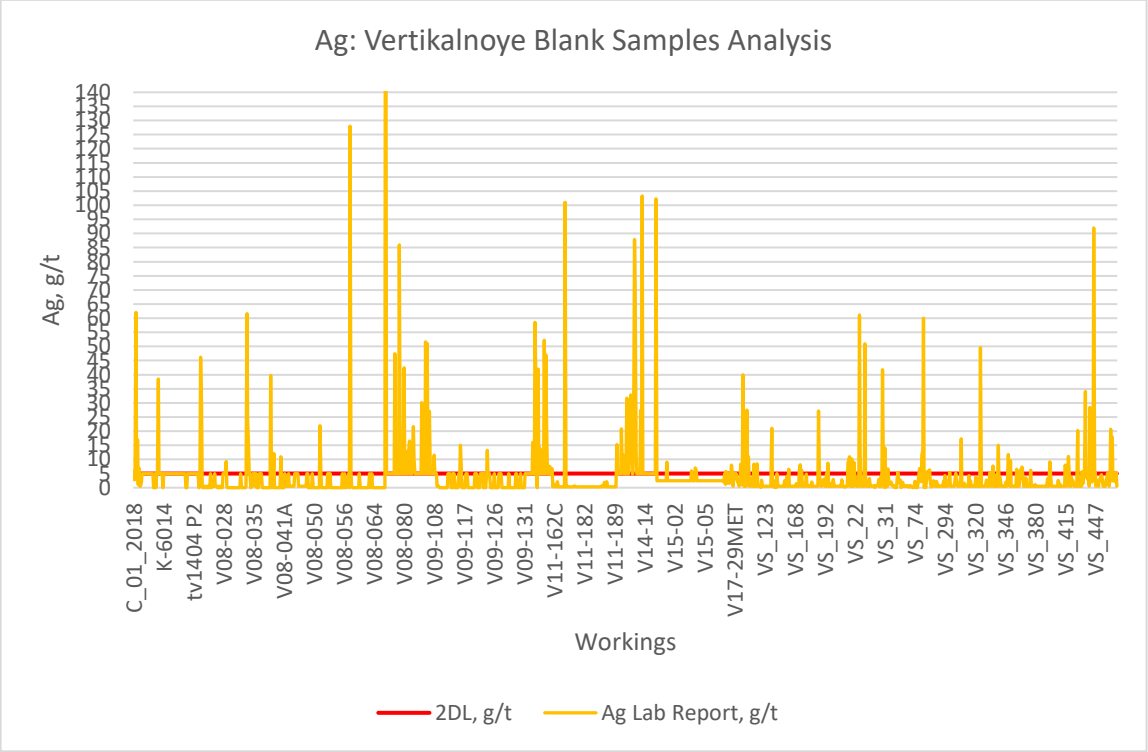
Exploration 2009-2019

During exploration activities in 2009-2019 (including samples from grade control trenches) blank samples and certified reference materials (CRM) were employed for QA/QC purposes, field duplicates of samples were used for internal control. Project geologists are in charge of control samples insertion into the samples stream. Field duplicates and blank samples were inserted before crushing, and CRMs were inserted after samples are ground, labelled and registered in a log.

Blanks

Barren material of host rocks was used as blank samples. It was reported that blank samples were inserted at 1:20 rate, CRMs – at 1:20 rate, and duplicates were also inserted at 1:20 rate. At the time of this report a total of 25,470 samples have been analysed and provided for review and the quality control samples provided consist of analysis for 985 internal reference materials (3.1%), 942 field duplicate samples (3.7%) and 1,152 blank samples (4.5%).

The results of the blank analysis for Ag are shown in Figure 8 below with 123 samples showing marginal fails of >5.0g/t Ag with a maximum value of 290.5g/t.



Out of 123 blank samples with overestimated grade, 17 samples had grade greater than critical 50g/t – COG for mineralisation delineation. Out of these 17 samples with grade >50g/t, 14 samples were from the intervals involved in Mineral Resource Estimate.

In the majority of cases, blank samples with grade >50g/t Ag are preceded by stream samples with high (and/or very high) grades – see Table 8.

Table 8: An Example of Blank Sample in the Interval of High Grade Stream Samples, Ag

Site	BH	From	To	Sample	Type of Sample	Ag Grade, g/t
Vertikalny	V08-066	111	111.9	21487	Core	145.5
Vertikalny	V08-066	111.9	113	21488	Core	1645.0
Vertikalny	V08-066	113	113.9	21489	Core	1439.5
Vertikalny	V08-066			21490	Blank	290.5
Vertikalny	V08-066	113.9	115.2	21491	Core	108.0

Blank samples data are summarised in Table 9. Contamination of blanks by previous sample material with high Ag grade occurs for 11% of mineralised intersections.

Table 9: Blank Samples Summary for Vertikalnoye

Indicator	Number of Samples	% of Total Number	% of Blanks in Mineralised Intersections	% of Blanks in Mineralised Intersections with Blanks
Total number of samples	25,470	100%		
Total number of blanks	1,152	5%		
Total number of samples in mineralised intersections	2,056	8%		
Total number of mineralised intersections (Ag>50g/t)	486			
Mineralised intersections with blanks:	131	0.51%	27%	
including:				
Blanks with Ag grade >5 g/t	57	0.22%	12%	44%
Blanks with Ag grade <5 g/t	74	0.29%	15%	56%
Blanks with Ag grade >50 g/t	14	0.05%	3%	11%

More than 10% of blanks in mineralised intersection showed a significant (>50g/t) Ag grade and this may pose a serious risk to the MRE.

For full details on the QC Analysis / Vertikalny / Blanks please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

Certified Reference Materials

Eighteen certified reference materials (CRMs) sourced from ORE Research & Exploration Pty Ltd, GEOSTATS Pty Ltd (Australia), STC Minstandard of St Petersburg, and Irgiredmet OJSC of Irkutsk (Table 10).

Table 10: List of Certified Reference Materials

№	CRM	Manufacturer
1	OREAS 600	ORE Research & Exploration Pty Ltd, Australia
2	OREAS 605	
3	GBM 906-6	GEOSTATS Pty Ltd, Australia
4	GBM 913-13	
5	GBM 998-9	
6	GBM303-1	
7	GBM310-16	
8	GBM906-7	
9	GBM909-11	
10	GBM913-13	
11	GBM997-4	

12	СОП 01-2016 (SOP 01-2016)	Irgiredmet OJSC
13	СОП 02-2016 (SOP 02-2016)	
14	СОП 03-2016 (SOP 03-2016)	
15	MST SG 130i	STC Minstandard LLC, Russia
16	MST GS 161f	
17	MST SG 186	
18	MST SG 151h	

The recommended values and number of assays for each CRM are listed in **Error! Reference source not found.**. Laboratory certificates have been provided for all but one of the CRMs. CRM limits are provided as permitted allowed absolute error (based on >95% of samples being within that target) rather than the more usual standard deviation limits.

In general, a good precision of the results of laboratory assays for Ag and certified valued was noted. The highest deviations are typical for CRMs with low Ag grades (<5g/t) that are close to the assays' detection limits.

The majority of assay results beyond allowed error limits with meaningful zinc contents were shown for GBM 310-16 and GBM 909-11 CRMs generally returning lower Zn grades in comparison with CRMs.

Despite of this, WAI considers risk for MRE as insignificant.

For full details on the QC Analysis / Vertikalny / CMR please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

Field Duplicates

Data for 953 field duplicates representing second halves of core and/or additional/parallel channel samples from trenches were provided for the review. Initial grade for majority of samples (666) was less than 5g/t Ag.

The data show that HARD value for 70% of duplicates is less than 10% that is satisfactory for precision of initial samples and their field duplicates.

For full details on the QC Analysis / Vertikalny / Field Duplicates please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

Summary of QA/QC – Vertikalny Risks

The WAI review of quality control data has identified a number of risks within the sample data. These risks are summarised in Table. It should be noted that Table 11 does not provide a quantitative risk assessment but gives an indication as to where WAI considers the risk lie within the sampling data.

A six-score classification has been employed where:

- 1 - 2 ('low' risk): Little or no perceived risk, or low uncertainty;
- 3 - 4 ('moderate' risk): Risk present which could lead to small material error in the resource model;
- 5 - 6 ('high' risk): This feature could lead to material error in the resource model (high uncertainty).

Table11: Risk Matrix Vertikalnoye QA/QC Review

Sample Type	Risk	Comment
Blanks	5	Blanks assaying results for Ag show their possible contamination. Ag grade for more than 10% of blanks from ore sections was higher than 50g/t – cut-off grade for mineralisation delineation. In general, samples with higher silver grades are preceded by samples with high (more than 100g/t to first/several thousand g/t) grade of this metal. Zinc and lead blanks assaying results are satisfactory.

CRMs	2	CRM assaying results for Ag are satisfactory, there are some insignificant deviations for Zn and Pb assaying results.
Field Duplicates	2	Precision based on HARD data is at an acceptable level, more than 70% of samples are below error limit of 10%.

Total risk related to the quality of sampling, sample preparation and assaying is considered to be 'moderate' - risk present which could lead to small material error in the resource model. However, WAI would recommend that the QA/QC procedures to be improved by sampling and sample preparation of field duplicates as there is a risk of sample contamination.

QC Analysis – Mangazeisky North

Exploration 2009 – 2016

During exploration activities in 2009-2016 on Northern Mangazeisky blank samples and certified reference materials (CRM) were employed for QA/QC purposes, field duplicates of samples were used for internal control. Project geologists oversee control samples insertion into the samples stream. Field duplicates and blank samples were inserted before crushing, and CRMs were inserted after samples are ground, labelled and registered in a log.

At the time of this report a total of 3,446 samples (Table 12) have been analysed and provided for review and the quality control samples provided consist of analysis for 171 internal CRMs (4.9%), 159 field duplicate samples (4.6%), and 172 blank samples (5.0%).

Table 12: Summary Table of Control Samples

Type of Control Sample	**Total**	**With Assay Results**		
		Ag	**Pb**	**Zn**
Stream Samples	3,446	3,443	2,826	3,163
Blank Samples	172	172	83	83
Field Duplicate Samples	159	159	120	148
CRMs	171	171	159	160

Blanks

Barren material of host rocks was used as blank samples. It was reported that blank samples were inserted at 1:20 rate, CRMs – at 1:20 rate, and duplicates were also inserted at 1:20 rate.

The results of the blank analysis for Ag are shown in Figure 9 below with 22 samples showing marginal fails of >5.0g/t Ag. Significant exceedances (>50.0g/t Ag) were identified for 9 samples with maximal Ag grade of 261.0g/t.

For full details on the QC Analysis / Mangazeisky North / Blanks please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

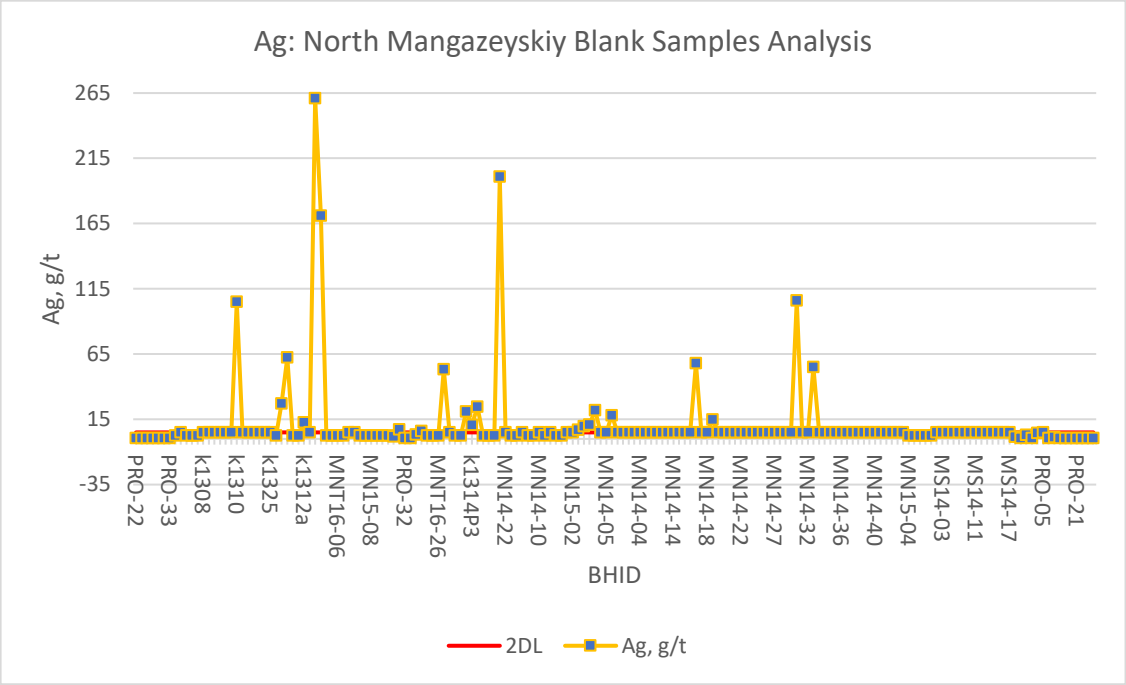


Figure 9: Blank Samples Analysed for Ag on North Mangazeyskiy

Certified Reference Materials

Nine certified reference materials (CRMs) sourced from GEOSTATS Pty Ltd (Australia), STC Minstandard of St Petersburg, and Irgiredmet OJSC of Irkutst (Table 12).

Table 12: List of Certified Reference Materials

№№	CRM	Manufacturer
1	GBM 906-6	GEOSTATS Pty Ltd, Australia
2	GBM 913-13	
3	GBM310-16	
4	GBM909-11	
5	GBM913-13	
6	СОП 01-2016 (SOP 01-2016)	Irgiredmet OJSC
7	СОП 02-2016 (SOP 02-2016)	
8	СОП 03-2016 (SOP 03-2016)	
9	MST SG 186	

The recommended values and number of assays for each CRM are listed in Table 13. Laboratory certificates have been provided for all but one of the CRMs. CRM limits are provided as permitted allowed absolute error (based on >95% of samples being within that target) rather than the more usual standard deviation limits.

In general, a good precision of the results of laboratory assays for Ag and certified valued was noted. The highest deviations are typical for CRMs with low Ag grades (<5g/t) that are close to the assays' detection limits.

The majority of assay results beyond allowed error limits with meaningful zinc contents were shown for GBM 310-16 and GBM 909-13 CRMs generally returning lower Zn grades in comparison with CRMs.

Despite of this, risk for MRE might be considered as insignificant.

Table 13: Summary of CRMs Data for North Mangazeyskiy							
CRM	**Metal, Unit**	**Grade**	**Standard Deviation**	**Expanded Uncertainty**	**Number of CRMs**	**Beyond Allowed Absolute Error**	**%% of Satisfactory Assays**
GBM906-6	Ag, g/t	389.7	21.1		57	1	98.2%
	Zn, g/t	210	14		57	20	64.9%
	Pb, g/t	290	14		57	20	64.9%
GBM913-13	Ag, g/t	74,1	3.9		16	0	100.0%
GBM310-16	Ag, g/t	314.3	14.9		32	5	84.4%
	Zn, g/t	170201	6825		31	5	83.9%
	Pb, g/t	112603	5008		32	23	28.1%
GBM909-11	Ag, g/t	25.5	1.7		9	0	100.0%
GBM909-13	Ag, g/t	127.3	6.8		32	0	100.0%
	Zn, g/t	68362	2363		32	16	50.0%
	Pb, g/t	8513	327		26	17	34.6%
СОП 01-2016 (SOP 01-2016)	Ag, g/t	3,21		+/- 0,28	7	3	57.1%
	Zn, %	0,129		+/- 0,007	6	1	83.3%
	Pb, %	0,083		+/- 0,004	6	1	83.3%
СОП 02-2016 (SOP 02-2016)	Ag, g/t	73,7		+/- 3,2	6	0	100.0%
	Zn, %	0,86		+/- 0,02	3	0	100.0%
	Pb, %	2,45		+/-0,09	3	0	100.0%
СОП 03-2016 (SOP 03-2016)	Ag, g/t	124,4		+/- 6,2	3	0	100.0%
MST SG 186	Ag, g/t	36		n/d	32		
	Zn, %	0,0053		n/d	10		
	Pb, %	0,035		n/d	10		

For full details on the QC Analysis / Mangazeisky North / CMR please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

Field Duplicates

Data for 159 field duplicates representing second halves of core and/or additional/parallel channel samples from trenches were provided for the review. Initial grade for majority of samples (111) was less than 5g/t Ag.

The data show that HARD value for 77% of duplicates is less than 10% that is satisfactory for precision of initial samples and their field duplicates**.**

For full details on the QC Analysis / Mangazeisky North / Field Duplicates please refer to the WAI Technical Report filed on SEDAR under the Company's profile at www.sedar.com.

Summary of QA/QC – Mangazeisky North Risks

The WAI review of quality control data has identified a number of risks within the sample data. These risks are summarised in Table. It should be noted that Table 14 does not provide a quantitative risk assessment but gives an indication as to where WAI considers the risk lie within the sampling data.

A six-score classification has been employed where:

- 1 - 2 ('low' risk): Little or no perceived risk, or low uncertainty;
- 3 - 4 ('moderate' risk): Risk present which could lead to small material error in the resource model;
- 5 - 6 ('high' risk): This feature could lead to material error in the resource model (high uncertainty).

Table 14: Risk Matrix Vertikalnoye QA/QC Review		
Sample Type	**Risk**	**Comment**
Blanks	3	Blanks assaying results for Ag show their possible contamination. Ag grade for more than 10% of blanks from ore sections was higher than 50 g/t – cut-off grade for mineralisation delineation. In general, samples with higher silver grades are preceded by samples with high (more than 100 g/t to first/several thousand g/t) grade of this metal. Zink and lead blanks assaying results are satisfactory.
CRMs	3	CRM assaying results for Ag are satisfactory, there are some insignificant deviations for Zn and Pb assaying results.
Field Duplicates	2	Precision based on HARD data is at an acceptable level, more than 70% of samples are below error limit of 10%.

Total risk related to the quality of sampling, sample preparation and assaying is considered to be 'moderate' - Risk present which could lead to small material error in the resource model. However, WAI would recommend that the QA/QC procedures to be improved by sampling and sample preparation of field duplicates as there is a risk of sample contamination.

Mineral Resources Estimates

Vertikalny Deposit Mineral Resource Estimate

The Mineral Resource Estimate was carried out with a 3D block modelling approach using Datamine Studio RM software. The effective date of the Mineral Resource Estimate is the 31 May 2019, the date of the limiting mine survey. In the opinion of WAI, the Mineral Resource Estimate reported herein is a reasonable representation of the mineral resources found in the Vertikalny Silver Project based on the current level of sampling.

WAI has been provided with exploration and grade control data for Vertikalny comprising all exploration carried out from 2005 to 2018 by CJSC Prognoz. Exploration data were imported and verified before geological and mineralisation envelopes were defined creating 3D wireframes based on a cut-off grade of 50g/t Ag representing the various mineralised zones at Vertikalny. In addition, digital terrain model (DTM) surfaces, surveys of mined-out areas, surfaces of overlapping sediments and boundaries of oxide and primary mineralisation were imported and/or created. Sample data were selected using the geological and mineralisation wireframes and selected samples were assessed for outliers before being composited to a length of 1.0m as the basis for geostatistical study.

The wireframe envelopes were used as the basis for a volumetric block model with a parent cell size of 10m x 10m x 10m and appropriate sub-celling to meet wireframe boundaries. Dynamic anisotropy was used to estimate dip and dip directions into each block of the model to control search ellipse orientation during grade estimation. Block model validation was carried out using visual, statistical and graphical checks between input composite sample data and estimated block grades.

Variogram models were constructed based on composite data and used Ordinary Kriging (OK) as the principal estimation methodology. Inverse Power Distance Cubed (IPD^2) was used for validation purposes.

The resultant estimated grades were validated against the input composite data and classification in accordance with the guidelines of the JORC Code (2012) and was carried out based on an assessment of geological and grade continuity and an assessment of assay data quality. Key drillhole spacing for the allocation of Mineral Resources stipulated Measured resources at 40m spacing, Indicated resources at 80m, and Inferred resources within greater than 80m. Open Pit Mineral Resources were further limited based on an expectation of eventual economic extraction to an optimised open pit shell generated using appropriate economic and technical parameters. Underground Mineral Resources were allocated below the base of the optimised pit shell and above the Net Smelter Return cut-off value of $162.0/t.

The following two tables detail the mineral resource estimate for the Vertikalny Silver Project for the Open Pit resources (Table 15) and Underground resources (Table 16) respectively.

Table 15: Mineral Resource Estimate. Vertikalny Project, Russia. 31st May 2019
(In Accordance with the Guidelines of the JORC Code (2012)) Potential Open Pit Resources

Ag Cut-off, g/t	Category	Tonnes, Kt	Ag, g/t	Pb, %	Zn, %	Ag, kg	Pb, t	Zn, t
50	Oxide							
	Measured	108.53	845.52	1.97	1.53	91,766	2,143	1,656
	Indicated	97.00	1,096.62	1.30	1.94	106,368	1,256	1,886
	Sub-Total M+I	205.53	964.03	1.65	1.72	198,133	3,399	3,542
	Primary							
	Measured	14.07	1,250.53	1.76	1.93	17,598	247	271
	Indicated	37.65	1,760.51	2.22	1.47	66,291	835	555
	Sub-Total M+I	51.73	1,621.77	2.09	1.60	83,889	1,082	826
	Oxide + Primary							
	Total M+I	257.25	1,096.28	1.74	1.70	282,022	4,481	4,368
100	Oxide							
	Measured	102.26	892.45	1.99	1.55	91,260	2,036	1,588
	Indicated	94.26	1,126.55	1.29	1.96	106,185	1,217	1,846
	Sub-Total M+I	196.51	1,004.73	1.66	1.75	197,445	3,253	3,434
	Primary							
	Measured	13.41	1,308.56	1.84	1.93	17,548	246	259
	Indicated	36.65	1,806.77	2.26	1.43	66,212	827	526
	Sub-Total M+I	50.06	1,673.30	2.14	1.57	83,761	1,073	785
	Oxide + Primary							
	Total M+I	246.57	1,140.46	1.75	1.71	281,205.34	4,325.70	4,218.76
200	Oxide							
	Measured	94.90	949.88	2.01	1.58	90,141	1,909	1,500
	Indicated	89.24	1,181.88	1.33	1.92	105,469	1,190	1,710
	Sub-Total M+I	184.14	1,062.32	1.68	1.74	195,610	3,099	3,211
	Primary							
	Measured	13.19	1,328.95	1.85	1.96	17,524	244	258
	Indicated	36.14	1,830.08	2.28	1.42	66,148	825	514
	Sub-Total M+I	49.33	1,696.13	2.17	1.56	83,672	1,069	772
	Oxide + Primary							
	Total M+I	233.47	1,196.24	1.79	1.71	279,281.95	4,168.20	3,982.53
300	Oxide							
	Measured	87.08	1,012.09	1.88	1.57	88,130	1,635	1,371
	Indicated	84.03	1,239.87	1.25	1.90	104,191	1,054	1,599
	Sub-Total M+I	171.11	1,123.96	1.57	1.74	192,321	2,689	2,971
	Primary							
	Measured	12.78	1,362.31	1.89	2.00	17,416	242	255
	Indicated	35.28	1,868.86	2.33	1.40	65,926	820	492
	Sub-Total M+I	48.06	1,734.12	2.21	1.56	83,342	1,062	748
	Oxide + Primary							
	Total M+I	219.17	1,257.75	1.71	1.70	275,662	3,715	3,718

Notes:

1. Mineral Resources are reported in accordance with the guidelines of the JORC Code (2012).
2. Mineral Resources are not Ore Reserves until they have demonstrated economic viability based on a feasibility study or pre-feasibility study.
3. Mineral resources include all potential mineable tonnage.
4. Mineral Resources are estimated as of 31 May 2019 based on an open pit mine survey of the same date.
5. Mineral Resources were constrained by an optimised pit shell using a NSR cut-off value of $172.78/t for oxide and $139.06/t for primary mineralisation.
6. Mineral Resources were constrained by an optimised pit shell based on economic and mining parameters provided by the Client and/or accepted by WAI.
7. This mineral resource estimate is not limited to any factors in terms of environmental, permitting, legal, title, taxation, socio-economic, market and other relevant factors.
8. The metal resources include all the in-situ metal disregard the metallurgical recovery factor.
9. All values in the tables have been rounded with relative accuracy of estimate. Numbers may not compute due to rounding.

Table 16: Mineral Resource Estimate. Vertikalny Project, Russia. 31st May 2019
(In Accordance with the Guidelines of the JORC Code (2012)) Potential Underground Resources

Ag Cut-off, g/t	Category	Tonnes, Kt	Ag, g/t	Pb, %	Zn, %	Ag, kg	Pb, t	Zn, t
50	Measured	0.52	383.12	2.52	0.55	199	13	3
	Indicated	419.06	463.13	1.12	2.59	194,076	4,675	10,847
	M+I	419.58	463.03	1.12	2.59	194,275	4,688	10,850
	Inferred	222.40	362.49	1.02	1.66	80,619	2,270	3,693
100	Measured	0.38	499.55	2.24	0.57	188	8	2
	Indicated	394.83	486.28	1.11	2.61	191,997	4,392	10,306
	M+I	395.20	486.29	1.11	2.61	192,185	4,401	10,308
	Inferred	214.55	372.81	1.02	1.62	79,985	2,178	3,465
200	Measured	0.36	515.71	2.32	0.58	185	8	2
	Indicated	328.27	555.26	1.16	2.52	182,275	3,806	8,267
	M+I	328.63	555.22	1.16	2.52	182,460	3,814	8,269
	Inferred	159.76	445.01	1.03	1.70	71,094	1,650	2,714
300	Measured	0.29	581.70	2.66	0.58	166	8	2
	Indicated	235.82	680.72	1.26	2.57	160,524	2,964	6,059
	M+I	236.10	680.60	1.26	2.57	160,690	2,972	6,061
	Inferred	109.42	538.93	1.26	1.75	58,970	1,378	1,919

Notes:

1. Mineral Resources are reported in accordance with the guidelines of the JORC Code (2012).
2. Mineral Resources are not Ore Reserves until they have demonstrated economic viability based on a feasibility study or pre-feasibility study.
3. Mineral resources include all potential mineable tonnage.
4. Mineral Resources are estimated as of 31 May 2019 based on an open pit mine survey of the same date.
5. Mineral Resources are located below an optimised pit and were evaluated based on an NSR cut-off value of $162.00/t for primary mineralisation.
6. Economic and mining parameters provided by the Client and/or accepted by WAI were incorporated in the calculation of NSR.
7. This mineral resource estimate is not limited to any factors in terms of environmental, permitting, legal, title, taxation, socio-economic, market and other relevant factors.
8. The metal resources include all the in-situ metal disregard the metallurgical recovery factor.
9. All values in the tables have been rounded with relative accuracy of estimate. Numbers may not compute due to rounding.

Comparison to Previous Mineral Resource Estimates – Vertikalny Deposit

A mineral resource estimate was undertaken by OREALL in 2019 as part of a TEO study of cut-off criteria. The estimation was carried out using geological blocks for 50, 75, 150, and 250g/t Ag COG. Mineral resources were estimated by OREALL for both open pit and underground mining scenarios. It is understood that the estimate by OREALL was not signed off as being in accordance with any international reporting standards e.g. JORC. The most suitable option for comparison is using a 50g/t Ag cut-off grade as WAI used the same cut-off grade to model the mineralised wireframes.

The comparison included mined-out material as this was included in the OREALL estimate. The WAI estimate used the optimised open pit shell from the MRE. The results of comparison are shown in the Table 17 below. The two estimates are considered comparable.

Table 17: OREALL MRE (2019) vs WAI MRE (2019)
(Cut-Off Grade of 50g/t Ag)

Source	Mineral resources	Ore (kt)	Grade (g/t)	Silver (kg)
OREALL	Within the open pit shell	726	705	511,503
OREALL	Below the open pit shell	1,858	397	738,091
OREALL	**Total**	**2,583**	**484**	**1,249,594**
WAI	Within the open pit shell	733	794	582,197
WAI	Below the open pit shell	1,974	371	732,053
WAI	**Total**	**2,707**	**485**	**1,314,250**
Difference (%)		**+5%**	**0%**	**+5%**

Mangazeisky North Deposit Mineral Resource Estimate

The Mineral Resource Estimate was carried out with a 3D block modelling approach using Datamine Studio RM software. The effective date of the Mineral Resource Estimate is the 31 May 2019. In the opinion of WAI, the Mineral Resource Estimate reported herein is a reasonable representation of the mineral resources found in the Mangazeisky North Silver Project based on the current level of sampling.

WAI has been provided with exploration data for Mangazeisky North comprising all exploration carried out since 2013 to 2016 by CJSC Prognoz. Exploration data were imported and verified before geological and mineralisation envelopes were defined creating 3D wireframes based on a cut-off grade of 50g/t Ag representing the various mineralised zones at Mangazeisky North. In addition, digital terrain model (DTM) surfaces and surfaces of overlapping sediments were imported and/or created. Sample data were selected using the geological and mineralisation wireframes and selected samples were assessed for outliers before being composited to a length of 1.0m as the basis for geostatistical study.

The wireframe envelopes were used as the basis for a volumetric block model with a parent cell size of 10m x 10m x 10m and appropriate sub-celling to meet wireframe boundaries. Dynamic anisotropy was used to estimate dip and dip directions into each block of the model to control search ellipse orientation during grade estimation. Block model validation was carried out using visual, statistical and graphical checks between input composite sample data and estimated block grades.

Variogram models were constructed based on composite data and used Ordinary Kriging (OK) as the principal estimation methodology. Inverse Power Distance Cubed (IPD2) was used for validation purposes. The resultant estimated grades were validated against the input composite data and classification in accordance with the guidelines of the JORC Code (2012) was carried out based on an assessment of geological and grade continuity and an assessment of assay data quality. Due to absence of data for definition oxide/primary boundary only Inferred Mineral Resources were classified at Mangazeisky North. Mineral Resources were further limited based on an expectation of eventual economic extraction to an optimised open pit shell generated using appropriate economic and technical parameters.

The following two table details the mineral resource estimate for the Mangazeisky Project for the Open Pit resources (Table 18).

Table 18: Mineral Resource Estimate. North Mangazeisky Project, Russia. 31st of May 2019
(In Accordance with the Guidelines of the JORC Code (2012)) Potential Open Pit Resources

Ag Cut-off, g/t	Category	Tonnes, Kt	Ag, g/t	Pb, %	Zn, %	Ag, kg	Pb, t	Zn, t
50	Inferred	364.17	695.00	9.02	0.92	253,102	32,848	3,350
100	Inferred	354.94	711.24	9.25	0.94	252,446	32,819	3,335
200	Inferred	331.41	750.15	9.71	0.98	248,612	32,185	3,261
300	Inferred	309.87	784.56	10.20	0.99	243,111	31,604	3,073
400	Inferred	275.53	838.43	10.91	1.08	231,015	30,049	2,978

Notes:

1. Mineral Resources are reported in accordance with the guidelines of the JORC Code (2012).
2. Mineral Resources are not Ore Reserves until they have demonstrated economic viability based on a feasibility study or pre-feasibility study.
3. Mineral resources include all potential mineable tonnage.
4. Mineral Resources are estimated as of 31 May 2019.
5. Mineral Resources were constrained by conceptual optimum pit contours using NSR of $139.06/t for primary mineralisation.

6. All values in the tables have been rounded with relative accuracy of estimate. Numbers may not compute due to rounding.
7. Mineral Resources were constrained by an optimum pit shell based on the corresponding economic and mining parameters provided by the Client and/or accepted by WAI
8. The Northern Mangazeisky mineral resources were estimated in accordance with the guidelines of the JORC Code (2012) by Steven McRobbie, Independent Competent Person as defined by the JORC Code.
9. This mineral resource estimate is not limited to any factors in terms of environmental, permitting, legal, title, taxation, socio-economic, market and other relevant factors.
10. The metal resources include all the in-situ metal disregard the metallurgical recovery factor.

Comparison to Previous Mineral Resource Estimates – Mangazeisky North Deposit

Tetra Tech (TT) estimated mineral resources of North Mangazeisky in 2017. Mineralized wireframe models were developed and samples within the wireframes were taken followed by compositing of 0.4m. The undertaken statistical analysis did not identify silver outliers for top-cutting. The variogram models were created in three directions with the following search radii:

- Along the strike – 95m;
- Down-dip – 45m;
- Across the strike – 15m.

The density values were interpolated to the block model using the Inverse Power Distance Squared; the blocks without the estimated density values were assigned with 3.18 t/m3. Ordinary kriging was used to interpolate grades to the block model; several estimation passes were run with each one using a consecutively larger ellipsoid.

The following parameters were used to determine the potential for economic extraction of mineralization:

- Silver price – 17 US$/oz;
- Losses – 5%;
- Dilution – 30%;
- Operational costs:
  - For mining – 2.53 US$/t ore
  - For processing – 52 US$/t ore;
  - G&A – 40.60 US$/t ore;
- Royalty – 6.5%;
- Overall recovery – 88%.

Based on these parameters TT concluded that the 150g/t Ag cut-off grade shall be applied to the mineralization to estimate mineral resources as indicated in Table 19 below.

Table 19: Mineral Resource Estimation, Tetra Tech, 2017

Category	Tonnage, kt	Ag, g/t	Ag, kg
Indicated	334	770	257,180
Inferred	127	560	71,120
Total	**461**	**712**	**328,300**

Location of the TT and WAI mineralized wireframes is shown in figure below. The TT mineral resources were not constrained to the optimum RF1 pit shell. It should be noted that the TT model was extrapolated for a significant distance downdip from the workings at the deposit owing to wider drill spacing and assumption of greater continuity of mineralisation. The additional drill results incorporated in the WAI MRE have enabled greater definition of the resource model albeit more conservative in response to greater discontinuity. In this regard, it is not conducive to undertake direct comparison of the TT and WAI mineral resources (Figure 11).

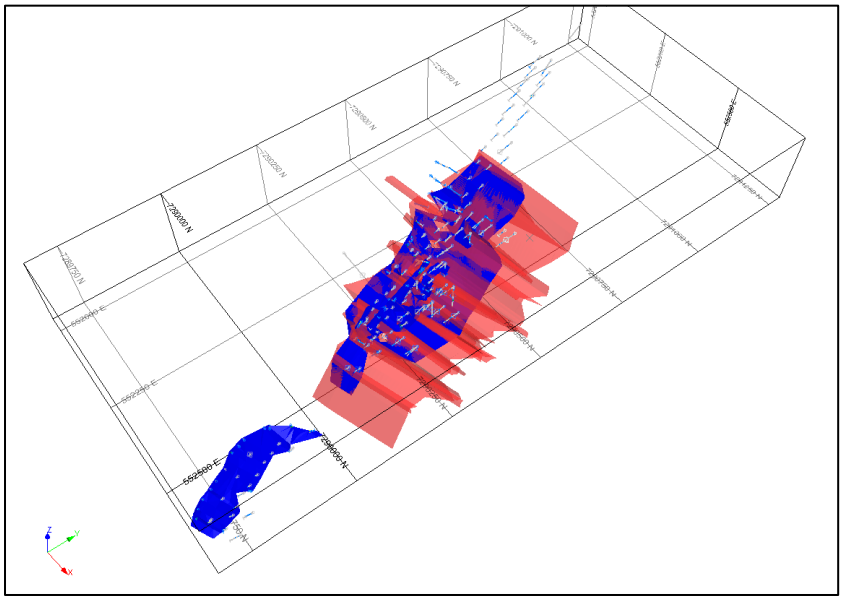


Figure 11: Wireframe Models of TT (red) and WAI (blue) with workings at Northern Mangazeisky

Final WAI Report

Further to its announcement in June of 2020, the Group received and filed on SEDAR the Final WAI Report on 30 March 2021. The following is a summary of the Final WAI Report.

The Group commissioned WAI to carry out an update of its mineral resource base and strategic re-assessment of the Mangazeisky Silver Project. The study has aimed to assess the combined potential of the Vertikalny and Mangazeisky North deposits and identify any strategic bottlenecks. The key elements included within the study are listed below:

- Mineral Resource Estimation (see MRE section above);
- Hydrological and hydrogeological review;
- Mining geotechnical review;
- Open pit mining study;
- Underground mining study;
- Mine production scheduling;
- Mining capital and operating cost estimation;
- Mineral processing review; and,
- Financial analysis.

Hydrological and Hydrogeological Review

The Mangazeisky open pit, located in an interfluve area between creeks, is likely to encounter frozen groundwater and receive negligible groundwater inflow. Dewatering and drainage within the pit, using sump and perimeter collectors should be designed for a peak event representing a combined spring thaw and design storm event i.e., 1 in 100 year.

The southern end of the Vertikalny deposit is located on the flanks of the Porfirovy stream valley and this zone represents a different hydrogeological domain from the interfluve areas with much higher groundwater circulation and recharge from surface to depth. This means permafrost is likely to be thinner. Given the 300m depth of underground workings in Vertikalny Zone 1 in particular (south, river flank) and to a lesser extent in Zone 4 (interfluve) it is likely that free-flowing groundwater will be encountered in mid to lower levels of the underground mine. Across most of the underground sections (Zones 2 and 3), it is expected there will be negligible groundwater inflow because of permafrost.

Hydrogeological drilling is required to confirm permafrost conditions in Zones 1 and 4 and form the basis for an inflow model and dewatering plan. The hydrogeological wells should be tested to confirm hydraulic properties in sections using double packers so that isolated zones within and beneath the expected permafrost zones can be characterised. Wells should be drilled and tested throughout the full thickness of the proposed mine i.e., 300m.

Water supply for the mine, via a proposed water supply borehole near borehole GS15-05, should be tested by conducting a long-term pumping test i.e., 28 days and recovery phase to determine the storage and yield characteristics if this is to be used as supply well.

Surface water hydrology and the mine water balance have been reviewed and no particular additional comments over and above what has already been presented by SRK Consulting ("**SRK**") are raised.

Geotechnical Review

WAI has carried out a review of the geotechnical information provided by Silver Bear for the Vertikalny and Mangazeisky North deposits. The review has aimed to summarise the geotechnical parameters for use in mine optimisation and design. Information was drawn from the findings of the geotechnical study carried out by SRK in late 2014. WAI has not carried out a site visit, nor has it carried out an independent review of the geotechnical data used in the SRK study.

NSR Model

A basic Net Smelter Return (NSR) calculation was performed which considered grade, metal price, metallurgical recovery, and metal payability. The payable metal includes the applicable concentrate and refining charges but does not include price participation or penalty element payments. The metal price assumptions were derived by WAI and approved by Silver Bear. All metallurgical recoveries/costs used in the NSR calculation are based on data provided by Silver Bear.

NSR factors were calculated and directly applied to each block within the Resource block models. This enabled the subsequent mine optimisation exercises to be carried out on the block NSR values. The NSR model forms a critical input into the development of the mining study and further detail regarding the NSR inputs must be understood to enhance the confidence of the study.

Open Pit Mining

WAI has carried out an open pit mining study to define a mineable tonnage estimate for the Vertikalny and Mangazeisky North deposits.

Open pit optimisation was carried out using the Datamine NPV Scheduler v4 (NPVS) software package. Pit optimisations were carried out on the Resource block models generated for the two deposits and driven on the calculated block NSR values. The optimisations included *Measured, Indicated* and *Inferred* resources.

Detailed mine designs were generated from the selected optimal shells using the Datamine Studio OP V2.4 general mine planning package. The designs were used to derive the mineable tonnage estimates and formed the basis for subsequent production scheduling.

A summary of the tonnages and grades contained within the Vertikalny and Mangazeisky North pit designs is provided in the table below.

Vertikalny Conceptual Pit Design Physicals (Dilution & Recovery Applied)			
Parameter	**Units**	**Vertikalny**	**Mangazeisky North**
Oxide Material	kt	212	-
Ag Grade	*g/t*	800	-
Sulphide Material	kt	116	347
Ag Grade	*g/t*	846	570
Pb Grade	*%*	1.70	7.47
Zn Grade	*%*	1.66	0.82
Total Mineralised Tonnes	kt	329	347
Oxide Material (Below Cut-Off)	kt	45.0	--
Sulphide Material (Below Cut-Off)	kt	29.0	72.2
Waste	kt	11,000	8,540
Strip	$t_W:t_O$	33.7	24.8
Average NSR	US\$/t_{ore}	382	245

Note:
- Mining Dilution of 30% and Mining Loss of 5% applied to **all** mineralised material.
- All figures rounded to 3SF, Pb/Zn grades rounded to 2DP
- Oxide material processed through oxide circuit; Pb/Zn are not recovered and are not reported.
- Strip ratio not inclusive of below cut-off material.
- Waste tonnes not inclusive of below cut-off material.
- Figures effective as of 01.06.19

It should be noted that 'minable tonnage estimates' are not Ore Reserves and are not demonstrative of technical and economic viability.

Underground Mining

WAI has carried out a mining study to define an underground mineable tonnage estimate for the Vertikalny deposit. The study has considered the volume of mineralised material below the generated Vertikalny pit designs.

Underground mineable tonnage estimates were prepared using the Vertikalny Resource block model. Stope optimisation was completed using the Mineable Shape Optimiser (MSO) module in the Datamine Studio 5D Planner software package. The optimisations included *Measured, Indicated* and *Inferred* resources.

A summary of the tonnages and grades contained within the conceptual underground mine designs is provided in the table 20 below.

Table 20: Vertikalny Conceptual Underground Design Physicals (Dilution & Recovery Applied)

Parameter	Units	Value
Stope Mineralised Material	kt	609
Ag Grade	*g/t*	*462*
Pb Grade	*%*	*2.16*
Zn Grade	*%*	*1.68*
Development Mineralised Material	kt	232
Ag Grade	*g/t*	*263*
Pb Grade	*%*	*1.37*
Zn Grade	*%*	*1.26*

Note:
- Unplanned Dilution of 10% and Mining Loss of 10% applied to **stope** mineralised material.
- Development mineralised tonnes depleted from stope tonnes.
- All figures rounded to 3SF. Pb/Zn grades rounded to 2DP
- Figures not representative of Ore Reserves (in accordance with JORC 2012)

Mine Production Schedule and Equipment Requirements

A combined open pit and underground production schedule was generated using the Geovia MineSched V9.2 mine scheduling software package. Effort was made to sequence the operations such that a steady flow of plant feed is maintained over the life-of-mine. Key points noted from the generated production schedule include:

- Overall mine life anticipated at 8 years;
- Mining in the Vertikalny open pit anticipated for completion in Q4 2021;
- Mining at Mangazeisky North anticipated to commence in Q3 2021 with production ceasing in Q3 2023: and,
- Underground pre-production development anticipated to start in Q2 2022 with stope production commencing in Q4 2023.

Open pit and underground mining equipment requirements were estimated on first principles analysis to achieve the generated production schedule. No ventilation studies were carried out for the underground mining operations and it is recommended that such studies be considered in more detailed engineering studies utilising the latest underground resource model.

Capital and Operating Costs – Mining

A mining cost model was developed to assess the open pit and underground mining capital and operating expenditures for the Mangazeisky Project. The cost estimates were developed by WAI based on data provided by SBR and WAI's internal cost database.

A summary of the costs is presented below:

Open Pit Capital Costs:	**US$2.53M**
Open Pit Operating Costs:	**US$2.17 /$t_{MINED}$**
Underground Capital Costs:	**US$23.33M**
Underground Operating Cost:	**US$40.56/$t_{ORE}$**

Total mining operating cost resulted in US$82.3m (or US$49.5/t ore mined) and capital cost of US$25.86m for both open pit and underground mining operations.

Mineral Processing

Silver production commenced in April 2018 and silver recovery has steadily improved from approximately 55-60% in 2018 to an average of 70.5% for the nine months to September 2019, although this is still someway off the design recovery for oxide ore of 85%. Silver was previously lost due to poor washing of the tailings filter cake, which has now reportedly been resolved. There is also an ongoing impact on recovery and costs due to primary/transition ore being included in the oxide feed as oxide resources are depleted. Due to SBR concerns with the original direct electrowinning process (high zinc and chloride levels in the feed solution), a Merrill Crowe circuit was constructed in April 2019 which can reportedly operate in parallel with the electrowinning circuit or in series to treat the electrowinning tails solution.

Current process plant throughput is slightly below the design of 110,000tpa (approximately 96,000tpa pro-rata from the September YTD number of 71,769t). The actual May 2019 YTD process operating cost reviewed was $74.9/t, significantly higher than the design of $47.9/t. This is mostly due to the impact of transition/sulphide ore in the feed blend with higher reagent consumptions, low activity lime and an incorrect design lime consumption of only 0.7kg/t used in the original feasibility study, compared to the testwork data of 20-30kg/t.

For the proposed processing of primary sulphide ore, a new flotation circuit is required for production of separate lead and zinc concentrates, with cyanide leaching of the lead flotation middlings as per the current plant. The annual throughput through the new flotation plant will also be increased to 180,000tpa. The capital cost for a brand-new plant of approximately $17.3M is considered reasonable, although this reduces to approximately $9M if the existing oxide circuit is used and the additional equipment retrofitted (such as the flotation plant and additional crushing and grinding capacity for the higher throughput). The new plant is scheduled to be commissioned in June 2021 and, until then, the sulphide ore will be processed through the current plant with impact on recovery and costs.

The recoveries used in the optimisation and conceptual design studies are based on the ESTAGeo testwork results, with silver, lead and zinc recoveries of 85.4%, 65.9% and 82.2% respectively. Based on these results, the zinc concentrate at 42.4% Zn is considered to be saleable based on typical western smelter contracts. The lead concentrate at only 17.1% Pb is very low grade, but high in silver value at 10,215g/t Ag, according to the testwork results. This is therefore assumed to be most likely saleable to an Asian smelter.

The NSR terms for both concentrates have been provided by SBR for use in the pit optimisation studies (84% and 45% respectively for the lead and zinc concentrates).

The process operating cost for primary ore using the new flotation circuit has been estimated by SBR as US$46.3/t and is considered reasonable for use in the pit optimisation studies. This compares with the Tetra Tech design operating cost of US$121.8/t based on using the existing oxide plant (no flotation circuit), but with modifications for finer grinding, higher cyanide levels and additional leach residence time.

SBR has conducted ore sorter testwork on samples of oxide ore from current production. Based on these results, the current schedule assumes that approximately 270ktpa of ore will be mined with 180,000ktpa reporting to the flotation plant after crushing and ore sorting with 99% recovery of Ag, Pb and Zn to the flotation feed. This applies to both oxide and sulphide ore. The ore sorter is scheduled to be commissioned in April 2020.

Capital and Operating Costs – Processing

Total processing operating cost is estimated as US$68.3M. A summary of processing operating costs is shown in the Table 21 below.

Table 21: Project Processing Opex Summary

Ore Sorting Cost	US$ /t	2.25
Leach Plant (Current Plant)		
Unit Processing Cost (Oxides)	US$ /t	72.95
Unit Processing Cost (Sulphides)	US$ /t	123.71
Flotation Plant (New Plant)		
Unit Processing Cost (Sulphides)	US$ /t	47.18

Processing capital costs for construction of the new flotation plant have been estimated at US$17.3M. However, as most of required equipment is currently installed on the existing plant, the outstanding amount of capital costs has been estimated at approximately US$9.2M. In addition, US$2M has been allocated for the XRT sorter section.

Financial Analysis

WAI has undertaken a preliminary economic assessment of the Mangazeisky Project, using Discounted Cash Flow (DCF) analysis, from which the Net Present Value (NPV), payback period and other measures of project viability have been determined.

The financial analysis has been performed to reflect valuation as of the end of 2019 and does not include any sunk costs that have already been invested in the project.

The Project Internal Rate of Return (IRR) cannot be estimated due to more than one occurrence of the negative cash flows during the project life: initially at the end of 2019 and secondly in 2021. Despite current production relative stability, occurrence of the negative cash flows in 2021 is explained by additional capital expenditures required for completion of the new flotation plant construction, and production shortfall caused by transition from oxide ore to the sulphides.

The Project Financial Model ("Model") has been developed using the production schedule developed by WAI, with all costs being estimated in 2019 US Dollars based on the actual production data and available databases.

Forecasted fluctuating US Dollar (US$) and Ruble inflation rates have been applied appropriately to both commodity prices and project costs to provide financial results in nominal values.

All costs and cash flows reported in this section are shown in nominal US Dollars after inflation has been incorporated (unless stated otherwise), therefore costs appear different to the costs reported in the engineering sections above.

Metal Prices

The main products from the Mangazeisky Project are proposed to be silver bullion and two concentrates: silver bearing zinc concentrate and silver bearing lead concentrate.

Price forecast as of 2019 has been used as the basis for the project assessment, with an appropriate inflation rate being included in valuation, see Table 21.

Table 21: Commodity Price Assumptions

Scenarios	**Price Assumption (as of 2019)**
Ag (US$ / oz)	17.76
Pb (US$ / t)	2,069
Zn (US$ / t)	2,252

Macroeconomic Parameters

The financial model has been developed using the macroeconomic parameters shown in Table 22.

Table 22: Macroeconomic Assumptions

Period	**Y1 Q4**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**
Year	2019	2020F	2021F	2022F	2023F	2024F	2025F	2026F
RUB/USD	64.7	72.1	70.0	70.0	70.0	71.4	72.8	74.2
Annual Inflation for RUB	0.00%	4.70%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Estimated Cummulative - RUB		4.78%	9.80%	15.05%	19.65%	24.44%	29.41%	34.59%
Long Term Inflation USD	0.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Cummulative Inflation USD		2.00%	4.04%	6.12%	8.24%	10.41%	12.62%	14.87%

Data on exchange rates and Ruble inflation is used as per the SBR's corporate forecasts. US Dollar inflation rate applied as per WAI assumption.

Payment & Realisation Terms

Realisation terms for silver have been provided by the Client based on the actual data and products assumed to be sold to a smelter located in Kazakhstan. A summary of assumptions on lead and zinc concentrates payment terms is presented in Table 23 below.

Due to the limited data on impurities contained in concentrates, no penalties have been included in this valuation and that low lead grade assumptions in the concentrates will be offset by high silver grades.

Table 23: Project Payment Terms		
Assay Payable		
Silver Net Assay Payable	%	98.00%
Pb and Ag Payable in Lead Concentrate	%	84.00%
Zn and Ag Payable in Zinc Concentrate	%	45.00%
Selling and Realisation		
Ag Selling Cost	US$/oz	0.4
Concentrate delivery and transportation	US$/wmt	274.9
Moisture Content	%	8%
Pb in Pb Concentrate	%	17.1%
Zn in Zn Concentrate	%	42.3%

WAI notes that concentrate treatment charges are considered to be covered by the payment terms outlined in the table above.

Processing Recovery Rates & Production Summary

Summary of the overall processing recovery rates and recovered metals is shown in Table 24 below:

Table 24: Summary of the Project Processing Recovery and Metals Production				
Metals	**Total Processing Recovery**	**Units**	**Mined**	**Recovered**
Silver	82.47%	oz '000	26,774	22,081
Lead	68.81%	t	44,948	30,929
Zinc	94.09%	t	17,969	16,908

Capital Costs

Overall capital cost for the project have been estimated at US$43m. Summary of the Project Capital Cost is shown in Table 25 below.

Table 25: Project Capital Costs Summary (US$m, nominal total for the LOM)	
Total Project Capital Costs, including	**43**
Mining Capex for Open Pit	2.5
Mining Capex for Underground	24.6
Leasing of Mining Equipment – Principal Repayment	4.7
Processing Plant Cost: Upgraded XRT and Flotation Plant VS New Plant	11.2

No plant sustaining cost or TSF costs have been included at this stage of valuation. WAI has also considered that all general infrastructure is already in place.

Operating Costs

The overall operating cost has been estimated at US$242.7M (nominal values). Summary of the costs is provided in Table 26 below.

Table 26: Less Operating Costs (US$M, nominal values)	
Mining Cost	82.3
Plant Processing Cost	68.3
G&A	46.7
Mining Royalty (Mineral Extraction Tax)	45.0
Total Operating Cost LOM	**242.7**

Payments to reclamation and closure fund, total of US$4.2m payable in the last project year have been included into the financial model as provided by the Client.

Tax Regime

WAI has developed a post cash flow model where the tax regime shown in Table 27 has been implemented. Carried forward losses from previous periods in the amount of CAD6.9m (as per IFRS data) or US$5.3m have been incorporated in the model for tax purposes.

Table 27: Project Tax Summary		
	Rate	**Total (US$M, nominal)**
MET: Silver	6.5%	33.31
MET: Lead	8.0%	8.12
MET: Zinc	8.0%	3.57
Corporate Income Tax	20%	8.2

No VAT rebate has been considered in the financial model.

Financial Summary

Project financial summary is presented in Table 28 and Table 29 below.

Table 28: Key Project Technical and Economic Indicators	
Gross Revenue	449
Less Realisation Costs	81
Net Revenue	368
Less Operating Costs	
Less Mining Cost	82.3
Less Plant Processing Cost	68.7
Less G&A	46.7
Less Mining Roylty Tax	45.0
Total Operating Cost LOM	**242.7**
EBITDA	125.5
Less Interest Cost (Leasing)	0.6
Less Depreciation & Amortisation	100.4
Less Payments to Reclamation Fund	4.2
EBT	20.3
Less Income Tax	8.2
Net Income	12
Plus Depreciation & Amortisation	100
Less Increase in Net Working Capital	0
Cash Flow from Operations	112
Less Capital Costs, including	43.0
Mining Capex for Open Pit	2.5
Mining Capex for Underground	24.6
Equipment Leasing	4.7
Processing Plant Upgrade Capital Cost	11.2
Pre-Tax Cash Flow	78
Post Tax Free Cash Flow	69

Table 29: Financial Project Summary		
NPV @ Discount Rate of 8.64%	US$ M	**46.51**
Ag Break-even price	US$/oz	14.11
NPV @ Discount Rate of 10%	US$ M	43.87
NPV @ Discount Rate of 15%	US$ M	35.77
NPV @ Discount Rate of 20%	US$ M	29.60
IRR	%	**N/A**
Payback period of capital (Discounted, Cumulative)	date	**Q3 2021**

The results from preliminary economic assessment show positive NPVs at various discount rates. Break-even silver price was estimated at US$14.11/oz which is 21% lower than the base case price assumption.

Current financial results have been derived from the production schedule that considers oxide material from stockpile No 5, in the amount of approximately 50kt.

An additional upside scenario with revised lead concentrate yield at 5% and upgraded lead concentrate quality to 66% resulted in improved economics with NPV at $58.7M at 8.64%. Although greater definition of concentrate products and other variables will be required to accept these concepts.

Sensitivity Analysis

A sensitivity analysis was performed on the key parameters within the financial model to assess the impact of changes upon the Net Present Value of the project (at a base case 8.64% discount rate). These parameters are as follows: metal prices; operating costs and capital costs. Each factor was variated within a range of +/-40% (while other parameters remained unchanged) to examine the sensitivity of the model to changing economic and operational conditions.

Sensitivity analysis results show that the Project is mostly sensitive to change in Ag price, as it forms the major part of the project revenue and production costs (mining and processing), and less sensitive to changes in the lead and zinc prices.

The Project is also significantly sensitive to mining operating costs (both OP and UG), and relatively less sensitive to processing operating costs.

Considering relatively low proportion of the remaining capital costs, the Project is seen to be least sensitive to changes in capex. No sunk costs have been included in this analysis and major part of the capex is considered to be already invested.

The results are shown in Figure 12 and presented in Charts below Table 30 below.

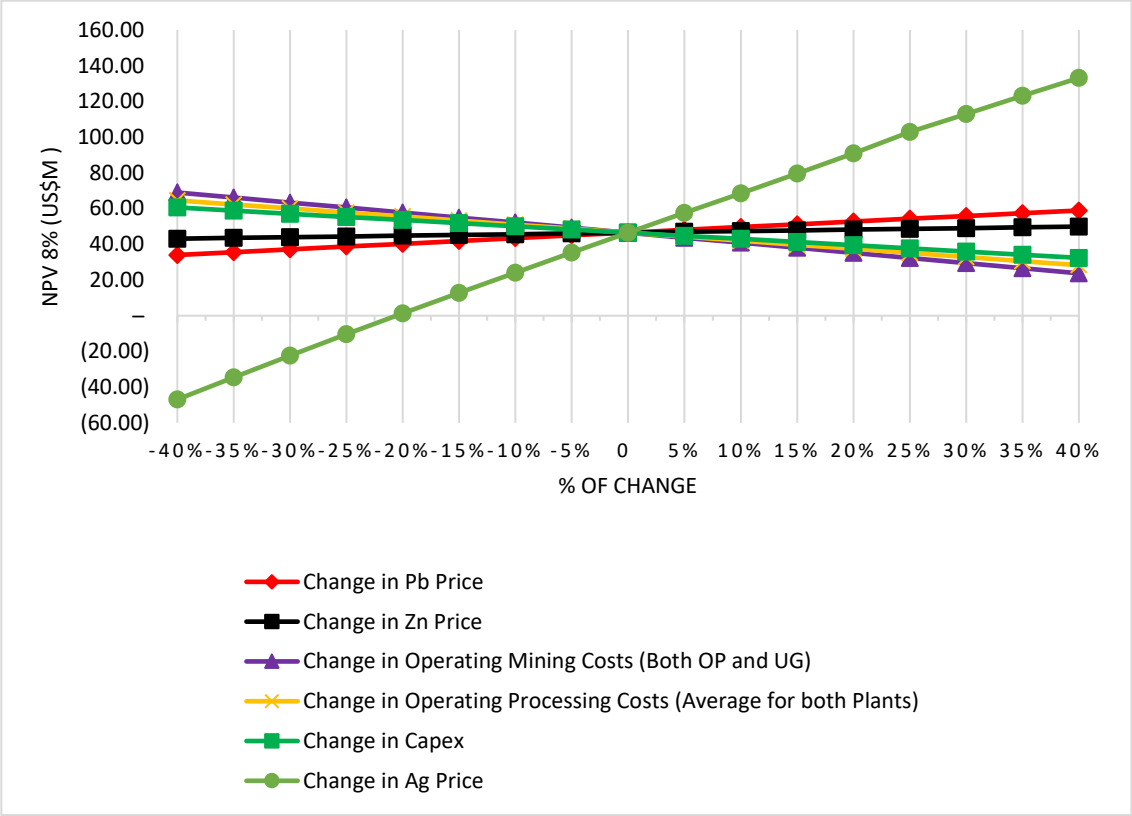


Figure 12: Project NPV (8.64%) Sensitivity Analysis Results

Table 30: Project NPV (8%) Sensitivity Analysis Results							
	60%	75%	90%	100%	110%	125%	140%
Pb Price	1,241	1,552	1,862	2,069	2,276	2,586	2,897
NPV @ 8.64%	29.56	33.96	38.36	41.30	44.23	48.63	53.01
Zn Price	1,351	1,689	2,027	2,252	2,477	2,815	2,815
NPV @ 8.64%	43.12	44.39	45.66	46.51	47.35	48.62	49.89
Average Mining Opex	29.69	37.12	44.54	49.49	54.44	61.86	69.29
NPV @ 8.64%	68.98	60.58	52.14	46.51	40.86	32.31	23.73
Average Processing Opex	24.80	31.00	37.20	41.33	45.47	51.67	57.87
NPV @ 8.64%	64.58	57.80	51.02	46.51	41.98	35.15	28.30
Capex (US$ M, nominal)	25.80	32.25	38.71	43.01	47.31	53.76	60.21
NPV @ 8.64%	60.61	55.32	50.03	46.51	42.98	37.69	32.40
Ag Price	10.66	13.32	15.98	17.76	19.54	22.20	24.86
NPV @ 8.64%	-46.89	-10.30	24.10	46.51	68.60	102.84	133.14

Qualified Persons

The effective date of the Final WAI Report is March 25, 2021, the effective date of the Vertikalny and Mangazeisky North mineral resource estimate is May 19, 2019.

The Final WAI Report was prepared by the following persons and reviewed by Mr. Steven James McRobbie:

Andrey Tsoy	Resource Geologist
Philip Burris	Hydrogeologist
Sassoun Horsley-Kozadjian	Mining Engineer
James Turner	Processing Engineer
Veronika Luneva	Financial Analyst

Steven James McRobbie BSc (Hons), MSc, ACSM, MAusIMM, of Wardell Armstrong Russia (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 and has reviewed the scientific and technical information in this MD&A.

RISK AND UNCERTAINTIES

The operations of the Group are speculative due to the high-risk nature of its business which is the acquisition, financing, exploration, development and operation of mining properties. The risk factors described below are not the only ones facing the Group. Additional risks currently not known to the Group or that the Group considers immaterial may also impair the business operations of the Group. These risk factors could materially affect the Group's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Group. If any of the following risks actually occurs, the Group's business, financial condition and operating results could be materially affected. In such case, the trading price of the common shares of the Group would likely decline and the holders of common shares of the Group could lose all or part of their investment. For a discussion of risk factors and additional information please refer Group's annual information form and other filings, which are available on the Group's website at www.silverbearresources.com and under the Group's SEDAR profile at on www.sedar.com or upon request from the Group.

Risks of COVID-19

The outbreak and resurgence of novel COVID-19, and the emergence of multiple COVID-19 variants, continues to significantly impact global economies and global economic conditions which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, the demand for and ability to transport the Company's products, commodity prices and its ability to advance its projects and other growth initiatives. Any future emergence and spread of similar pathogens could have similar adverse impacts.

The COVID-19 outbreak and its declaration as a global pandemic are causing companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings, isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. While these effects are expected to be temporary, the duration of these measures, and the related business, social and government disruptions and financial impacts, cannot be reasonably fully estimated at this time.

To date, the Company has been able to continue operations largely unaffected since the outbreak of the COVID-19 pandemic and silver production and shipments have continued without any material disruptions. However, the Company cannot provide any assurances that its planned operations, production and capital expenditure for the foreseeable future will not be delayed, postponed or cancelled as a result of the COVID-19 pandemic or otherwise. Should the responses of companies and governments be insufficient to contain the spread and impact of COVID-19, this may lead to further economic downturn that may adversely impact the Company's business, financial condition and results of operations. The outbreak and resurgence of the COVID-19 pandemic could also continue to affect financial markets, including the price of silver and the trading price of the Company's shares, may adversely affect the Company's ability to raise capital, and could cause continued interest rate volatility and movements that could make obtaining financing or refinancing debt obligations more challenging or more expensive or unavailable on commercially reasonable terms or at all.

Furthermore, the Company may also experience regional risks which include, but are not limited to, delays in the supply chain of critical reagents, consumables and parts, and the impact on the delivery of critical capital projects, and such circumstances could have a material adverse effect on the Company's business, financial condition and results of operations. As a result of measures taken, there is no assurance as to whether the Company will be affected by the current COVID-19 pandemic or

potential future health crises. The Company will continue to work actively to monitor the situation and implement further measures as required to mitigate and/or deal with any repercussions that may occur as a result of the COVID-19 outbreak.

Risks of Operating in the Russian Federation

The operations of the Group are currently conducted in the Russian Federation and, as such, the operations of the Group are exposed to various levels of political, legal, economic and other risks and uncertainties.

Ongoing political tensions and uncertainties as a result of the Russian Federation's foreign policy decisions and actions in respect of Ukraine have resulted in the imposition of economic sanctions imposed by many in the international communities including Canada and increased the risk that certain governments may impose further economic, or other, sanctions on the Russian Federation or on persons and/or companies conducting business in the Russian Federation. There can be no assurance that sanctions will not be imposed by the Russian Federation, including in response to existing or threatened sanctions, or by Canada, the United States, the United Kingdom or the European Union against persons and/or companies conducting business in the Russian Federation. The imposition of such economic sanctions or other penalties could have a material adverse effect on the Group's assets and operations. Russian legislation currently permits the conversion of ruble revenues into foreign currency. Any delay or other difficulty in converting rubles into a foreign currency to make a payment or delay in or restriction on the transfer of foreign currency could limit our ability to meet our payment and debt obligations, which could result in the loss of suppliers, acceleration of debt obligations, etc. The Group is monitoring these sanctions carefully; to date the operations have not been negatively affected.

Nature of Mining, Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature, involves a high degree of risk and is frequently non-productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including quality of management, the Group's level of geological and technical expertise, the quality of land available for exploration, and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

The Group's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-in or slides, flooding, fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralization, consistency and reliability of ore grades and commodity prices affect successful project development. In addition, few properties that are explored are ultimately developed into producing mines. Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Liquidity and Future Financing

In April of 2018 the Group achieved first silver production through its commissioning activities, the Group achieved commercial production on 1 July 2019, despite achieving this major milestone there are no guarantees the Group will continue to have consistent source of operating cash flows going forward and may require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to the Group. The success and the pricing of any future capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and the outcomes of any relevant feasibility studies and exploration programs. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Group. Any debt financing, if available, may involve financial covenants which may limit the Group's operations. In order to fund development operations and maintain rights under licenses and agreements, the Group has secured funding in the form of long-term loans in the principal amount of $165,062,833.

Fluctuations in Metal Prices

The price of silver, gold and other metals fluctuates widely and is affected by numerous factors beyond the control of the Group such as industrial and retail supply and demand, foreign exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production from the Group's Mangazeisky Project is dependent upon the price of silver, gold and other metals being adequate to make these properties economically viable. Future serious price declines in the market value of silver, gold and other metals could cause continued development and eventually commercial production from, the Mangazeisky Project to be rendered uneconomic. Depending on the price of silver, gold and other metals the Group could be forced to discontinue exploration or development activities and may lose its interest in, or may be forced to sell, its property. There is no assurance that, even as commercial quantities of silver and other base metals are produced, a profitable market will exist for them.

Political, Economic and Legislative Risk

The economy of the Russian Federation continues to display characteristics of an emerging market, which includes certain currency conversion risks. The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments. Russian Federation laws, licenses and permits have been in a state of change and new laws may be given retroactive effect. Such licenses and permits, including the obtainment from the Russian Federation authorities of a mining license to replace the exploration license in respect to the Mangazeisky Project, may not be obtained on a basis consistent with our current expectations. Further, ambiguity exists with regard to the interpretation of licenses and permits and the application of rules and regulations with regard to exploration activities in the Russian Federation. The suspension, limitation in scope or revocation of an exploration or mining license or the levying of substantial fines or penalties could have a material adverse effect on our exploration or development activities in the Russian Federation and the Group's financial results. In such circumstances the exploration and development activities may be significantly and adversely affected. It is also not unusual in the context of dispute resolution in the Russian Federation for parties to use the uncertainty in the Russian Federation legal environment as leverage in business negotiations. In addition, Russian Federation tax legislation is subject to varying interpretations and constant change. Furthermore, the Group's interpretation of tax legislation may not coincide with that of Russian Federation tax authorities. As a result, transactions may be challenged by the tax authorities and the Group's Russian operations may be assessed, which could result in significant additional taxes, penalties and interest. The periods remain open to review by the tax authorities for three years (although the statute of limitations in certain circumstances may not time bar the tax claims). In addition, Russian Federation authorities and court systems have been shown to be unpredictable. Challenges to the Group's assets and operations in the Russian Federation may be brought by authorities for reasons that the Group is unable to predict and which may result in material adverse changes to the Group.

Other risks and uncertainties include, but are not limited to; terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; abuse of legal presses; uncertainty of the rule of law; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in the Russian Federation may adversely affect the operations or profitability of the Group. Operations may be affected in varying degrees by unpredictable government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Group.

Insurance and Uninsured Risks

The business of the Group is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Group or others, delays in mining, monetary losses and possible legal liability. Although the Group maintains insurance to protect against certain risks in such amounts it considers being reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and development is not generally available to the Group

or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Regulations

All phases of the Group's operations are or will be subject to environmental regulation in the Russian Federation in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set the limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Group's operations. Environmental hazards may exist on the properties in which the Group holds interests which are unknown to the Group at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently and may in the future be required in connection with the operations of the Group. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Group and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

Government Regulation

The mining, processing, development and mineral exploration activities of the Group are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Group are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Group.

Licenses and Permits

The Group's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Group being successful in obtaining required statutory approvals for its proposed activities and that the licenses, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith. There is no assurance that the Group will continue to keep its existing licenses in good standing as the requirements for doing so may become impractical, impossible, or uneconomic. Under law in the Russian Federation, the voluntary surrender of a license will be subject to various requirements, including compliance with the license terms, liquidation, conservation, reclamation and other measures to be carried out prior to the abandonment of the license. These measures may expose the Group to additional expenditures and obligations which may be onerous to the Group.

Significant Shareholders

Aterra currently holds 24.7% of the issued and outstanding common shares of the Group on a non-diluted basis and Inflection currently holds 62.3% of the issued and outstanding common shares of the Group. Collectively, Aterra and Inflection hold the majority of voting rights in the Group. The exercise of voting rights associated with the Group may have a significant influence on the Group's business operations. Although neither Aterra nor Inflection have indicated that they have any intention of disposing of their interest in the Group, in the event that either party sold a portion of its position, it may have a significant influence on the share price of the Group, depending on the market conditions at the time of such sale.

Title to Properties

There can be no assurances that the interest in the Group's properties is free from defects or that the material contracts between the Group and the relevant governmental agencies will not be unilaterally altered or revoked. There can be no assurances that the Group's rights and interests will not be challenged or impugned by third parties.

Generally, as the Russian Federation is an uncertain legal environment, the Group's interest in its licenses may be challenged for various reasons or in connection with the conduct of an auction process related thereto. Such challenges, if any, may have a material adverse effect on the business and operations of the Group.

Competition

The Group competes with other companies, some of which have greater financial and other resources than it has and, as a result, may be in a better position to compete for future business opportunities. The Group competes with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of the Group's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Group can compete effectively with these companies.

Dependence on Key Personnel and Shortage of Labour Force

The Group is reliant on key personnel employed or contracted by the Group. Loss of such personnel may have a material adverse impact on the performance of the Group. In addition, the recruiting of qualified personnel is critical to the Group's success. As the Group's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. In addition, given the remote location of the Group's properties, the lack of infrastructure in the nearby surrounding areas, and the shortage of a readily available labour force in the mining industry, the Group may experience difficulties finding the skilled employees to conduct its operations in the Russian Federation in the event it develops any of its properties. While the Group believes that it will be successful in attracting and retaining qualified personnel and employees, there can be no assurance of such success.

Foreign Exchange Risk

The Group is subject to foreign exchange risks relating to the relative value of the Russian rouble, US dollar and to some extent the Canadian dollar. Most of its expenditures are in US dollars and Russian roubles. The Group has not hedged against fluctuations in exchange rates. Foreign currencies are affected by a number of factors that are beyond the Group's control. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect Group's financial position and operating results.

Repatriation of Earnings

General rules of investment and repatriation of funds in the Russian Federation, as well as currency regulation are stated by the Law on Currency Regulation and Currency Control. Currency operations between residents and non-residents can generally be carried out without any restrictions except that in the Russian Federation, parties must buy and sell foreign currency only in specially licensed and empowered banks.

Special requirements on repatriation of funds are applied to the residents of the Russian Federation performing foreign-trade activity, business activity in the field of the international trade of goods, works, services, information, and the results of the intellectual activity, including the exclusive rights to such results intellectual property.

To control the currency operations (particularly when a Russian entity is a part of a multinational loan/investment agreement) residents of the Russian Federation need to provide to the operating bank a deal passport supported by documents with the following exceptions:

i) total amount of credit agreement does not exceed US$5,000;

ii) resident is a lending agency;

iii) resident is a physical body and is not an individual entrepreneur; and

iv) resident is a federal executive organ specially empowered by the state government.

Stock Exchange Prices

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Group. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Group's securities.

Conflicts of Interest

Certain directors and officers of the Group are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Group. Situations may arise in connection with potential acquisitions in investments where the other interests of these

directors and officers may conflict with the interests of the Group. Directors and officers of the Group with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Mineral Resource Estimate

Mineral resource estimates are expressions of judgment in engineering and geological interpretation based on knowledge, experience and industry practice. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the control of the Group. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and actual events could have a material adverse effect on the Group's financial position and results of operations. Estimates, which were valid when made, may change significantly upon new information becoming available. Should the Group encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have a negative effect on the Group's operations.

Effecting Service of Process

Some of the Group's directors reside outside of Canada. Substantially all of the assets of these persons are located outside of Canada. It may not be possible for investors to affect service of process within Canada upon the directors, officers and experts. It may also not be possible to enforce against certain of the Group's directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Inclement Weather and Climate Conditions

The Group's mineral properties are situated in remote parts of the Russian Federation, where access is limited and often only available by winter road or air, increasing the risk that the Group may be unable to explore, develop or operate efficiently due to periods of extreme cold (or by warm weather, or the long-term effects of global warming, in the case of the winter roads on which the Group may be highly dependent). Climate change or prolonged periods of inclement weather may severely limit the length of time per year in which exploration programs and eventually development activities can be carried out.

The Group's operations are subject to numerous governmental licenses that are difficult to obtain and the Group may not be able to obtain or renew all of the licenses it requires, or such licenses may not be timely obtained or renewed. The duration and success of its efforts to obtain and renew licenses are contingent upon many variables not within its control including, without limitation, the interpretation of applicable requirements implemented by the Russian authorities. The Group may not be able to obtain or renew licenses that are necessary to its operations on a timely basis or at all and the cost to obtain or renew licenses may exceed its estimates. Failure to obtain or renew necessary licenses may result in the revocation of rights to use and operate on the Group's properties. There can be no assurance that the Group has been or will at all times be in full compliance with all of the terms of its licenses or that it has all required licenses to conduct its operations. The costs and delays associated with compliance with these licenses and the licensing process could stop the Group from proceeding with the operation or development of a property or increase the costs of development or production and may materially adversely affect its business, results of operations or financial condition.

DIVIDENDS

Silver Bear has not, since the date of its incorporation, declared or paid any dividends on its shares, and does not currently have a policy with respect to the payment of dividends. The payment of dividends in the future will depend on the earnings and the financial condition of the Company and such other factors as the directors of Silver Bear consider appropriate. Silver Bear does not currently have any restrictions that could prevent it from paying dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of March 31, 2021, the Company had the following capitalization.

Common Shares	674,109,279
Options	24,084,333
Warrants	0
Fully Diluted	**698,193,612**

The Articles of Silver Bear provide that it may issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The rights of the common shares entitles the holders to the following:

a) to vote at all meetings of shareholders of Silver Bear, except meetings at which only holders of a specified class of shares are entitled to vote;

b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Silver Bear, any dividends declared by Silver Bear; and

c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Silver Bear, the remaining property of Silver Bear upon the liquidation, dissolution or winding-up of Silver Bear, whether voluntary or involuntary.

The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking fund or purchase fund provisions.

The following table details the common shares issued in 2020:

Balance as at December 31, 2019	672,140,902
Shares issued from bonus share plan	245,000
Shares issued upon exercise of stock options	0
Shares issued from Subscription Plan	1,304,521
Total – issued and outstanding as at December 31, 2019	**673,690,423**

MARKET FOR SECURITIES

Price Range and Trading Volume

The Company is listed on the Toronto Stock Exchange and its Shares trade under the same trading symbol “SBR”. The following table sets forth information relating to the monthly trading of the common shares on the TSX for the fiscal year ended December 31, 2020.

Period	Price Range ($/share)[1]		Trading Volume[2]
	Low	High	
January 2020	$0.125	$0.16	1,069,508
February 2020	$0.12	$0.145	1,396,942
March 2020	$0.085	$0.125	1,353,627
April 2020	$0.105	$0.135	718,002
May 2020	$0.105	$0.15	734,043
June 2020	$0.125	$0.145	875,646
July 2020	$0.13	$0.22	5,475,846
August 2020	$0.175	$0.23	2,307,591
September 2020	$0.14	$0.17	2,009,776
October 2020	$0.125	$0.16	1,019,915
November 2020	$0.12	$0.16	925,048
December 2020	$0.125	$0.165	949,476

Notes:

1 – Includes intra-day lows and highs
2 – Total volume traded in the month

Prior Sales

During the year ended December 31, 2020, there were no securities issued by the Company’s Stock Option Plan.

DIRECTORS AND OFFICERS

The following table sets forth the name, province or state and country of residence, position held with the Company and period(s) during which each director of the Company has served as a director, the principal occupation of each director and executive officer of the Company as at December 31, 2020. All directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name, Office Held and Municipality of Residence	Principal Occupation	Principal Occupation During the Past Five Years	Director and/or Officer since	Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised
Maxim Matveev[1,2] Moscow, Russian Federation	Director	Worked at Aterra Capital since 2015 and since June 2008 served as Mining Analyst at ING Bank.	June 27, 2018	126,483
Dominic Gualtieri[1,2] Moscow, Russian Federation	Director	Corporate Director. He was Managing Director, Head of Equities of Alfa Bank, one of Russia's largest privately owned bank from 2000 to 2008.	July 16, 2008	575,820
Christopher Westdal[1,2,] Ottawa, Ontario	Non-Executive Chair[3], Director	Consultant in international affairs. Was previously Canadian Ambassador to Russia from 2003 to 2006.	Oct. 26, 2007	1,073.972
Alexey Sotskov Moscow, Russian Federation	Director	Previously Project Portfolio Manager at Technonicol and since 2014 Representative of Inflection Management Corporation Limited.	August 18, 2014	425,000
Vadim Ilchuk Moscow, Russian Federation	President, CEO, and Director	Joined Silver Bear in July 2017 as CFO and appointed President and CEO in November 2018. Mr. Ilchuk was CFO of RT Business Development Inc., from May 2015 to December 2016 and Deputy CFO of Pavlik Gold Mining Company from June 2014 to April 2015 and held various management positions with Kinross Gold Corporation in USA and Russia from September 2011 to May 2014.	Director since November 17, 2018; Officer since June 30, 2017	250,000
Mikhail Ilyin Moscow, Russian Federation	CFO	Mr. Ilyin joined the Silver Bear in February 2019, appointed CFO in June 2019. He was previously Head of Finance and Control at United Cable Group. Before that, he served for several years as a Senior Audit Consultant for PricewaterhouseCoopers LLP (Moscow).	Officer since June 10, 2019	64,017
Judith Webster Toronto, Ontario	Corporate Secretary and Manager Investor Relations	Founder of WebsterIR Consulting. Previously Vice President of Investor Relations at AXMIN Inc. since 2001 to 2013.	Officer since May 15, 2015	Nil

(1) Member of the Audit Committee, Mr. Matveev (Chairman).

(2) Member of the Joint Compensation, Corporate Governance and Environmental Committee, Mr. Gualtieri (Chairman).

As of March 31, 2021, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 2,515,292 common shares, representing approximately 0.37% of the total number of common shares outstanding.

Director and Officers Biographical Information

The following is a brief biography of each of the directors and officers of Silver Bear.

Christopher Westdal, On January 12, 2016, Mr. Westdal was appointed Non-Executive Chairman and director of Silver Bear. Mr. Westdal is a former Canadian diplomat with 22 years of experience in the field, 16 heading Canadian Embassies, High Commissions and international delegations. Mr. Westdal was Ambassador to Russia (2003 to 2006), the United Nations Office in Geneva (1999 to 2003), Ukraine (1996 to 1998), South Africa (1991 to 1993) and Bangladesh and Burma (1982 to 1985). Prior assignments abroad included India and Nepal (from 1973 to 1975, responsible for CIDA programming), and Tanzania (from 1970 to 1973, as a member of University of Toronto's economic advisory team). In Ottawa, he was Director General of the Foreign Ministry's International Organizations Bureau from 1987 to 1991, Assistant Secretary at the Privy Council Office to the Cabinet Committee on Foreign Policy and Defense (1976 to 1978, 1985 to 1987), and CIDA Regional Director for East Africa from 1978 to 1982. Mr. Westdal holds a Bachelor of Arts degree from St. Johns College and a Master of Business Administration from the University of Manitoba.

Dominic Gualtieri, director of Silver Bear. He was Managing Director and Head of Equities for the Alfa Bank, one of Russia's largest private bank from 2000 to 2008. Prior to that he was Managing Director of Franklin Templeton Asset Management in South Africa and Moscow from December 1996 to April 2000. He holds Bachelor of Arts and Masters degree from the University of Toronto.

Mr. Maxim Matveev, director of Silver Bear. Mr. Matveev is a Director of Aterra Capital. He has more than 20 years of experience in corporate finance and equity capital markets. Prior to joining Aterra Capital in 2015, Maxim was a senior metals and mining analyst at ING Bank. Before he joined ING in 2008, he worked in the Corporate Finance department of Deutsche Bank, holding a Vice President position, where he had extensive experience in both M&A and capital markets transactions. Maxim holds Masters Degree in Science from the Moscow Institute of Physics and Technology. He is a CFA Charterholder. Mr. Matveev is a nominee of Aterra.

Vadim Ilchuk, President, CEO and director of Silver Bear. Mr. V. Ilchuk has 19 years of experience in the mining industry and natural resource investment business. He has extensive background in mine finance and accounting, financial reporting, and cross-border M&A process and integration, as well as takeover rules and corporate governance. Mr. Ilchuk joined Silver Bear Resources Inc. from RT-Business Development Inc. where he held a position of Chief Financial Officer. He also served several years in various managerial roles in Kinross Gold Corporation in the United States and Russia. Holds an Honour degree in Management Economics from the Northeaster State University, Russia and Finance degree from the University of Alaska, USA.

Mikhail Ilyin, CFO of Silver Bear. Mr. Ilyin first joined Silver Bear as a Group Finance Controller on February 28, 2019. Mr. Ilyin has extensive experience as a financial executive and senior audit consultant. Mr. Ilyin joined the Company from United Cable Group where he was Head of Finance Control. He also served for several years as a Senior Audit Consultant for PricewaterhouseCoopers LLP (Moscow). Mr. Ilyin holds a five-year Specialists degree in Finance and Legal from the Moscow Humanitarian-Economic University in Moscow. Mr. Ilyin will be responsible for overseeing Company's financial strategy, planning and analysis, accounting and financial reporting and will report to Mr. Vadim Ilchuk, the Company's President and CEO.

Alexey Sotskov, Deputy CEO and director of Silver Bear**.** Mr. Sotskov has more than 15 years of project management experience in the technology and business process optimization sectors. Currently, he is a Representative of Inflection. Previously, he was the Project Portfolio Manager of Technonicol, a large Russian manufacturer and distributor of construction materials. Prior to joining Technonicol, Mr. Sotskov led certain business optimization and ERP implementation programs for TNK-BP, a major vertically integrated Russian oil company headquartered in Moscow and for Kinross Gold. Mr. Sotskov holds a Masters Degree in Science and Applied Mathematics from the Moscow Institute of Physics and Technology. Mr. Sotskov is a nominee of Inflection.

Judith Webster, Corporate Secretary and Manager Investor Relations of Silver Bear. Ms. Webster is a geologist with over 25 years working in the mining industry, of those plus 15 years of investor relations and corporate governance experience. Ms. Webster has held senior level roles as IRO for many publicly listed and dual listed companies Ms. Webster has extensive experience in corporate communications, stakeholder development, public offerings, private placement financings and corporate governance matters. Ms. Webster holds a BSc. Geology from McMaster University, Canada.

Conflicts of Interest

The directors and officers of Silver Bear are, or may become, directors or officers of other companies with businesses which may conflict with the business of Silver Bear. Directors are required to act honestly and in good faith with a view to the best interests of Silver Bear. In addition, directors in a conflict of interest position are required to disclose such conflicts to Silver Bear and may have to abstain from voting in connection with the matter. To the best of Silver Bear's knowledge, there are no known existing or potential conflicts of interest between Silver Bear and a director or officer of Silver Bear as a result of their outside business interests at the date hereof, other than in respect of directors Matveev and Sotskov, who are appointed by the two significant shareholders of the Company, and may therefore from time to time have the potential for a conflict of interest or be required to

abstain from voting on certain matters. However, certain of the directors and officers serve as directors and/or officers of other companies, including other mining companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Silver Bear.

Corporate Cease Trade Orders

As set out below, no director or executive officer of the Company:

1. is, as at the date hereof, or has been, within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that:
    a. while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (collectively, an "**Order**"), for a period of more than 30 consecutive days; or
    b. was subject to an Order that was issued, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as director or executive officer of that company;
2. has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within ten years before the date hereof, a director, or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
4. has been subject to:
    a. any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
    b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Personal Bankruptcies

No director, executive officer, or shareholder holding a sufficient number of securities of Silver Bear to affect materially the control of Silver Bear, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material or significant legal proceedings involving Silver Bear or its properties as at the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as may be disclosed elsewhere in this AIF (including in respect of the 2017 and 2018 and 2019 financings involving its major shareholders Inflection and Aterra) or in the notes to the audited financial statements of the Company for the year ended December 31, 2019, with respect to Mr. Maxim Matveev appointee of Aterra and Alexey Sotskov, as an appointee of Inflection, no director, executive officer or shareholder holds on record or beneficially, directly or indirectly, more than 10% of the issued shares of Silver Bear, or any of their respective associates or affiliates has or had any material interest, direct or indirect, in any transaction in which Silver Bear has participated within the three-year period prior to the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect Silver Bear.

TRANSFER AGENT AND REGISTRAR

As of the date of this report, the transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario Canada and London, England UK.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the Company has entered into within the most recently completed financial years or prior thereto and are still in effect are as follows:

1. The Mangazeisky Mining License, described under "*The Mangazeisky Project*";
2. The Mangazeisky Exploration License described under "*The Mangazeisky Project*";
3. The Amended and Restated Facilities Agreement dated as of March 27, 2017 and the subsequent Facilities Agreement Increase dated as of November 7, 2017, September 18, 2018, December 24, 2018, December 24, 2019 and December 23, 2020 with Lenders Inflection, Aterra and between the Company and Prognoz;
4. CAT finance agreements have been signed in November and Dececember 2016. SBR guarantee letter was signed on January 27, 2017. Equipment was delivered and accepted in March 2017.
5. SCANIA agreement was signed on February 8, 2017 on acquisition of first four trucks. Additional four trucks are included into a new SCANIA agreement signed on November 1, 2017.
6. CAT finance agreements have been signed in January 2020, on acquisition of three trucks and excavator. Equipment was delivered and accepted in March 2020.
7. Agreement for acquisition of XRT sorting equipment have been signed in January 2020. Equipment was delivered to Yakutsk in March 2020.
8. Universal Leasing Company finance agreements have been signed in December 2019 on acquisition of FlexiRoc drilling equipment. Agreemen. Equipment was delivered and accepted in January 2020.
9. Siemens Finance finance agreements have been signed in March 2020, on acquisition of XRT ore sorter. Equipment was delivered and accepted in March 2020.
10. Siemens Finance finance agreements have been signed in October and November 2020, on acquisition of haul trucks, excavator, dozers and drilling rig. Equipment was delivered and accepted during first quarter of 2021.
11. Loan agreement with SKA ASSETS MANAGEMENT LIMITED, a company under common control with Inflection, in the amount of RUB 750,000,000 (equivalent to approximately C$12,000,000) with an interest rate of 8.27% per annum, accruing interest on a monthly basis. The Principal will be due and payable on 31 December 2021.

AUDIT COMMITTEE

Overview and Composition of the Audit Committee

The audit committee (the "Audit Committee"), founded on March 8, 2005, is a committee of the Board whose primary function is to assist the Board of Directors in fulfilling its oversight responsibilities by:

a) reviewing the financial statements, financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;

b) recommending the appointment and reviewing and appraising the audit efforts of the Company's independent auditor and providing an open avenue of communication among the independent auditor, financial, and senior management and the Board of Directors;

c) serving as an independent and objective party to monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical, and regulatory requirements; and

d) encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

All members of the Audit Committee are independent and considered to be financially literate within the meaning of National Instrument 52-110 – Audit Committees ("NI-52-110"). The Audit Committee is currently composed of three directors, Messrs. Matveev, Gualtieri and Westdal, all of whom are independent within the meaning of applicable Canadian securities laws. All members of the Audit Committee must be financially literate. The Audit Committee meets four times annually or more frequently as circumstances require, and meets at least annually with management and the independent auditor in separate private sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed.

Education and Experience of the Audit Committee Members

The following is the education and experience of each Audit Committee member that is relevant to his or her skills at: (a) understanding accounting principles used by the Company to prepare its financial statements; (b) assessing the general

application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or actively supervising one or more persons engaged in such activities; and (d) understanding of internal controls and procedures for financial reporting.

Mr. Maxim Matveev, a seasoned executive who is a Director of Aterra Capital. He has more than 20 years of experience in corporate finance and equity capital markets. Prior to joining Aterra Capital in 2015, Maxim was a senior metals and mining analyst at ING Bank. Before he joined ING in 2008, he worked in the Corporate Finance department of Deutsche Bank, holding a Vice President position, where he had extensive experience in both M&A and capital markets transactions. Maxim holds Masters Degree in Science from the Moscow Institute of Physics and Technology. He is a CFA charterholder. Mr. Matveev is a nominee of Aterra. On January 16, 2019, Mr. Matveev received the Certificate of Company Direction from the Counsil of Institute of Directors.

Dominic Gualtieri is a business executive and was the Managing Director and Head of Equities for the Alfa Bank, one of Russia's largest private banks from 2000 to 2008. Prior to that he was Managing Director of Franklin Templeton Asset Management in South Africa and Moscow from December 1996 to April 2000. He holds Bachelor of Arts and Masters degree from the University of Toronto.

Christopher Westdal, a business executive, is a former Canadian diplomat with 22 years of experience in the field, 16 heading Canadian Embassies, High Commissions and international delegations. Mr. Westdal was Ambassador to Russia (2003 to 2006), the United Nations Office in Geneva (1999 to 2003), Ukraine (1996 to 1998), South Africa (1991 to 1993) and Bangladesh and Burma (1982 to 1985). Prior assignments abroad included India and Nepal (from 1973 to 1975, responsible for CIDA programming), and Tanzania (from 1970 to 1973, as a member of University of Toronto's economic advisory team). In Ottawa, he was Director General of the Foreign Ministry's International Organizations Bureau from 1987 to 1991, Assistant Secretary at the Privy Council Office to the Cabinet Committee on Foreign Policy and Defense (1976 to 1978, 1985 to 1987), and CIDA Regional Director for East Africa from 1978 to 1982. Mr. Westdal holds a Bachelor of Arts degree from St. Johns College and a Master of Business Administration from the University of Manitoba.

External Auditor Service Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2020 and 2019:

Type of Work	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
Audit (1)	GBP 116,000	GBP 115,300
Total	GBP 116,000	**GBP 115,300**

(1) Aggregate fees billed for Silver Bear's annual financial statements and services normally provided by the auditor in connection with Silver Bear's statutory and regulatory filings.

INTERESTS OF EXPERTS

The following are the names of all the persons who have prepared or certified for Silver Bear a statement, report or valuation described or included in this AIF:

Steven James McRobbie BSc (Hons), MSc, ACSM, MAusIMM, of Wardell Armstrong (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 ("**NI 43-101**") and has reviewed the scientific and technical information in this report.

BDO LLP (UK), Chartered Accountants, are the auditors of the Company and have performed the audit in respect of the audited annual financial statements of the Company as at and for the year ended December 31, 2019. BDO LLP (UK), Chartered Accountants, has reported that they are independent of the Company in accordance with the applicable rules of professional conduct of the Institute of Chartered Accountants of Ontario as of the date hereof.

To the knowledge of Silver Bear, each of the aforementioned firms and persons held less than 1% of the outstanding Common Shares at the time of the preparation of the reports and/or at the time of the supervision of the preparation of the technical information contained in this AIF and either did not receive any or received less than a 1% direct or indirect interest in any securities of the Company or of any associate or affiliate of the Corporation in connection with the preparation of such reports or data.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Company or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's latest management information circular filed on SEDAR. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the fiscal year ended December 31, 2019. Additional financial information relating to the Company may also be found on the Company's website at www.silverbearresources.com and at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

THE BOARD OF DIRECTORS OF SILVER BEAR

I. PURPOSE

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by:

- reviewing the financial statements, financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Company's independent auditor and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the Company's independent auditors are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee shall be comprised of a minimum of three directors as determined by the Board, all of whom shall be "independent" directors as such term are defined in Schedule "B". All members of the Committee shall, to the satisfaction of the Board of Directors, be "financially literate" as such term are defined in Schedule "B".

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis ("MD&A") and shall meet prior to filing the annual audited financial statements to review and discuss the audited financial results for the year and related MD&A.

As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as the Audit Committee or the Chairman of the Committee shall determine upon a 48 hours prior notice to each of the members. The notice period may be waived by a quorum of the Committee. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

1. Create an agenda for the ensuing year to fulfill its mandate.

2. Annually review and revise this Charter as necessary with the approval of the Board of Directors.

3. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular or its Annual Information Form the Committee's composition and responsibilities and how they were discharged and otherwise assist management in providing the information required by Form 52-110F1 in the Company's Annual Information Form or such other disclosure document required by Multilateral Instrument 52-110.

4. Report periodically to the Board of Directors.

Documents/Reports Review

5. Review the Company's financial statements as well as all MD&A's and earnings press releases prior to their publication and/or filing with any governmental body, or the public.

6. Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph 5, and periodically assess the adequacy of such procedures.

Independent Auditor

7. Recommend to the Board of Directors the selection of the independent auditor, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor. Instruct the independent auditor that the Board of Directors, as the shareholders' representative, is the independent auditor's client.

8. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing and resolving any material differences of opinion between management and the independent auditor.

9. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence.

10. Pre-approve all non-audit services to be provided to the Company or its subsidiaries by the independent auditor.

11. Oversee the work and review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.

12. Periodically consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

13. Ensure that the independent auditor reports directly to the Audit Committee and arrange for the independent auditor to be available to the Audit Committee and the full Board of Directors as needed.

14. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's independent auditor.

Financial Reporting Processes

15. In consultation with the independent auditor, review the integrity of the organization's financial reporting processes, both internal and external.

16. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.

17. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

18. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

19. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.

20. Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.

21. Review and resolve any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.

22. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.

23. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

24. Review activities, organizational structure, and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning within the Company are raised for consideration at the full Board of Directors.

Ethical and Legal Compliance

25. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

26. Review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code.

27. Review management's monitoring of the Company's system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

28. Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial statements.

Risk Management

29. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

General

30. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

31. The committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

32. Perform any other activities consistent with this Charter, the Company's By-laws, Shareholders' Agreement and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE "B"

Independence Requirement of Multilateral Instrument 52-110

A member of the Audit Committee shall be considered "independent", in accordance with *Multilateral Instrument 52-110 - Audit Committees* ("MI 52-110"), subject to the additional requirements or exceptions provided in MI 52-110, if that member has no direct or indirect relationship with the Company, which could reasonably interfere with the exercise of the member's independent judgment. The following persons are considered to have a material relationship with the Company and, as such, can not be a member of the Audit Committee:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

(c) an individual who:

  (i) is a partner of a firm that is the Company's internal or external auditor;

  (ii) is an employee of that firm; or

  (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

  (i) is a partner of a firm that is the Company's internal or external auditor;

  (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or

  (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at the same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than $75,000 in direct compensation from the Company during any 12-month period within the last three years, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service for the Company if the compensation is not contingent in any way on continued service.

In addition to the independence criteria discussed above, any individual who:

(a) has a relationship with the Company pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee; or as a part-time chair or vice-chair of the board or any board or committee, or

(b) is an affiliated entity of the Company or any of its subsidiary entities,

is deemed to have a material relationship with the Company, and therefore, is deemed not to be independent.

The indirect acceptance by an individual of any consulting, advisory or other fee includes acceptance of a fee by:

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary entity of the Company.

Financial Literacy under Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.