

Recent Sales of Unregistered Securities and Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Recent Sales of Unregistered Securities

On June 25, 2021, we completed a private placement (the “2021 Silver Bull Private Placement”) for 500,000 shares of common stock at a purchase price of \$CDN 1.00 per share for aggregate gross proceeds of \$405,351 (\$CDN 500,000). No placement agent or finder’s fees were paid in connection with the 2021 Silver Bull Private Placement.

On November 9, 2020, in the second and final tranche of a private placement (the “2020 Silver Bull Private Placement”), we sold 319,000 units (each, a “Unit”) at a purchase price of \$0.47 per Unit for gross proceeds of \$149,930. Each Unit consists of one share of our common stock and one-half of one transferable common stock purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire one share of our common stock and one common share of Arras as per the terms of the Separation and Distribution Agreement between Silver Bull and Arras completed in conjunction with the Distribution, , at a price of \$0.59 until the fifth annual anniversary of the closing of the respective tranche of the 2020 Silver Bull Private Placement.

We relied on the exemption from registration under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D, or Regulation S, for purposes of each of the 2021 Silver Bull Private Placement and the 2020 Silver Bull Private Placement.

Purchases of Equity Securities by the Company and Affiliated Purchasers

No purchases of equity securities were made by or on behalf of Silver Bull or any “affiliated purchaser” within the meaning of Rule 10b-18 under the Exchange Act during the period covered by this report.

Item 6. [RESERVED]

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

Silver Bull, incorporated in Nevada, is an exploration stage company, engaged in the business of mineral exploration. Our primary objective is to define sufficient mineral reserves on the Sierra Mojada Property to justify the development of a mechanized mining operation. We conduct our operations in Mexico through our wholly-owned Mexican subsidiaries, Minera Metalin and Minas. However, as noted above, we have not established any reserves at the Sierra Mojada Property, are in the exploration stage and may never enter the development or production stage.

Our principal office is located at 777 Dunsmuir Street, Suite 1610, Vancouver, BC, Canada V7Y 1K4, and our telephone number is 604-687-5800.

Recent Developments

Distribution of Arras Common Shares

On August 31, 2021, the board of directors approved the distribution of Arras common shares. On September 24, 2021, we distributed to our shareholders one Arras common share for each Silver Bull share held by such shareholders, or 34,547,838 Arras common shares in total. Upon completion of the Distribution, we retained 1,452,162 Arras common shares, or approximately 4% of the outstanding Arras common shares, as a strategic investment, and Arras became a stand-alone company.

Amendments to Articles of Incorporation

On April 19, 2021, our shareholders approved and adopted amended and restated articles of incorporation to, among other things, increase the number of authorized shares of our common stock from 37.5 million to 150 million.

2021 Silver Bull Private Placement

In June 2021, we sold 500,000 shares of common stock, raising gross proceeds of \$405,351 (\$CDN 500,000). For a full description of the 2021 Silver Bull Private Placement, see the “Material Changes in Financial Condition; Liquidity and Capital Resources” section below.

2020 Silver Bull Private Placement

In November 2020, in the second and final tranche of the 2020 Silver Bull Private Placement, we sold of 319,000 units consisting of one share of our common stock and one-half of one transferable common stock purchase warrant, raising gross proceeds of \$149,930. For a full description of the 2020 Silver Bull Private Placement, see the “Material Changes in Financial Condition; Liquidity and Capital Resources” section below.

Arras Private Placement

On April 1, 2021, while Arras was a subsidiary of the Company, Arras completed a private placement (the “Arras Private Placement”) for 5,035,000 common shares at a price of \$CDN 0.50 per share for gross proceeds of \$CDN 2,517,500. No placement agent or finder’s fees were paid in connection with the Arras Private Placement. Arras incurred other offering costs associated with the Arras Private Placement of \$20,687. For a full description of the Arras Private Placement, see the “Material Changes in Financial Condition; Liquidity and Capital Resources” section below.

South32 Option Agreement

On June 1, 2018, we and our subsidiaries Minera Metalin and Contratistas entered into the South32 Option Agreement with South32, whereby South32 is able to obtain the South32 Option to purchase 70% of the shares of Minera Metalin and Contratistas. Contratistas has since merged with and into Minera Metalin. Contratistas has since merged with and into Minera Metalin. Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico, and supplies labor for the Sierra Mojada Project. Under the South32 Option Agreement, South32 earns into the South32 Option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the South32 Option Agreement, in order for South32 to earn and maintain its four-year option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4. Funding is made on a quarterly basis based on the following quarter’s exploration budget. South32 may exercise the South32 Option by contributing \$100 million to Minera Metalin, less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the South32 Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the South32 Option becomes exercisable and is exercised, we and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the South32 Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by us. The exploration program will be initially managed by us, with South32 being able to approve the exploration program funded by it. We received funding of \$3,144,163 from South32 for Year 1 of the South32 Option Agreement. In April 2019, we received a notice from South32 to maintain the South32 Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. We had received funding of \$1,502,831, which included payments of \$319,430 and \$1,100,731 received during the years ended October 31, 2019 and 2020, respectively, from South32 for Year 2 of the South32 Option Agreement, the time period for which has been extended by an event of force majeure described in more detail below. As of October 31, 2021, we had received cumulative funding of \$4,646,994 under the South32 Option Agreement. During the year ended October 31, 2021, we received payment of \$82,670 for the extended Year 2 time period. If the South32 Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, we are under no obligation to reimburse South32 for amounts contributed under the South32 Option Agreement.

Upon exercise of the South32 Option, Minera Metalin is required to issue common shares to South32. Pursuant to the South32 Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

We have determined that Minera Metalin is a variable interest entity and that the South32 Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32. We have also determined that the South32 Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of consideration received, as it is more reliably measurable than the fair value of the equity interest. If the South32 Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances not wholly in control of us or South32 and which are not currently probable.

On October 11, 2019, we and our subsidiary Minera Metalin issued a notice of force majeure to South32 pursuant to the South32 Option Agreement. Due to a blockade by Mineros Norteños, we have halted all work on the Sierra Mojada Property. The notice of force majeure was issued because of the blockade’s impact on the ability of us and our subsidiary Minera Metalin to perform their obligations under the South32 Option Agreement. Pursuant to the South32 Option Agreement, any time period provided for in the South32 Option Agreement will generally be extended by a period equal to the period of delay caused by the event of force majeure.

Sierra Mojada Property

In April 2021, our board of directors approved an exploration budget for the Sierra Mojada Property of \$0.2 million and a \$1.4 million budget for general and administrative expenses for calendar year 2021. Due to the blockade by Mineros Norteños previously mentioned under the “Recent Developments – South32 Option Agreement” section of this Form 10-K, we have halted all exploration work at the Sierra Mojada Property. Until the blockade situation is resolved, the focus of the exploration budget for the Sierra Mojada Property is maintaining our property concessions.

2021 Drilling

During the year ended October 31, 2021 we conducted no drilling as we halted the drilling program due to the blockade.

2022 Exploration Program

The focus of our 2022 calendar year exploration program on the Sierra Mojada Property will be to resolve the blockade and to maintain our property concessions in Mexico. Upon resolution of the blockade, we will work with South32 to approve an updated exploration program.

Management Changes

On October 1, 2021, Darren Klinck was appointed as President, replacing Timothy Barry in such role on that date. Timothy Barry remains our Chief Executive Officer. Mr. Klinck, most recently served as President (August 2017–April 2021) and Chief Executive Officer (August 2017–January 2020) of Bluestone Resources Inc. From April 2007 to June 2017, he served in numerous roles at OceanaGold Corporation, including Executive Vice President and Head of Corporate Development, Head of Business Development, and Vice President of Corporate and Investor Relations. Mr. Klinck has served as a director of ValOre Metals Corp. since June 1, 2021, as a director of Gold Basin Resources Corp. since September 9, 2021, and as the President and a director of Arras Minerals Corp. since October 1, 2021. In addition, he served as a director of Bluestone Resources Inc. from August 2017 to April 2021. Mr. Klinck has a Bachelor of Commerce degree from the Haskayne School of Business at The University of Calgary.

Results of Operations

Fiscal Year Ended October 31, 2021 Compared to Fiscal Year Ended October 31, 2020

For the fiscal year ended October 31, 2021, we reported a consolidated net loss of \$2,448,000 or approximately \$0.07 per share, compared to a consolidated net loss of \$2,226,000 or approximately \$0.08 per share during the fiscal year ended October 31, 2020. The \$222,000 increase in the consolidated net loss was primarily due to a \$298,000 increase in exploration and property holding costs, a \$1,040,000 increase in general and administrative expenses, which was partially offset by a \$1,091,000 unrealized gain of Arras shares held by Silver Bull and \$6,000 in other income in the 2021 fiscal year compared to \$15,000 in other expenses in the 2020 fiscal year as described below.

Exploration and Property Holding Costs

Exploration and property holding costs increased by \$298,000 to \$978,000 in the 2021 fiscal year from \$680,000 in the 2020 fiscal year. This increase was the result of an increase in stock-based compensation expenses, finders’ fees due and exploration activities in connection of the Beskauga Option Agreement, which was offset by a decrease in expenses at the Sierra Mojada Property due to the blockade discussed in the “Recent Developments – South32 Option Agreement” section above.

General and Administrative Costs

General and administrative expenses increased by \$1,040,000 to \$2,563,000 in the 2021 fiscal year from \$1,523,000 in the 2020 fiscal year as described below.

Stock-based compensation was a factor in the fluctuations in general and administrative expenses. Overall stock-based compensation included in general and administrative expense increased to \$492,000 in the 2021 fiscal year from \$62,000 in the 2020 fiscal year. This was mainly due to stock options granted to Arras’ employees, directors and advisors in the 2021 fiscal year, while Arras was a subsidiary of the Company.

Personnel costs increased by \$272,000 to \$886,000 in the 2021 fiscal year from \$614,000 in the 2020 fiscal year. This increase was mainly due to a \$246,000 increase in stock-based compensation expense as a result of stock options vesting in the 2021 fiscal year having a higher fair value than stock options vesting in the 2020 fiscal year.

Office and administrative expenses increased by \$64,000 to \$381,000 in the 2021 fiscal year from \$317,000 in the 2020 fiscal year. This increase was mainly due to an increase in investor relations activities relating to costs associated with the special meeting of shareholders in December 2020.

Professional services increased by \$470,000 to \$868,000 in the 2021 fiscal year from \$398,000 in the 2020 fiscal year. This increase was mainly due to a \$373,000 increase in legal fees, a \$107,000 increase in accounting fees, which includes \$85,000 for the special meeting of shareholders in December 2020, and \$378,000 for the incorporation and spin-off of Arras and the Distribution of Arras common shares to our shareholders.

Directors' fees increased by \$222,000 to \$366,000 in the 2021 fiscal year as compared to \$144,000 for the 2020 fiscal year. This increase was primarily due to an additional \$36,000 in directors' fees for Arras directors and a \$185,000 increase in stock-based compensation expenses as a result of stock options vesting in the 2021 fiscal year having a lower fair value than stock options vesting in the 2020 fiscal year.

We recorded a \$62,000 provision for uncollectible VAT for the 2021 fiscal year as compared to a \$50,000 provision for uncollectible VAT in the 2020 fiscal year. The increase was mainly due to a reduction in management's estimated probability of collecting outstanding VAT in the 2021 fiscal year. The allowance for uncollectible taxes in Mexico was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

Other Income (Expenses)

We recorded other income of \$1,097,000 in the 2021 fiscal year as compared to other expenses of \$15,000 in the 2020 fiscal year. The significant factor contributing to other income in the 2021 fiscal year was a \$1,091,000 unrealized gain of Arras shares held by Silver Bull and \$6,000 in foreign currency transaction income. The significant factor contributing to other expenses in the 2020 fiscal year was a \$22,000 foreign currency transaction loss.

Material Changes in Financial Condition; Liquidity and Capital Resources

2021 Silver Bull Private Placement

On June 25, 2021, we sold 500,000 shares of common stock for gross proceeds of \$405,351 (\$CDN 500,000) in the 2021 Silver Bull Private Placement. No placement agent or finder's fees were paid in connection with the 2021 Silver Bull Private Placement. We incurred other offering costs associated with the 2021 Silver Bull Private Placement of \$14,628.

Arras Private Placement

On April 1, 2021, Arras completed the Arras Private Placement for 5,035,000 common shares at a price of \$CDN 0.50 per share for gross proceeds of \$CDN 2,517,500. No placement agent or finder's fees were paid in connection with the Arras Private Placement. We incurred other offering costs associated with the Arras Private Placement of \$20,687.

2020 Silver Bull Private Placement

On October 27, 2020, in the initial tranche of the 2020 Silver Bull Private Placement, we sold 3,623,580 units (each, a "Unit") at a purchase price of \$0.47 per Unit for gross proceeds of \$1,703,000. On November 9, 2020, in the second and final tranche of the 2020 Silver Bull Private Placement, we sold 319,000 Units at a purchase price of \$0.47 per Unit for gross proceeds of \$150,000. Each Unit consists of one share of our common stock and one-half of one transferable common stock purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one share of our common stock and one common share of Arras as per the terms of the Separation and Distribution agreement between Silver Bull and Arras completed in conjunction with the Distribution, at a price of \$0.59 until the fifth annual anniversary of the closing of the respective tranche of the 2020 Silver Bull Private Placement.

We paid a finder's fee totaling \$26,000 to an agent with respect to certain purchasers who were introduced to us by the agent. We incurred other offering costs associated with the 2020 Silver Bull Private Placement of \$105,236.

Cash Flows

During the 2021 fiscal year, we primarily utilized cash and cash equivalents to fund (i) exploration activities at the Beskauga Property and the acquisition of mineral concessions located in Kazakhstan, while Arras was a subsidiary of the Company (ii) general and administrative expenses and (iii) exploration activities at the Sierra Mojada Property. In addition, we received \$83,000 from South32, net proceeds of \$133,000 from the second and final tranche of the 2020 Silver Bull Private Placement, which was partially offset by an \$81,000 payment for share issuance costs due to the timing of the payment, net proceeds of \$400,000 from the 2021 Silver Bull Private Placement and a Canada Emergency Business Account (“CEBA”) loan for \$16,000. As a result of the exploration activities and general and administrative expenses, which were partially offset by net cash proceeds received from the second and final tranche of the 2020 Silver Bull Private Placement, 2021 Silver Bull Private Placement, funding from South32, and the CEBA loan, cash and cash equivalents decreased from \$1,862,000 at October 31, 2020 to \$190,000 at October 31, 2021.

Cash flows used in operations for the 2021 fiscal year was \$1,685,000 as compared to \$1,958,000 in the 2020 fiscal year. This decrease was mainly due to increased unpaid accounts payable and accrued liabilities and expenses, which was offset by increased exploration activities in relation to the Beskauga Option Agreement for the period from February 5, 2021 to September 24, 2021 and increased general and administrative expenses and timing of certain payments.

Cash flows used in investing activities for the 2021 fiscal year was \$2,516,000, which included \$1,928,000 for loans made to Ekidos Minerals LLP and \$505,000 cash and cash equivalents that were for the deconsolidation of Arras, which was partially offset by \$82,000 for the purchase of equipment. Cash flows used in investing activities in the 2020 fiscal year was \$408,000 for loans made to Ekidos Minerals LLP and purchases of equipment.

Cash flows provided by financing activities for the 2021 fiscal year was \$2,531,000 as compared to \$2,799,000 in the 2020 fiscal year. The cash flows provided by financing activities in the 2021 fiscal year was due to the 2021 Silver Bull Private Placement, the Arras Private Placement, the second tranche of 2020 Silver Bull Private Placement, funding from South32 and the CEBA loan. The cash flows provided by financing activities in the 2020 fiscal year was due to the initial tranche of the 2020 Silver Bull Private Placement, funding from South32 and the CEBA loan.

Capital Resources

As of October 31, 2021, we had cash and cash equivalents of \$190,000 as compared to cash and cash equivalents of \$1,862,000 as of October 31, 2020. The decrease in our liquidity was primarily the result of the exploration activities at the Sierra Mojada Property and Beskauga Property and general and administrative expenses, which was partially offset by the 2021 Silver Bull Private Placement, the Arras Private Placement, the second tranche of 2020 Silver Bull Private Placement, funding from South32 and the CEBA loan.

Since our inception in November 1993, we have not generated revenue and have incurred an accumulated deficit of \$134,226,000. Accordingly, we have not generated cash flows from operations, and since inception we have relied primarily upon proceeds from private placements and registered direct offerings of our equity securities, warrant exercises and funding from South32 as the primary sources of financing to fund our operations. We anticipate that we will continue to rely on sales of our securities in order to continue to fund our business operations. The issuance of additional shares will result in dilution to our existing stockholders. There is no assurance that we will be able to complete any additional sales of our equity securities or that we will be able to arrange for other financing to fund our planned business activities.

Any future additional financing in the near term will likely be in the form of payments from South32 or an issuance of equity interests, which will result in dilution to our existing shareholders. Moreover, we may incur significant fees and expenses in the pursuit of a financing or other strategic transaction, which will increase the rate at which our cash and cash equivalents are depleted.

Capital Requirements and Liquidity; Need for Additional Funding

Our management and board of directors monitor our overall costs, expenses, and financial resources and, if necessary, will adjust our planned operational expenditures in an attempt to ensure that we have sufficient operating capital. We continue to evaluate our costs and planned expenditures, including for our Sierra Mojada Property as discussed below.

The continued exploration of the Sierra Mojada Property will require significant amounts of additional capital. In December 2021, our board of directors approved an exploration budget for the Sierra Mojada Property of \$0.3 million and \$0.8 million for general and administrative expenses for calendar year 2022. As of December 31, 2021, we had approximately \$0.3 million in cash and cash equivalents. The continued exploration of the Sierra Mojada Property ultimately will require us to raise additional capital, identify other sources of funding or identify another strategic partner. For information about our current strategic partnership with South32, see Note 3 – South32 Option Agreement in our financial statements. If South32 exercises its option to purchase 70% of the equity of Minera Metelin, under the terms of the South32 Option Agreement, we will retain a 30% ownership in Minera Metelin, and be obligated to contribute 30% of subsequent funding toward the development of the Sierra Mojada Project. If we fail to satisfy our funding commitment, our interest in Minera Metelin will be diluted. We do not currently have sufficient funds with which to satisfy this future funding commitment, and there is no certainty that we will be able to obtain sufficient future funds on acceptable terms or at all. If South32 terminates the South32 Option Agreement, our funding obligations for the Sierra Mojada Property would increase, likely resulting in a reduction in exploration work on the Sierra Mojada Property. We will continue to evaluate our ability to obtain additional financial resources, and we will attempt to reduce or limit expenditures on the Sierra Mojada Property as well as general and administrative costs if we determine that additional financial resources are unavailable or available on terms that we determine are unacceptable. However, it may not be possible to reduce costs, and even if we are successful in reducing costs, we still may not be able to continue operations for the next 12 months as a going concern. If we are unable to fund future operations by obtaining additional financial resources, including the sale of Arras shares held by the Company or through public or private offerings of equity, we do not expect to have sufficient available cash and cash equivalents to continue our operations for the next 12 months as a going concern. Debt or equity financing may not be available to us on acceptable terms, if at all. Equity financing, if available, may result in substantial dilution to existing stockholders. If we are unable to fund future operations by way of financings, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our shareholders.

Recent Accounting Pronouncements Adopted in the Fiscal Year Ended October 31, 2021

On November 1, 2020, we adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Updated ("ASU") 2019-12, "Income Taxes – Simplifying the Accounting for Income Taxes (Topic 740)" which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for interim and annual periods beginning after December 15, 2020. Early adoption is permitted. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In January 2020, the FASB issued ASU No. 2020-01, "Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815." This ASU is effective for fiscal years beginning after December 15, 2020. The adoption of this update is not expected to have a material impact on our financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not expected to have a material impact on our present or future consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to establish accounting policies and make estimates and assumptions that affect our reported amounts of assets and liabilities at the date of the consolidated financial statements. These consolidated financial statements include some estimates and assumptions that are based on informed judgments and estimates of management. We evaluate our policies and estimates on an ongoing basis and discuss the development, selection and disclosure of critical accounting policies with the Audit Committee of the Board of Directors. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. Our consolidated financial statements may differ based upon different estimates and assumptions.

We discuss our significant accounting policies in Note 2, Summary of Significant Accounting Policies, to our consolidated financial statements. Our significant accounting policies are subject to judgments and uncertainties that affect the application of such policies. We believe that these consolidated financial statements include the most likely outcomes with regard to amounts that are based on our judgment and estimates. Our consolidated financial position and results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. If estimates or assumptions prove to be different from the actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe that the following accounting policies are critical to the preparation of our consolidated financial statements due to the estimation process and business judgment involved in their application:

Principles of Consolidation – South32 Option Agreement

We consolidate entities in which we have a controlling financial interest based on either the variable interest entity (VIE) or voting interest model. Generally, the primary beneficiary of a VIE is a reporting entity that has (a) the power to direct the activities that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. Currently, we manage the mineral exploration program in the property concessions in Mexico through our wholly-owned subsidiary corporations Minera Metalin.

We have determined that Minera Metalin is a variable interest entity and we are the primary beneficiary.

We have applied judgment in reaching our conclusion with respect to accounting for the South32 Option Agreement with South32, described in Note 3 to the consolidated financial statements. Under the South32 Option Agreement, South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin (the "South32 Option"). We have determined that the South32 Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32 and that the South32 Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of consideration received, as it is more reliably measurable than the fair value of the equity interest. In the event the South32 Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances not wholly in control of us or South32 and which are not currently probable. No portion of the equity value has been classified as temporary equity as the South32 Option has no intrinsic value.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates based on assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and assumptions are accounted for prospectively.

Significant areas involving the use of estimates include determining the allowance for uncollectible taxes, evaluating recoverability of property concessions, evaluating impairment of long-lived assets, evaluating impairment of goodwill, valuation of investments, establishing a valuation allowance on future use of deferred tax assets, calculating a valuation for stock option liability and calculating stock-based compensation.

Property Concessions

Property concession acquisition costs are capitalized when incurred and will be amortized using the units of production method following the commencement of production. If a property concession is subsequently abandoned or impaired, any capitalized costs will be expensed in the period of abandonment or impairment. To date, no property concessions have reached the production stage.

Acquisition costs include cash consideration and the fair market value of shares issued on the acquisition of property concessions.

Exploration Costs

Exploration costs incurred are expensed to the date of establishing that costs incurred are economically recoverable. Exploration expenditures incurred subsequent to the establishment of economic recoverability are capitalized and included in the carrying amount of the related property. To date, we have not established the economic recoverability of our exploration prospects; therefore, all exploration costs are being expensed.

Impairment of Long-Lived Assets

We review and evaluate our long-lived assets for impairment when events and changes in circumstances indicate that the related carrying amounts of our assets may not be recoverable. Impairment is considered to exist if the future cash flows on an undiscounted basis are less than the carrying amount of the long-lived asset. An impairment loss is measured and recorded based on the difference between book value and fair value of the asset group. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of cash flows from other asset groups. In estimating future cash flows, we estimate the price that would be received to sell an asset group in an orderly transaction between market participants at the measurement date. Significant factors that impact this price include the price of silver and zinc, and general market conditions for exploration companies, among other factors.

Goodwill

Goodwill is the purchase premium after adjusting for the fair value of net assets acquired. We test goodwill for impairment at the reporting unit level at least annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired. Goodwill impairment tests require judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. We perform our annual goodwill impairment tests on April 30th of each fiscal year.

Income Taxes

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The law did not have a material impact on our financial position, results of operations or cash flows and disclosures.

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between the tax basis and accounting basis of the assets and liabilities measured using tax rates enacted at the balance sheet date. We recognize the tax benefit from uncertain tax positions only if it is at least “more likely than not” that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. This accounting standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure.

A valuation allowance is recorded against deferred tax assets if management does not believe that we have met the “more likely than not” standard imposed by this guidance to allow recognition of such an asset. Management recorded a full valuation allowance at October 31, 2021 and October 31, 2020 against the deferred tax assets as it determined that future realization would not meet the “more likely than not” criteria.

Warrant Derivative Liability

We classified warrants with a \$CDN exercise price on our balance sheet as a derivative liability that is fair valued at each reporting period subsequent to the initial issuance as our functional currency is the U.S. dollar and the exercise price of the warrants is the \$CDN. We have used the Black-Scholes pricing model to value the warrants that do not have an acceleration feature and have used the Monte Carlo valuation model to value the warrants that do have an acceleration feature. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of our common stock at the date of issuance, and at each subsequent reporting period, is based on our historical volatility adjusted to reflect the implicit discount to historical volatilities observed in the prices of traded warrants. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend yield is expected to be none as we have not paid dividends nor do we anticipate paying any dividend in the foreseeable future.

The derivatives warrants are not traded in an active market and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period.

Stock-Based Compensation

We use the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, directors and consultants. The expected term of the options is based upon an evaluation of historical and expected future exercise behavior. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. Volatility is determined based upon historical volatility of our stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as we have not paid dividends nor do we anticipate paying any dividends in the foreseeable future. We use the graded vesting attribution method to recognize compensation costs over the requisite service period. Stock options granted to consultants when the exercise price is in \$CDN are classified as stock option liability on our consolidated balance sheets upon vesting.

We classify cumulative compensation cost associated with options on subsidiary equity as additional paid-in capital until exercise.

Foreign Currency Translation

During the fiscal years ended October 31, 2021 and October 31, 2020, the functional currency of Silver Bull Resources, Inc. and our subsidiaries was the U.S. dollar.

During the fiscal years ended October 31, 2021 and October 31, 2020, our Mexican operations' monetary assets and liabilities with foreign source currencies were translated into U.S. dollars at the period-end exchange rate, and non-monetary assets and liabilities with foreign source currencies were translated using the historical exchange rate. Our Mexican operations' revenue and expenses were translated at the average exchange rate during the period except for depreciation of office and mining equipment, costs of office and mining equipment sold and impairment of property concessions, all of which are translated using the historical exchange rate. Foreign currency translation gains and losses of our Mexican operations are included in the consolidated statements of operations.

Accounting for Loss Contingencies and Legal Costs

From time to time, we are named as a defendant in legal actions arising from our normal business activities. We record an accrual for the estimated loss from a loss contingency when information available prior to issuance of our financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made by Silver Bull Resources, Inc. if there is at least a reasonable possibility that a loss has been incurred, and either an accrual has not been made or an exposure to loss exists in excess of the amount accrued. In cases where only disclosure of the loss contingency is required, either the estimated loss or a range of estimated loss is disclosed or it is stated that an estimate cannot be made. Legal costs incurred in connection with loss contingencies are considered period costs and accordingly are expensed in the period services are provided.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Index to Consolidated Financial Statements" following the signature page of this Annual Report on Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of October 31, 2021, we have carried out an evaluation under the supervision of, and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on the evaluation as of October 31, 2021, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we assessed, as of October 31, 2021, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment using those criteria, management concluded that our internal control over financial reporting as of October 31, 2021 was effective.

Internal control over financial reporting is defined as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

(c) Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal year ended October 31, 2021 that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.