



Silver Bear Resources Plc
ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

31 MARCH 2023

SBR: TSX
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INTRODUCTORY NOTES

Introduction

This Annual Information Form (“AIF”) is furnished in connection with the fiscal year ended 31 December 2022 by Silver Bear Resources Plc (the “**Company**” or “**Silver Bear**”). Unless otherwise indicated, all information contained in this AIF is as of 31st March 2023. This AIF has been amended and restated to update certain technical information based on the Technical Report (as defined below) and to update the material contracts section of this AIF.

General

Throughout this 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 2022 and all information herein is as of 31st March 2023, unless otherwise indicated.

All dollar amounts are in Canadian dollars unless stated otherwise.

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, 2022 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, 2022 and the Management’s Discussion and Analysis are available on SEDAR at www.sedar.com or the Company’s website at www.silverbearresources.com.

Mr Alexey Nikolaevich Nikandrov MAIG, 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.

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”.

Cautionary Note Regarding Operating in the Russian Federation

The operations of the Company are currently conducted in the Russian Federation and, as such, the operations of the Company 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 additional economic sanctions imposed in 2022 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 Company'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.

Due to the rapidly unfolding situation in Ukraine starting in late February 2022, the Company's Board and management are regularly assessing the evolving sanctions against Russia and by Russia and their impacts to the Group and its operations located some 400 km north of Yakutsk in Far East Russia. As the date of this report, there are several risks and uncertainties with respect to our operations in Russia of note which include, but are not limited to the following:

- Economic sanctions;
- Currency controls;
- Shortage of original spare parts;
- Restriction to pay dividends from Russia to UK and further to shareholders
- Withdrawal of service providers based outside of Russia; and
- Export and import restrictions.

Please refer to our section on Russian Sanctions in the Risks and Uncertainties for full details on Operating in the Russia Federation, below.

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, 2022, December 31, 2021 and December 31, 2020 as reported by the Bank of Canada, were as follows:

Canadian Dollars per US\$

	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020
Closing	1.3544	1.2678	1.2732
High	1.3856	1.2942	1.4496
Low	1.2451	1.2040	1.2718
Average ⁽¹⁾	1.3011	1.2535	1.3415

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

Canadian Dollars per RUB

	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020
Closing	0.01853	0.01689	0.01716
High	0.02427	0.01780	0.02137
Low	0.008830	0.01621	0.01644
Average ⁽¹⁾	0.01936	0.01701	0.01863

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

On 30 March 2023, the Bank of Canada noon spot exchange rate was \$1.00 = USD\$ 0.7389 or USD \$1.00 = \$ 1.3533

On 30 March 2023, the Bank of Canada noon spot exchange rate was RUB 1.00=\$ 0.01752 or \$1.00 = RUB 57.0776

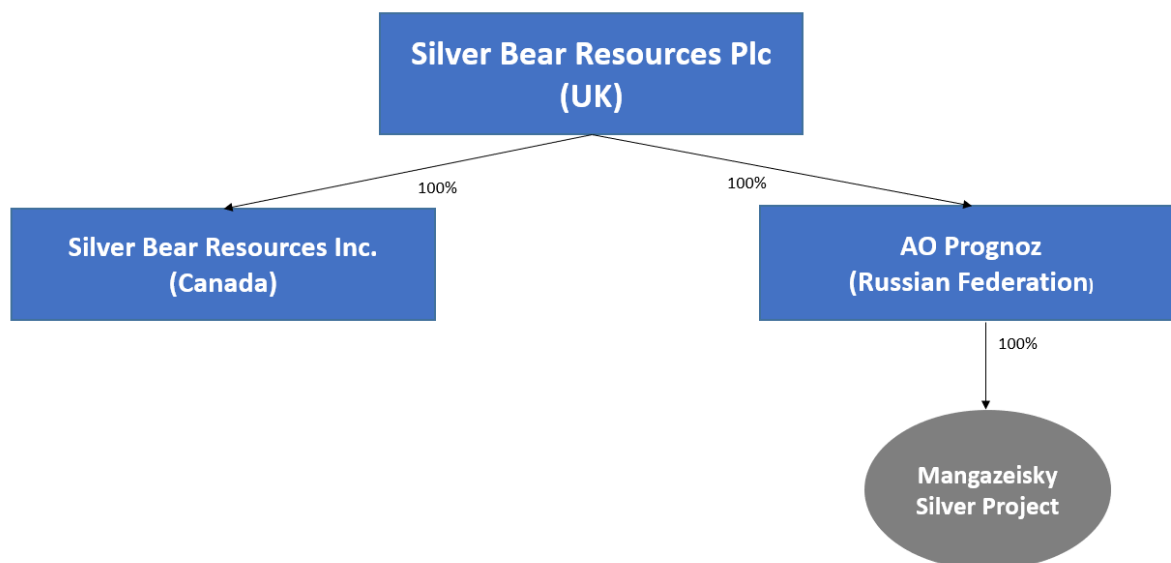
CORPORATE STRUCTURE

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 AIF, Silver Bear has the following wholly owned subsidiaries: (i) SBR Inc. (Canadian corporation) which will be liquidated later in 2023; and (ii) Prognoz (a Russian Federation corporation).



GENERAL DEVELOPMENT OF THE BUSINESS

2023 Recent Activities

On 28 February 2023, the Company provided an update on previously announced amendments to the credit facilities agreement between the Company's wholly-owned subsidiary, Joint Stock Company Prognoz ("**Prognoz**") and the lenders Inflection Management Corporation Limited ("**Inflection**") and Unifirm Limited, a wholly owned subsidiary of A.B. Aterra Resources Ltd. ("**Aterra**") ("**FA Amendments**"). Both lenders, Inflection and Aterra, are also major shareholders of the Company.

Due to the adoption in late 2022, of the 9th Sanctions Package by the European Union against Russia ("**EU 9th Sanctions Package**"), which include a prohibition against new investment and new financing of companies in the Russian mining sector the Company's lenders Inflection and Aterra, both companies incorporated in the European Union, have determined that they are each unable to enter into the FA Amendments.

The lenders have determined that the EU 9th Sanctions Package prohibits the FA Amendments specifically: (i) the extension of the maturity dates for Tranches F, G, H and I that became due 1 January 2023 to 31 December 2027 in the total amount of principal of 36,288,278 USD and accumulated interest of 5,800,076 USD; and (ii) other Tranches that will become due 20 March 2023 to 31 December 2028 in the total amount of principal of 99,753,386 USD and accumulated interest of 15,943,916 USD. The FA Amendments were approved by the shareholders of the Company at the Company's Annual General and Special Meeting of shareholders on 05 October 2022.

Despite the support of the Company's lenders the recently imposed EU 9th Sanctions Package have impacted its ability to complete construction of the flotation facility and initiate the underground mining at its Vertikalny Mine. After careful consideration of the Company's current mining operations, cash position, scheduled debt payments, forecast revenue and expenses, the Company's Board of Directors has determined that management in the short-term will undertake the following initiatives, namely:

- a) Seek a Russian bank or financial institution capable of refinancing the current shareholder debt facility and providing the additional financing required to complete construction of the new flotation facility and allow for the underground mining at Vertikalny; and/or
- b) Seek a prospective joint-partner or financier or buyer for the Vertikalny Mine and the Mangazeisky Project assets.

Management believes that its lenders will work with it (subject to compliance with all applicable sanctions) while it seeks a solution.

2022 Developments

Corporate & Financing Activities

On 20 January 2022, the Group announced that effective 01 January 2022, it has amended its existing loan agreement between the Company's wholly-owned subsidiary, Joint Stock Company Prognoz, and SKA Assets Management Limited with respect to a loan in the principal amount of 750,000,000 rubles (equivalent to approximately C\$12,825,000 based on a foreign exchange rate of 0.0171) by extending the maturity date of the loan from 31 December 2021 to 31 December 2022 and increasing the interest rate of the loan from 8.27% per annum to 10.27% per annum effective from 01 January 2022 ("**SKA Loan Amendment**"). All other provisions of the Loan Agreement will remain unchanged.

The SKA Asset Loan Amendment 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 Amendment 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 Amendment.

In February 2022, the Group announced the resignation of Mr. Christopher Westdal as director and Chair of Silver Bear, effective 28 February 2022 for personal reasons. Mr. Vadim Ilchuk, CEO and director of Silver Bear has replaced Mr. Westdal as Interim Chair as the Company seeks a replacement.

Also in February 2022, the Group announced that its operations in Far East Russia, continued operations as planned and as of that date has not been affected by the 2022 sanctions, noting the following:

- all of its employees and consultants at site are Russian locals;
- the Company has been operating in Far East Russia since 2007, achieving first silver production in April 2018;
- the Company has well established procurement and logistics in the region where it operates and has almost completed its 2021-2022 ice road resupply season, with a full year of supplies on hand for both the operations and the upgrade of its processing line;
- the Company refines its silver production in a Russian based refinery in Krasnoyarsk located in Eastern Siberia. The entire production is then sold domestically; and
- at present the Company has several alternatives to make hard currency payments when necessary. The Company will continue to closely monitor sanction developments.

In March 2022, the Company announced the resignation of Mr. Dominic Gaultier as director of Silver Bear effective 30 March 2022, and provided updated information on the effects of the sanctions imposed on Russia since 22 February 2022.

On 16 March 2022, the Company's Auditors BDO LLP ("**BDO**") suspended its year-end 2021 audit ("**Annual Filings**") due to non-payment as a result of the ongoing sanctions against Russia. Subsequently, on 01 April 2022, the Company announced that the Ontario Securities Commission ("**OSC**") had issued a cease trade order ("**CTO**") for not filing its Annual Filings on the 31 March 2022 deadline. As of the date of this AIF, the CTO has not been lifted by the OSC.

On 25 May 2022, the Company announced that BDO had resumed its Annual Filings audit, in addition, the Company announced the appointment of three new directors to its Board namely, Messrs. Nathan Hunt, and Nikolay Grigoriev and Dr. Kostin. Subsequently, on 11 July 2022, the Company announced it had filled its 2021 Annual Filings on 08 July 2022 on SEDAR.

On 5 October 2022, the Company announced the voting results of its annual general and special meeting (the "Meeting") held today in Moscow, Russia. A total of 551,657,845 ordinary shares were voted in connection with the Meeting, representing approximately 81.33% of the issued and outstanding ordinary shares of the Company eligible to vote at the Meeting.

Operational Activities

	Three-months ended 31 Dec 2022	Three-months ended 31 Dec 2021	Twelve-months ended 31 Dec 2022	Twelve-months ended 31 Dec 2021
Operating Data				
Ore Mined (tonnes)	37,702	27,898	132,570	90,663
Ore processed (tonnes)	7,830	26,108	88,799	76,493
Head grade (g/t Ag)	392	843	486.9	684
Recovery (%)	74.7	84.6	75.6	83.9
Silver bars ounces produced	73,744	598,815	1,050,268	1,405,615
Silver ore concentrate Ag ounces produced	124,079	-	379,420	-
Silver ore concentrate Pb tonnes produced	449	-	1,233	-
Financial Data				
Ounces sold in silver bars	119,760	542,939	1,114,422	1,451,422
Average realized price (US\$/oz)	18.30	23.18	21.77	24.83
Revenues, silver bars US\$	2,192,155	12,585,114	24,265,556	36,043,257
Silver ore concentrate Ag ounces sold	118,477	-	373,817	-
Average realized price (US\$/oz)	13.21	-	13.24	-
Revenues, Ag in silver ore concentrate US\$	1,564,840	-	4,950,639	-
Silver ore concentrate Pb tonnes sold	401	-	1,185	-
Average realized price (US\$/t)	1,321	-	1,328	-
Revenues, Pb in silver ore concentrate US\$	529,375	-	1,573,903	-
Total Revenue US\$	4,286,370	12,585,114	30,790,098	36,043,257

During the period ended 31 December 2022, the Group Mined a total of 132,570 tonnes of ore (2021: 90,663 tonnes of ore), processed 88,799 tonnes of ore (2021: 76,493 tonnes of ore) at an average grade of 486.9 g/t of silver (2021: 684 g/t silver) producing a total of 1,050,268 ounces of silver in silver bars (2021: 1,405,615 ounces of silver in silver bars) and produced silver ore concentrate that contains 379,420 ounces of silver and 1,233 tonnes of lead (2021: nil ounces of silver and nil tonnes of lead)

As of 31 December 2022, the Group sold 1,114,422 ounces of silver in silver bars at average realized price 21.77 US\$/oz (2021: 1,451,422 ounces of silver in silver bars at average realized price 24.83 US\$/oz) and sold silver ore concentrate that contains 373,817 ounces of silver at average realized price 13.24 US\$/oz and 1,185 tonnes of lead at average realized price 1,328 US\$/t (2021: nil) totaling production revenue of US\$30,790,098 or \$39,169,165 (2021: US\$36,043,257 or \$45,315,268)

During the year 2022, the Group mined 46% more ore compared to the same period in 2021 due to stripping work in first half of 2021, mining head grade decreased by 29% and recoveries reduced by 8%. The reduction in recovery was impacted by fluctuations in the silver ore composition between oxide ore and primary ore. This arose as when mining deeper down the open pit, more primary ore was incurred. Despite processing more primary ore, which has a lower recovery in the existing plant, the reduction in overall recovery was partially mitigated as a result of several factors including a full year of operating the Merrill Crowe process and improved cake washing technics at the end of the technological processing circuit. The Group also produced rich silver ore concentrate from the primary ore by processing it through X-RAY separation process.

Going forward once the flotation facility is constructed and in production (shifted to the summer of 2024) recovery of primary ore will increase.

The construction of the flotation is underway. The foundation and the steel frame of the building have been completed, the walls and the roofing being put in place. This should not affect the production schedule as the Company will have enough oxide and mixed ore (not requiring flotation) to process during 2022

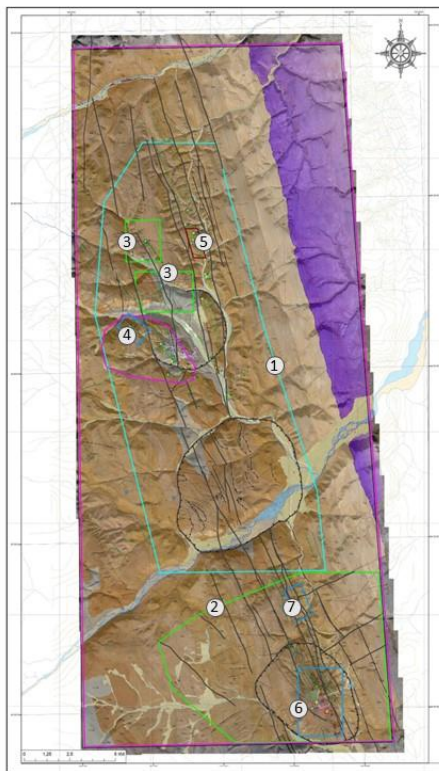
Exploration Activities

For the first two quarters of year 2022 the Company has completed 12.2K m³ of trenching and 4,976 meters of drilling on the flanks of Vertikalny and other surrounding mineralized areas with high exploration potential, with the goal to increase resources for the processing plant on Vertikalny. Drilling was carried out in Kyys-Kuel mineralized area, Mangazeisky North site, and north-western flank of Vertikalny

During the third quarter 2022, the Company has completed 5.1K m³ of trenching on Zabyty mineralized area and 3,390 meters of drilling on Kyys-Kuel and Mangazeisky North sites with the goal to increase resources for the processing plant on Vertikalny.

Geological investigation of South Endybal area (94 sq.km) were completed, including geological survey, soil sampling and stream sediment sampling. Also, geological survey and stream sediment sampling were completed on Selten area (90 sq.km). These works had the goals to recognize new mineralized zones in perspective geological areas where detailed geological studies have not been carried out before. Preliminary results of these investigations indicate the need for further studies to identify ore-bearing zones.

During the 4th quarter the company has completed its field works on Mangazeiski North. Five technological ore samples were collected; mapping by ore type has been performed for the deposit. As a result, overall resource reliability has been substantially increased. Drilling on the right side of the Selirendzhe River was carried out at the Vertical NW site, the position of the ore zone and its narrowing down behavior 400 m to the NW from the previously delineated Severo-Zapadnoye ore body were clarified. The resources in the unexplored segment of the ore body are estimated: ore – appx.106 K tons, silver – appx. 75 tons, lead – appx. 5.1K tons, zinc – appx. 2.1K tons. At the Zabyty-1 site, the ore body (silver and lead) of 0.65 m average thickness was tracked over a length of 165 m by a trench up to 5 m deep. The average silver grade of the body was 732 g / t, lead - 21.5%, zinc - 0.6%.



Exploration Program-2022

Reconnaissance Traverse

Number on the map	Location	UoM	Value	Description	Scale
1	Central Endybal Area	km2	200	Geophysical Surveying by Drone	1:10000
2	South Endybal Area	km2	94	Reconnaissance traverse, investigation of mineralized zones and anomalies	1:5000 - 1:25000
3	Zabyty-1,2	km2	11,0	Reconnaissance traverse, investigation of mineralized zones and anomalies	1:10000

Core Drilling

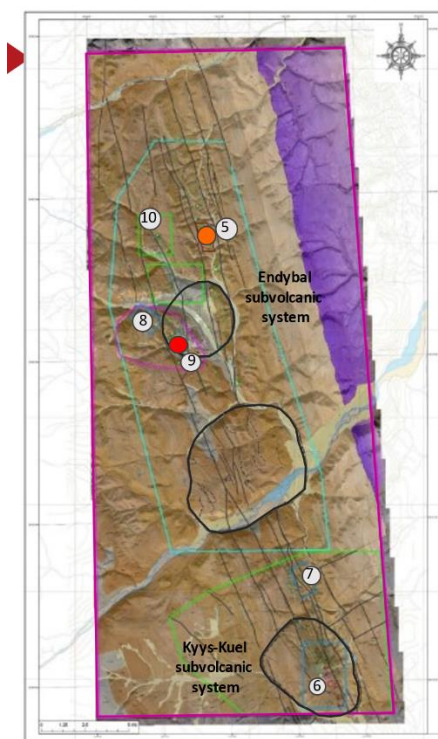
Number on the map	Location	UoM	Value	Potential Resources	Objective
4	Northern flank of Vertikalny	m	2 900	P ₂ Ag – 75 t	1. Carrying out of orebodies at Vertikalnoe-NW structure by drilling on the lines through 100 m. 2. Reclassification of resources to indicated.
5	Mangazeiski North	m	4 100		1. Increasing resources on flanks. 2. Metallurgical sampling. 3. Reclassification of resources to indicated.
6	Kyys-Kyel	m	3 000	P ₂ - 696t	1. To confirm extensions to depth of identified ore bodies 2. To confirm geophysical and geochemical anomalies.
7	Orogondia	m	2 000		1. To evaluate the dipping of the identified ore bodies 2. To confirm geophysical anomalies
	Bcero	m	12 000		

Trenching

Number of the map	Location	UoM	Value	Potential Resources	Objective
5	Mangazeiski North	m	1 160	-	Mapping ore bodies by course of outcrop To confirm mineralization areas identified during the reconnaissance traverse activities
		m3	30 760		
6	Kyys-Kyel	m	300		
		m3	4 200		
	TOTAL	m	1 460		
		m3	34 960		

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Exploration Year 2022 (cont.)



Drilling and Tranching

# on the map	Location	Description	Type of Works	UoM	2022 Plan	2022 Fact	Deviation, %	Основные результаты
5	Mangazeisk North	1. Process sampling 2. Increasing the reliability of reserves. 3. Estimation of the flanks of the field	Drilling	m	4100	4151.5	1.3%	1. Selection of 5 technological samples 2. Geological and technological mapping of ore types. 3. Increasing the reliability of reserves; 4. Evaluation of the northern flank of the field. 5. Increase in deposit reserves: ore - + 50%, silver + 70%
		Tracking ore bodies with associated mining	Tranching	m3	30700	6102	-80.1%	Passed 2 trenches with associated ore mining. Postponement of excavation of 8 trenches to 2023
6	Kyys-Kuel	Search and evaluation of ore zones of silver mineralization of the secant type. Assessment of the prospects of the site for the identification of complex gold - silver-copper mineralization.	Drilling	m	4000	4526	13.2%	An assessment of the ore body was carried out. The balance reserves of the OGR are estimated: ore - 19878 tons; Ag average - 641.6 g/t, Ag - 12755 kg; Pb average - 20.3%, Pb - 4153 t.
			Tranching	m3	0	0		
7	Orogondia	Search for ore zones	drilling	m	1000	0		Geological exploration - after receiving the results of exploration work in the South Endybal area
8	Verticalny North West	1. Searches on the northwestern flank of the Verticalny deposit. 2. Estimation of the NW flank of the Verticalny North West ore body	Drilling	m	2900	451	-84.4%	1. Exploratory drilling was carried out on the right side of the Selirendzhe river. 2. The position of the ore zone has been specified, the pinch-out of the ore zone along RL 12900 has been established Acceptable sections have not been established
			Tranching	m3	0	887		
9	Verticalny South East	1. Search and evaluation of the SE flank of the Vertikalnoe field.	Drilling	m	0	162		
			Tranching	m3	-	-		
10	Zabytyi	Search for ore bodies in the northern part of the Zabytyi site	Drilling	m	0	543		The continuation of structures with poor mineralization of silver at depths below 30 -40 m has been established
			Tranching	m3	0	5143		
Total			Drilling	m	12000	9833.5	-18.1%	
			Tranching	m3	30700	6989	-77.2%	

● Verticalny mining license

● Mangazeisk North Site

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2021 Developments

Financing Activities

In the first quarter of 2021, the Group announced a further amendment of its existing Facilities Agreement with its 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.

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 Group filed a material change report in respect of the Facilities Agreement Amendments on December 24, 2019.

In the first quarter 2021, the Group entered into a loan agreement with SKA Assets, 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. The Company filed a material change report in respect to the SKA Loan Agreement on 05 February of 2021.

The SKA Loan Agreement and SKA Loan Amendment are “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.

Operational Activities

The table below details the production highlights for the three-months and full year ended 31 December 2021 and 2020.

	Three-months ended 31 Dec 2021	Year Ended 31 Dec 2021	Three-months ended 31 Dec 2020	Year Ended 31 Dec 2020
Operating Data				
Ore Mined (tonnes)	27,898	90,663	25,174	114,877
Ore processed (tonnes)	26,108	76,493	28,712	109,460
Head grade (g/t Ag)	843	684	534	640
Recovery (%)	84.1	83.9	84.9	85.4
Silver ounces produced	598,815	1,405,615	416,237	1,917,360
Financial Data				
Silver ounces sold	542,939	1,451,422	422,784	1,937,158
Average realized price (US\$/oz)	23.18	24.83	24.57	20.03
Revenues, US\$	12,585,114	36,043,257	10,387,147	38,796,691

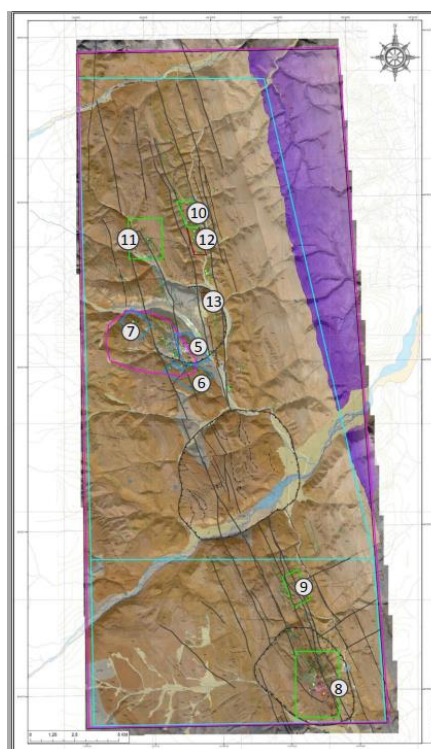
During 2021, the Group mined 21% less ore compared to 2020, as it moved deeper into the Vertikalny open pit and in the second and third quarters of 2021, the mining vehicles were actively involved in open pit extension. Over the year ended 31 December 2021, mining head grade increased by 7%, recoveries reduced by 1.5% due the lower amount of silver in circuit at processing plant during the year. Overall recovery for 2021 remains steady as a result of several factors notably the full year of operating the Merrill Crowe process and improved cake washing technics at the end of the technological processing circuit, as well as other operational efficiencies implemented during the year. The 21% decrease in the silver production in 2021 over 2020, is primarily due to volume of processed oxide ore. As it moves deeper down the open pit the Company started incurring primary ore which is being stockpiled for future processing once the flotation facility is constructed and in production (expected in summer of 2023). For the year ended 31 December 2021, the Group's revenues decreased by 25% compared to the same period in 2020 due to decrease in volume of produced silver.

The construction of the flotation is underway. The foundation and the steel frame of the building have been completed, the walls and the roofing being put in place. To optimize the cashflows during the current year winter road season it was decided to defer the finalization of the construction to the beginning of year 2023. This should not affect the production schedule as the Company will have enough oxide ore (not requiring flotation) to process during 2022.

As of the date of this report there are approximately 230 (2020: 226) Prognoz employees at site. There are also 63 (2020: 64) contractors, namely catering, process consultants, and construction workers. As of 30 September 2021, there was one minor loss time accident during the quarter with four mild COVID-19 cases reported with personnel isolated for 14 days.

Exploration Activities

During the year the company drilled, 7,033 meters and completed about 5,900 meters of trenching on the flanks of Vertikalny and other surrounding mineralized areas with high exploration potential, with the goal to increase resources for the processing plant on Vertikalny. Drilling was carried out at Porfirovy, southern and northern flank of Vertikalny, Mukhalkan and Mangazeysky North sites. Aerogeophysical survey (by drones) has been performed on the South part of Endybal area (151 sq.km). Stream Sediments Sampling was carried out on streams Porfirovy and Selten. Laboratory tests are being completed. See figure below of Exploration Summary.



Exploration Activities (3/3)



Core Drilling (year 2021)

Number on the map	Location	UoM	Value	
			Plan	Fact
5	Porfirovy	m	1 400	959.5
6	Southern flank of Vertikalny	m	2 000	1 957.7
7	Northern flank of Vertikalny	m	1 000	291.7
8	Kyys-Kuel	m	2 500	0
9	Orogondia	m	1 500	0
10	Mukhalkan-Burniy	m	1 000	2 047.0
11	Zabyty	m	600	0
12	Mangazeiski North	m	0	1777.1
TOTAL			10 000	7 033.0

Trenching (year 2021)

Number on the map	Location	UoM	Value	
			Plan	Fact
9	Orogondia	m	800	0
		m3	12 800	0
10	Mukhalkan-Burniy	m	800	0
		m3	11 200	0
13	Sterzhnevoy	m	0	280
		m3	0	5 900
	TOTAL		1 600	280
			24 000	5 900

TSX: SBR 28

2020 Developments

Financing Activities

On 27 May 2020, the Company 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, an affiliate of 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.

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 Company filed a material change report in respect of the Facilities Agreement Amendments on December 24, 2019.

Operational Activities

During 2020, the Company 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 Company’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 Company 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 Company'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 Company'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 Company'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 Company 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 Company. In the statement, the Company stated that finalization of the Draft WA Report is dependent on Wardell Armstrong conducting a site visit to 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 Company 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.

In light of the World Health Organization ("WHO") declaring COVID-19 a global pandemic in March of 2020, the Company has developed and implemented a response and mitigation plan for both its Yakutsk head office and Mangazeisky mine site.

Exploration Activities

During the third quarter 2020, the Company was working on the completion of the details of its exploration program for the upcoming exploration season. During the exploration season the Company is planning to target extensions of existing deposits and new areas of significance with the intent to grow the Company's resources and establish future drilling programs. In August 2020, the Company 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 Porfirovoy mineralization area to the south as well as additional infill drilling at the Vertikalny and Mangazeisky North deposits.

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 area 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 operates. 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 there are approximately 110 Prognoz employees at site (YE 2021: 230 Prognoz employees at site). There are also 23 contractors (YE 2021: 63 contractors), namely catering, process consultants, and construction workers. For the year ended 31 December 2022, there was four (4) minor loss time incidents (YE 2021: three (3) minor loss time incidents, and four cases of COVID).

Emerging Market Disclosure

The following disclosure is related to the Ontario Securities Commission Staff Notice 51-719 Emerging Markets Issuer Review dated March 20, 2012, specifically for companies operating in emerging markets. Namely, the risks of the corporate structure of the Company and its subsidiaries are risks that are typical and inherent for a company with material assets and property interests held indirectly through foreign subsidiaries and located in foreign jurisdictions. The Mangazeisky Project and specifically the Vertikalny Mine the Company's material assets and licences, are located 400 km north of Yakutsk in the Republic of Sakha (Yakutia) far east Russian Federation. Due to the rapidly unfolding situation in Ukraine starting in late February 2022 and the subsequent Western and European sanctions and Russian counter sanctions (the **"Sanctions"**) The Group's assets are now considered to be in an emerging jurisdiction. As such, its activities are exposed to various levels of regulatory, economic and other risks and uncertainties associated with operating in a foreign emerging market jurisdiction. This is also discussed in *"Risks and Uncertainties"* below.

The Company has implemented a system of corporate governance, internal controls over financial reporting and disclosure controls and procedures that apply at all levels of the Group. These systems are overseen by the Company's Audit Committee and implemented by the Company's senior management reporting to the Board of Directors (**"Board"**). Despite the controls and procedures, the Company has two outstanding issues as a result of the Sanctions namely: (i) the OSC's enforced CTO has not yet been revoked, however the Company continues to work towards this goal; and (ii) as announced in Q1 2023, the Group is seeking to refinance its outstanding debt.

Business and Operating Environment

The Company operates in Republic of Sakha, far east Russia and requires permits from various local government authorities. The Company's exploration and development activities are subject to both regional and local laws and regulations governing exploration and mining activities, exports, taxation, labour standards, occupational health and safety, land use and environmental protection.

The Group manages its exploration, mining and development operations under its wholly owned Russian subsidiary Prognoz based in Yakutsk. The General Director of Prognoz is Ms. Anna Fedorova who has extensive experience in management, with more than 14 years in various spheres including a retail and mining. In Silver Bear's wholly owned subsidiary, AO Prognoz Mrs. Fedorova is responsible for all aspects of personnel issues, administration, interaction with the state bodies, social work. AO Prognoz is awarded by The Certificate of trust to the employer of Labour Ministry of Russian Federation. Mrs. Anna Fedorova has University degrees in law and HR-management. The Group has been successful in its applications for mining licence and mining permits, it received its 20-year Mining License from the Russian authorities in September 2013. The Group achieved first silver production in April 2018 as a result of its commissioning activities and reached the full commercial production milestone on 1 July 2019.

The Prognoz General Director reports to senior management and the Company's Board of directors and ensures that the Company meets all requirements to maintain compliance with government regulations, obtain necessary approvals in a timely manner and manages the relationships with the local communities.

The Republic of Sakha (Yakutia) located in far east Russian Federation is a well established mining region fueled by the mining industry has become one of the fastest growing regions in Russia. The region is home to many gold and diamond mining companies as such has well developed mining codes and regulations and supporting services to the mining industry.

In consideration of the World Health Organization declaring a novel strain of coronavirus ("COVID-19") a global pandemic in March 2020, the Company and its subsidiary, Prognoz, developed and implemented a COVID-19 policy, including a response and mitigation plan for its mining operations. Since March 2020, As of the date of this AIF, the Company has experienced only minor disruptions at site during its operations. However, the Company continues to monitor the situation ensuring the safety of its work force as its main priority.

Language and Cultural Differences: Experience of Board and Officers

Silver Bear is a UK Incorporated Company with a Canadian TSX listing and assets that are located in far east Russia and governed by the federal and local laws of Russian Federation and Republic of Sakha.

The directors and management of the Company have a thorough understanding of the political, cultural, legal and business environment in the Russian Federation both through their nationality and history with the Company and their previous respective experiences working and conducting business in mining ventures in many jurisdictions in emerging markets and in particular Russia.

In addition to the experience of the Prognoz General Director, the Company's six Board of directors have extensive experience operating in Russia mining industry, with senior mining company management, financial and risk management and project delivery and development in Russia and internationally. All are fluent in Russian and English (sans one). Full details of the Company's directors and officer experience in operating in Russia and the mining industry can be found on Page 69 of this AIF.

Members of management and senior officers of the Company make regular trips to Mine and continue to impart their experience and knowledge of the local business, culture and practices to the other members of the Board and officers. Messrs. Ilchuk, Ilyin, Sotskov and Matveev are located in Moscow and Messrs. Kostin and Grigoriev and Ms. Fedorova are located in Yakutsk region. During the year, senior management and Board members attended a site visit to the Mine.

Corporate Structure

The Company holds its interest in the Mangazeisky licences through its 100% owned subsidiary Prognoz which is domiciled in Yakutsk, Russia Prognoz holds a 100% interest in its prospecting licence and Mining Licence . Full details of the Company's corporate structure can be found under the "*Corporate Structure*" section above.

The Group has systems of governance, internal control over financial consolidation and reporting, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries, including Russian subsidiary that operate in emerging market. These systems are overseen by the Company's board of directors (the "Board of Directors") and are implemented by the Company's senior management, and the senior management of its subsidiaries.

Control over Subsidiary:

The Group have experienced directors and senior management, who have an experience with conducting business in the Russia Federation, all directors and senior management are fluent Russian speakers.

The Russian subsidiary are wholly owned. Operations in the Russian Federation are overseen by Chief Executive Officer of the Group. The Russian subsidiary legally owns based on conducted purchases agreements its operating assets, mining assets and exploration and mining licenses issued by the Russian Federation. All agreements and licenses are being stored in the local Yakutsk office and accuracy of the documents was reviewed by lawyers

The General Director of the Russian subsidiary is appointed by its sole direct shareholder and approved by Board of Directors. Now this position being held by the Chief Executive Officer.

The Group have an internal legal department with an experienced in Russian legislation legal team and uses external legal services.

Vertikalny Mine site and Mangazeisky exploration area have no access restriction for inspections by qualified persons, management, directors residing inside or outside of the Russian Federation. All directors, management auditors, and mining QP have visited mining site.

With respect to the bank accounts of Russian subsidiary, the Group has internal controls that require to notify the Company's senior management before opening or closing any bank accounts. Chief Financial Officer responsible for generally monitoring the activity within all such bank accounts on an ongoing basis via direct access to the bank clients. Every payment is being signed by two persons: local financial manager and Chief Financial Officer in bank clients, before it can be processed.

Financial Reporting:

The Group prepares its consolidated financial statements and the financial information presented in its Management's Discussion & Analysis ("MD&A") on a quarterly and annual basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), which includes financial information and disclosures from its subsidiaries. The Group has internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and the financial information presented in its MD&A are being prepared in accordance with IFRS and applicable securities laws.

These internal controls include the following:

- a) The Company receives quarterly reporting package from its subsidiary including financial information and disclosures required to complete the Group consolidated financial statements and MD&A. Those responsible for the finance function of the Group's subsidiary report to the senior management, and the Group management has direct access to relevant financial information and finance personnel of the subsidiary.
- b) All public disclosure documents and financial statements released by the Group relating to the Group and its subsidiaries containing material information are reviewed by senior management and approved by the Group Audit Committee before such material is disclosed.
- c) The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the Board of Directors and to report the results of its activities to the Board of Directors.
- d) The Audit Committee reviews the Company's quarterly and annual consolidated financial statements and MD&A and meets with senior management to discuss quarterly results, including accounting, disclosure and internal control matters. The Audit Committee recommends the quarterly and annual consolidated financial statements and MD&A to the Company's Board of Directors for approval
- e) The Audit Committee receives confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the quarterly and annual certifications required under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. This confirmation is obtained from the quarterly CFO Report which provides a summary of management's assessment and evaluation of internal control over financial reporting and disclosures control and procedures.

- f) The Audit Committee periodically assesses and evaluates the adequacy of the procedures 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 annual and interim consolidated financial statements and related notes, MD&A, earnings releases and the AIF.

Fund Transfers from the Company's Subsidiary:

The Group operates in the Russian Federation through its branch and wholly owned Russian subsidiary. The vast majority of the Company's transactions in Russia are Russian rouble denominated. Currently, the Company has had no difficulties making these transactions and at present, does not foresee any issues in the future. Also the Company now has had no difficulties to make a transferring funds out of the Russian Federation through its Kazakhstan bank account. All fund transfers from subsidiary are in compliance with applicable law.

Records Management of the Company's Subsidiary:

As required by applicable law, original copies of all corporate records are required to be maintained in the language of and stored at the office of subsidiary in the Russian Federation. However, where practical, a duplicate set of corporate records is maintained at Moscow head office.

Risk Management and Disclosure

The Group manages the risks associated to operating in an emerging market and in particular the risks associated to the Sanctions regularly it is important to note the areas that the Company is continuously monitoring. Note full details of this issue is discussed in the section on "Risk and Uncertainties" below:

- a) Economic Sanctions;
- b) Currency controls;
- c) Liquidity risks;
- d) Shortage of spare parts;
- e) Withdrawal of service providers not based in Russia; and
- f) Dividends to shareholder.

Use and Reliance on Experts

As required, the Company hires and engages local experts and professionals to advise the Company with respect to current and new legislations in Russia regarding mining, banking, financial and tax matters as required. The Company utilizes established institutions in both Canada and Russia for these purposes. In addition, and as needed, the Company uses local legal counsel and environmental and other consultants in Russia and elsewhere for guidance.

The Company also relies on the expertise of its senior management, officers and directors all of whom have extensive mining and government relation experience in Russia. The Company's officers and directors are advised of new developments in the mining regime and new requirements that come into force from time to time, as they pertain and affect the Company's business and operations. Any material developments are then discussed at Board level.

Oversight of the External Auditor

Unicon (Moscow) ("Unicon"), the Company's external auditor, with over x staff members, is one of the largest full-service professional accounting and audit service firms in Russia. Unicon's head office is in Moscow, Unicon was a partner with the Company's ex-auditor BDO LLP and is familiar with working with TSX listed companies.

DESCRIPTION OF THE MANGAZEISKY SILVER PROJECT

Amended and Restated Technical Report

An amended and restated technical report with an effective date of 31 March 2019 and issue date of 10 November 2021 on the Mangazeisky Silver Project (the “**Technical Report**”) was prepared for the Company by Ché Osmond, Alan Clarke, James Turner, Sassoun Horsley-Kozadijan, Philip Burris, Alison Allen and Nikolai Shatkov (the “**Authors**”) in accordance with National Instrument 43-101 (“**NI 43-101**”). The Technical Report is available for review on the SEDAR website at www.sedar.com. Readers are encouraged to review the entire Technical Report.

The below summary is a direct extract and reproduction of the summary and several sections contained in the Technical Report, without material modification or revision and all defined terms used in the summary shall have the meanings ascribed to them in the Technical Report. The below summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. The Technical Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Technical Report, which has been filed with the applicable regulatory authorities and is available under the Company's SEDAR profile at www.sedar.com. The Technical Report is incorporated by reference in this AIF and the summary set forth below is qualified in its entirety with reference to the full text of the Technical Report.

The Authors have reviewed and approved the scientific and technical disclosure contained in this AIF related to the Mangazeisky Silver Project.

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 km². 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 (ROSNEFRA) 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 (km²)	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, Infrastructure and Physiography

Support for infrastructure development of Vertikalny was potentially available from the Regional Government of Yakutia as part of its "Scheme of Complex Development of Productive Forces, Transport and Power Industry of the Sakha Republic [Yakutia] by 2020". WAI has not undertaken any investigation into tax breaks or other incentives available or taken up by SBR during development of Vertikalny.

Physiography and Climate

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.

Operating Season

Operations and exploration occur all the year round. The exploration field season runs from May to October though drilling is carried out over the winter season when swampy Taiga is frozen.

Sufficiency of Surface Rights

The Company has industrial surface rights to carry out mining activities and construction on Vertikalny and right of access over Mangazeisky EL. WAI has not conducted an audit as to whether the Company has all the required permissions nor that permits are up to date and not in violation. WAI is also not aware of any third- party commercial rights over the property or any access

rights to indigenous populations and activities. WAI has also not carried out any auditing of surface rights or mineral tenure as part of its scope and is not aware of any overlapping licences/resources for precious and base metals, industrial minerals or water resources owned by third parties or on the State Reserves Balance. Local artisanal and alluvial operations (“artels”) may be active.

Accessibility

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 10km from the base camp. A flight by AN2 aircraft is typically two hours.

The Property may also be accessed via Batagai, located approximately 300km 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. See Figure 2 below detailing routes to site.

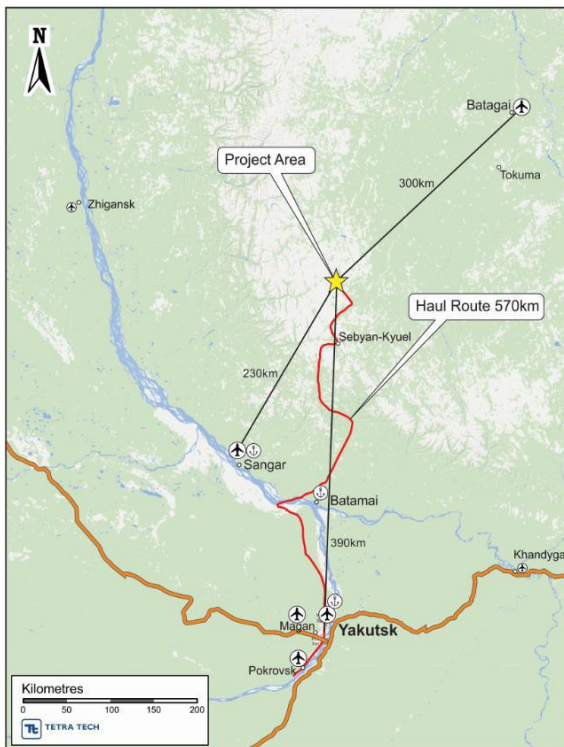


Figure 2

The vegetation surrounding the Mangazeisky Property 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.

Infrastructure

Transport

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 370km to the port of Batamai on the Lena River then on an all-weather road an additional 200km down the Lena Valley to Yakutsk. The Lena River is navigable for barges up to 3,000t 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 230km 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; 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.

Power

There is no access to the main power grid on the Property. Local supply with a capacity of 16MW comes from 12 diesel generating sites. The nearest power generator set to the Project site is at Sebyan-Kuel (375kW). It is planned by 2020 that the electrical generating capacity of Yakutia will be supplemented with a further 8,500MW from seven new power stations. The current status of connecting to this new grid is not known at the time of writing.

Water

Potential water sources include the Arkachan River located 10km from the Project, and the Endybal, Sirelengde, Fedor-Yuryage, and Mangazeisky creeks, which flow through the licence area. WAI understands that water resources have been developed through recent underground exploration and development and that the Company has been working with regulatory authorities (YakutNedra) to put water resources on the State Balance and obtain relevant permitting for extraction for both process and potable water.

Labour

Given the relatively isolated location of the Property use of local resources is limited. There is no pool of local labour and all staff work on a rotational basis from Yakutsk and other parts of Russia. A regional administrative and support office is maintained in Yakutsk. Currently there is a complement staff working on shift on site and additional staff supporting from Yakutsk. The site complement of staff is expected to increase to accommodate construction and commissioning staff in 2020.

On-Site Infrastructure

The permanent camp, Hogan Camp, is comprised of one to two room cabins, huts and accommodation containers. There are several permanent structures for kitchen, ablution, warehousing and maintenance, and offices for mine and process administration. There are also buildings for core logging and sampling, sample preparation and sample storage, as well as sheltered core box storage.

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, 3km²) and an induced polarisation (IP) survey (1:5,000, 1.7 km²). 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 m³ 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

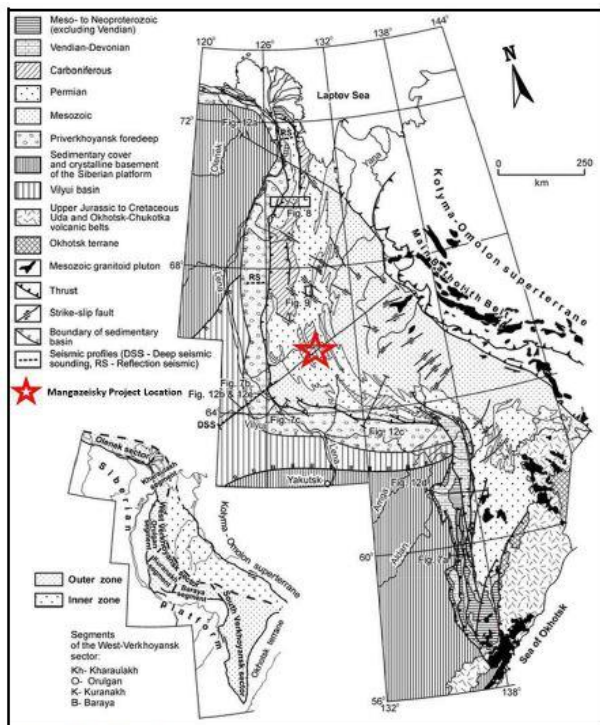
The Mangazeisky Exploration Licence area is located within the Verkhoyansk mobile belt of northeastern Yakutia. The fold-and-thrust belt forms part of a major orogenic system separating the Siberian North Asian Craton to the west from the immense expanse of accreted terrains, which form most of the Russian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

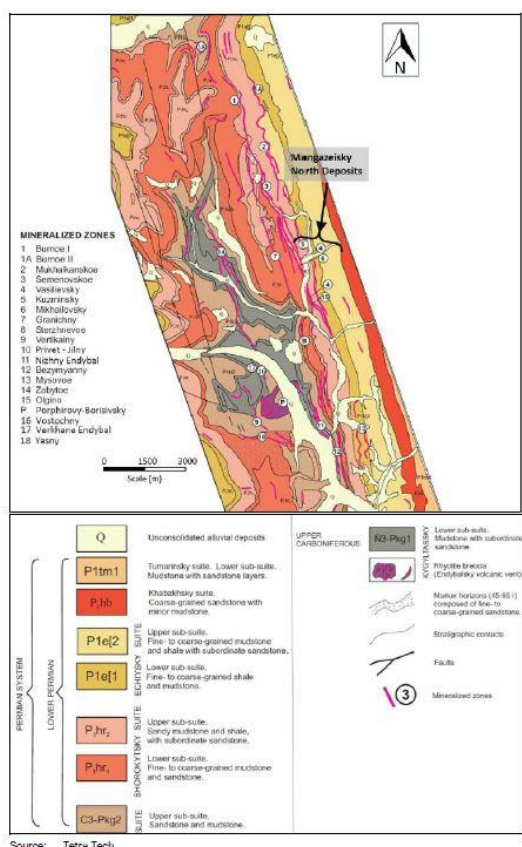
Mineralisation

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



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

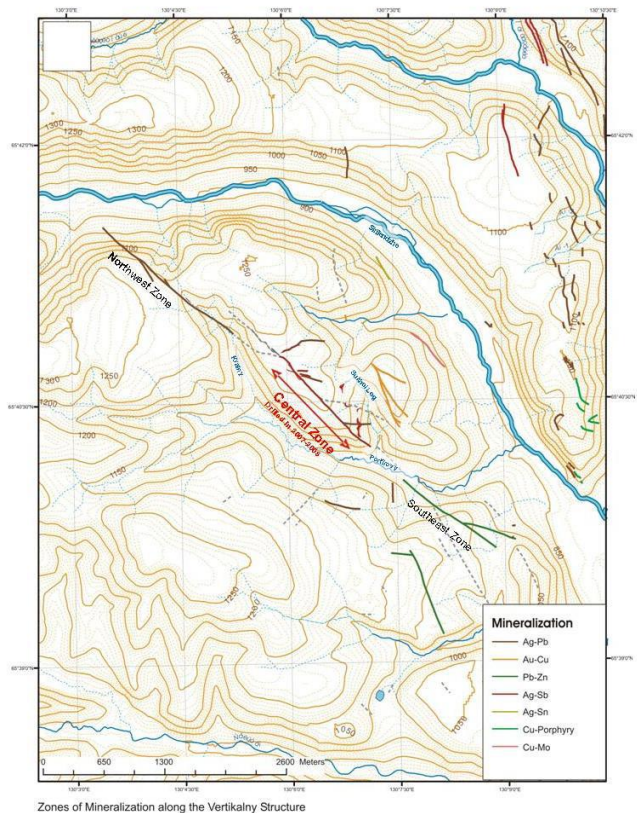


Figure 7: Surface expresion of the Vertikalny Vein

Mangazeisky North Deposit

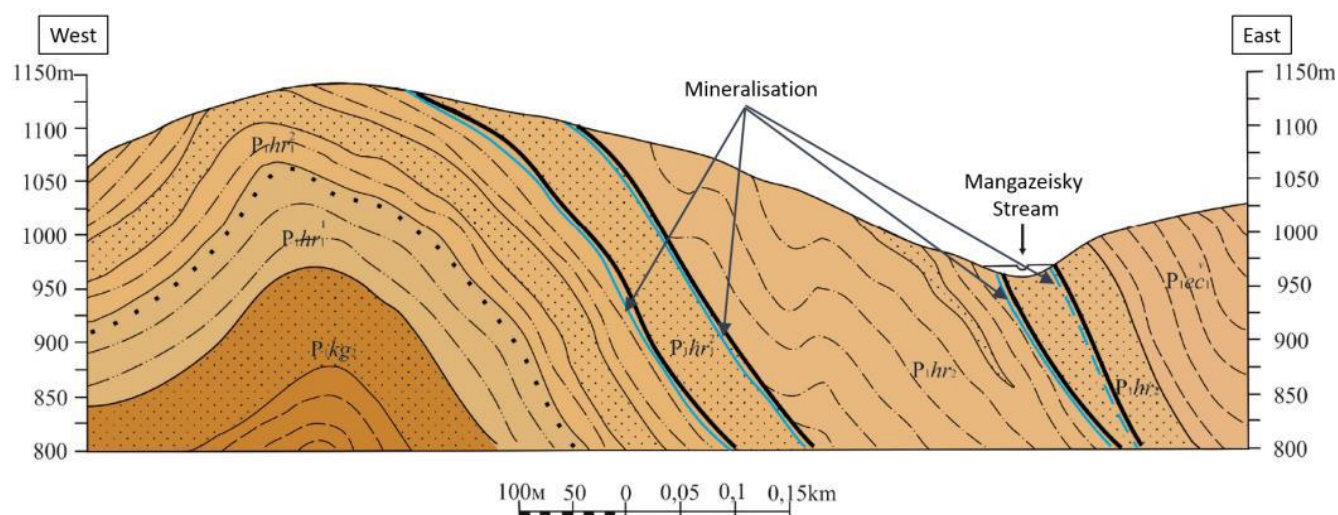
The second most advanced project is the Mangazeisky North deposit. The Mangazeisky North deposits comprise of a series of sub-parallel shallowly dipping stratiform epithermal veins, hosted within a package of sediments belonging to the Echinskaya, Khorokiskaya and Kigiltasskaya suites. The host rocks 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, pyrrargyrite, 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 8. 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

Early exploration by ZAO Prognoz, SBR's subsidiary, was focused upon the narrow, strata-bound silver mineralisation of the Vasilievsky and Mikhailovsky veins at Mangazeisky North. From 2007, the focus shifted to the development of the Vertikalny deposit and included the exploration activities on the thicker, linear, stockworks at Nizhny Endybal. A summary of non-drilling exploration activities is presented in Table 4 below.

Year	Exploration Activities	Targets Explored
2004	No trench exploration was undertaken during 2004	-
2005	9,641m ³ of trenching	Vasilievsky, Milhailovsky, Sterzhnevoy, Nizhny, Endybal
2006	4,843m ³ of trenching and mapping	Nizhny, Endybal Vostochny, Sterzhnevoy, Vertikalny
2007	8,000m ³ of trenching	Vertikalny
2008	22,633m ³ of trenching. Mapping, lithochemical sampling, direct current induced polarisation/magnetotellurics and magnetic anomaly geophysical surveys.	Vertikalny, Zabyty, Zabyty-2, Kis-Kuel, Orogondia

2009	15,067m ³ of trenching. Lithochemical sampling, magnetic anomaly mapping	Nizhny, Endybal, Vertikalny, Kis-Kuel, Mukhalkan-Burney
2010	No exploration was undertaken in 2010.	-
2011-2012	1,600m ³ of trenching	Nizny, Endybal
2013	52 trenches at regular intervals with 474m of sampling	Mangazeisky North and South
2014	19 trenches across multiple exploration targets	Vertikalny, Mangazeisky South, Porfirovoy and Sterzhnevoy
2015	8 trenches for a total length of 593m	Porfirovoy and Sterzhnevoy

Information from this section on programs before 2016 is drawn from Tetra Tech (2017) and reliant thereupon the accuracy of this information.

A total of 304 diamond holes have been drilled and considered for evaluation for a running total of 44,060m. The main drill campaigns at Vertikalny took place in 2005-2015, with no drilling in 2010, and consisted of diamond core drilling only. No Soviet-era drilling was considered for the evaluation.

In the majority of drillholes, the core was oriented at the commencement of every run to allow structural measurements to be made and all holes are subject to down-hole survey at generally 20.0m intervals. Data from HQ (63.5mm) and NQ (47.6mm) wireline diamond drillholes is used for interpretation and grade estimation. The predominate drilling diameter was of HQ size.

A total of 16 metallurgical holes for a running total of 2,786m were drilled either PQ or HQ diameter for technological testwork and ore-type definition in 2017.

A total of 19 advance grade control holes for a running 535m were drilled in 2018.

A total of 233 trenches for a running total of 5,667.87m were sampled for a grade control in 2018-2019. The trenches have 10m spacing on each bench with the bench height of 5m. The grade control samples were collected from 5 benches with elevation from 1,175m through to 1,155m. This campaign was carried out at the Central part of Vertikalny.

WAI is not aware of any specific measures taken to reduce losses through drilling or that any drilling campaign suffered from poor recovery. Diamond drill recovery averages approximately 95% and are considered homogenous and acceptable for evaluation. No apparent relationship has been observed between sample recovery and grade.

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 Semenovskiy and Vasilievskiy veins in the Mangazeiskiy Project 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 Mangazeiskiy 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 to 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 5 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 Hallowell 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 calculation 1,369 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 Porfirovoy 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 Porfirovoy 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 Porfirovoy 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 Kyys 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	1,506
Including	6.2	7.0	0.8	3,054
Including	8.0	8.6	0.6	1,895
C_03_2018	6.7	7.6	0.9	547
C_03_2018	20.2	24.9	4.7	2,640
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	2,412
Including	37.5	39.5	2.0	4,617
Including	41.5	43.7	2.2	4,008
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	2,049

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 Kyys Kuel 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 mineralisation, 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 Porfirov. 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 Epidemiology Centre".

For trenching samples in 2013 to 2016, a similar process was followed however, the lab facility used was GUGGP Yakutsgo 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 Technical 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.

WAI visited the on-site facilities on 30 October 2021 which were generally considered to be satisfactory.

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 further 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 indicators 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 an absolute difference, a ranked HARD plot does not reveal 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

A local source of siltstone (aleurolite) was used for blank sample material. Blank material was assayed at both the Vertikalnoye and an external laboratory, before inclusion in the QA/QC programme, to ensure that the material was non mineralised. It was reported that blank samples were inserted at a rate of 1:20 (5%) and a total of 1,061 (Ag) blank samples were available for review.

Blank samples have been analysed for three separate laboratory methods, each with different levels of detection, including ME-ICP62, ME-OG62 and ME-GRA22 methods. The results of the blank analysis for Ag are shown in Figures 8.1, 8.2 and 8.3.

Note that WAI used low detection limits of 0.5ppm (0.00005%) for ME-ICP62, 1.0ppm (0.0001 %) for ME-OG62, and 5ppm (0.0005 %) for ME-GRA22, as per ALS analysis methods.

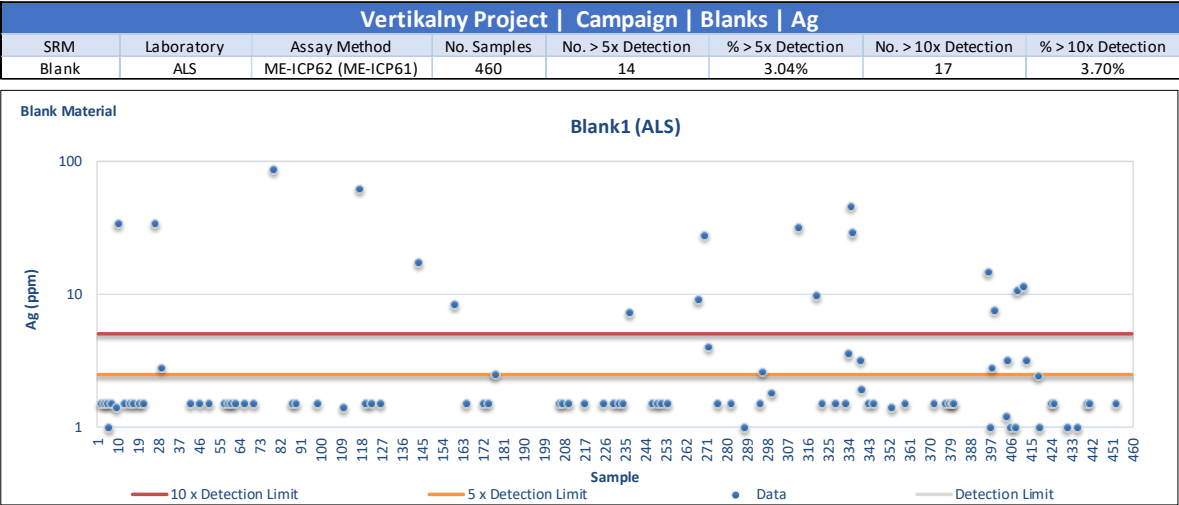


Figure 8.1: Blank Samples analysed for Ag using ME-ICP62 method

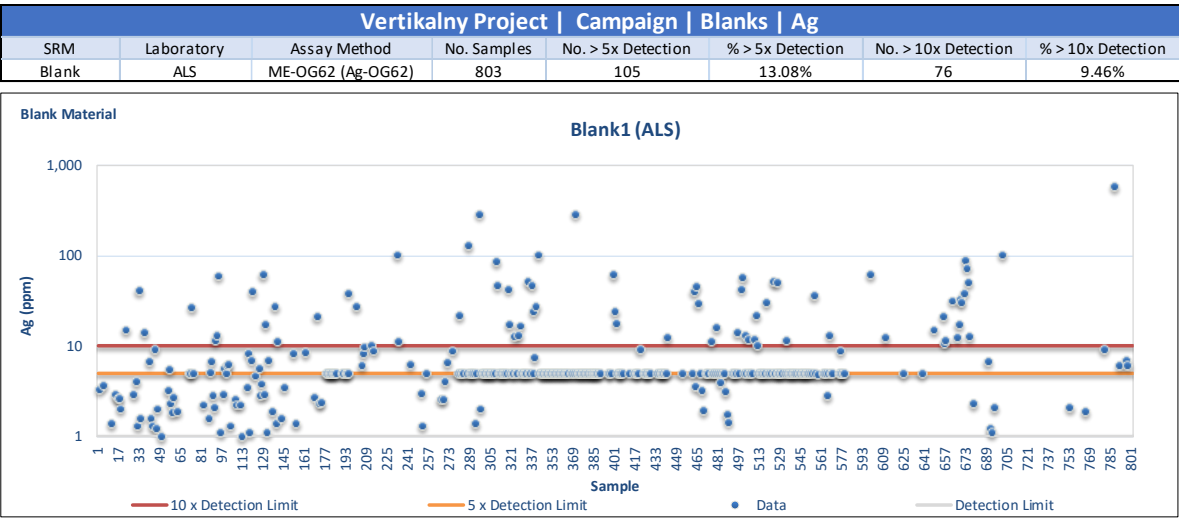


Figure 8.2: Blank Samples analysed for Ag using ME-OG62 method

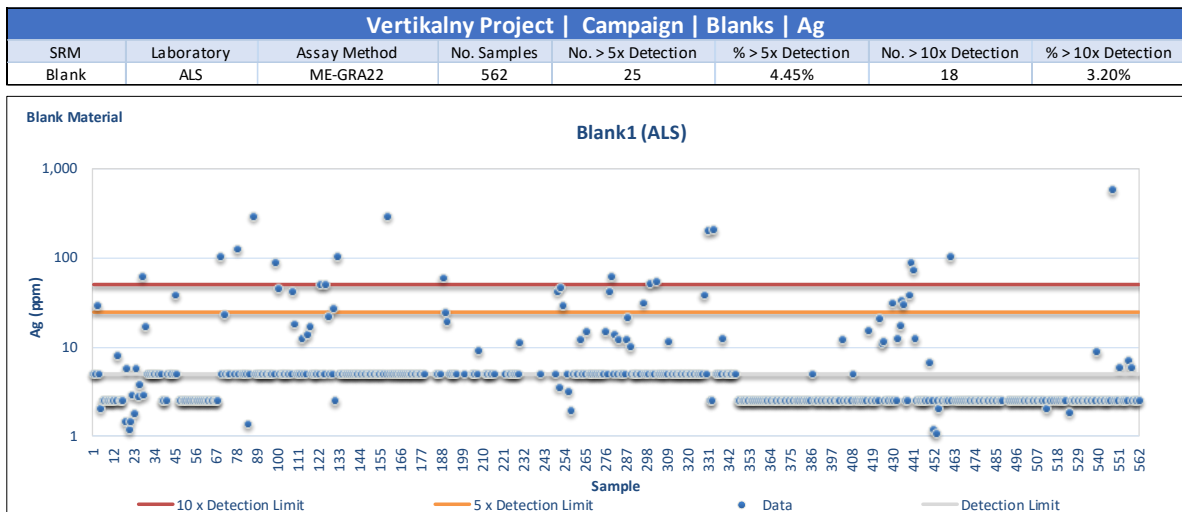


Figure 8.3: Blank Samples analysed for Ag using ME-GRA22 method

Out of the blank sample failures, 2 samples had a grade >50g/t Ag for assay method ME-ICP62, 20 samples for method ME-ICP62, and 18 for ME-GRA22. It should be noted that some samples have been assayed with more than one assay method. A total of 21 unique samples have an Ag assay grade that exceeds 50g/t for at least one of the assay methods, and a further 56 between 10 - 50g/t Ag.

WAI has reviewed the assay data for sample preceding and following the blank samples (see Table 8 for selected examples). No clear pattern was observed to suggest either contamination in the sample preparation or that the blank material contained elevated levels of Ag mineralisation, there is evidence of both. However, there is also evidence of mislabelling of some samples. Therefore it is suggested that moving forward the material used for blank samples is re-examined or replaced by material known not to carry any target mineralisation, pending the results of this re-examination. Commercially-sourced certified blank material would be recommended to eliminate any possibility of minor mineralisation. It is also recommended that the sample preparation apparatus is flushed with a quartz sand wash between samples and database management and transcribing results are regularly monitored.

BHID	Sample ID	Sample Type	Grade (g/t Ag)	BHID	Sample ID	Sample Type	Grade (g/t Ag)
V08-066	21487	Core	145.5	V08-023	27047	Core	253.2
V08-066	21488	Core	1,645.0	V08-023	27048	Core	1,560.0
V08-066	21489	Core	1,439.5	V08-023	27049	Core	1,196.0
V08-066	21990	Blank	290.5	V08-023	27050	Blank	46.2
V08-066	21991	Core	108.0	V08-023	27051	Core	1,374.0
V14-04	22852	Core	296.7	V08-023	27052	Core	1,380.0
V14-04	22853	Core	1,140.84	V08-023	27053	Core	1,520.0
V14-04	22854	Core	2,089.34	V08-023	27054	Blank	29.0
V14-04	22855	Blank	103.27	V08-023	27055	Core	49.0
V14-04	22856	Core	30.69	K-5065	17547	Trench	27.9
V08-066	21487	Core	136.0	K-5065	17548	Trench	666.5
V08-066	21488	Core	1,584.0	K-5065	17549	Trench	324.5
V08-066	21489	Core	1,480.0	K-5065	17550	Blank	38.45
V08-066	21490	Blank	62.0	K-5065	17551	Trench	185.5
V08-066	21491	Core	70.0	V13-15	8712	Core	3,455.82
V11-176	SB1100232	Core	0.25	V13-15	8713	Core	2,297.66
V11-176	SB1100233	Core	1.20	V13-15	8714	Core	720.99
V11-176	SB1100234	Core	2.90	V13-15	8715	Blank	31.65
V11-176	SB1100235	Blank	101.0	V13-15	8716	Core	162.50
V11-176	SB1100236	Core	6.60	V13-15	8717	Core	13.52

Elevated Pb and Zn grades were detected in 467 blank samples. Out of them 55 samples returned Pb grade that was twice the detection limit, and only 8 samples out of these 55 had Pb grade >0.25%. In assays for Zn, 90 sampled returned Zn grade that was twice the accepted detection limit, 20 samples out of them had Zn grade >0.25%. In general, the results of blank samples analysis for Pb and Zn are considered satisfactory though Pb and Zn are not included in the Mineral Resource Estimate.

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 9).

Table 9: List of Certified Reference Materials		
No	CRM	Manufacturer
1	OREAS 600	ORE Research & Exploration Pty Ltd, Australia
2	OREAS 605	
3	GBM 906-6	
4	GBM 913-13	GEOSTATS Pty Ltd, Australia
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 the table below. 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.

Table 10: Summary of CRMs Data for Vertikalnoye							
CRM	Metal, Unit	Grade	Standard Deviation	Expanded Uncertainty	No of CRMs	Beyond Allowed Absolute Error	%ge of Satisfactory Assays
OREAS 600	Ag, g/t	24.8	1.01		3	0	100.0%
	Zn, %	0.255	0.008		NA		
	Pb, g/t	994	69		NA		
OREAS 605	Ag, g/t	972	27.8		1	0	100.0%
	Zn, %	0.216	0.009		1	0	100.0%
	Pb, g/t	1297	136		1	0	100.0%
GBM 906-6	Ag, g/t	389.7	21.1		311	4	98.7%
	Zn, g/t	210	14		151	32	78.8%
	Pb, g/t	290	14		151	27	82.1%
GBM 913-13	Ag, g/t	74.1	3.9		12	0	100.0%
	Zn, g/t	386	nr		12	3	75.0%
	Pb, g/t	125	nr		12	4	66.7%
GBM 998-9	Ag, g/t	101.2	4.8		156	11	92.9%
	Zn, g/t	27	10		89	very low grades	
	Pb, g/t	8	4		89	very low grades	
GBM303-1	Ag, g/t	1,419.6	73.5		8	1	87.5%
	Zn, g/t	2,8750	1,529		6	0	100.0%
	Pb, g/t	23,6561	14,346		6	0	100.0%

GBM310-16	Ag, g/t	314.3	14.9		27	0	100.0%
	Zn, g/t	170,201	6,825		27	8	70.4%
	Pb, g/t	112,603	5,008		27	5	81.5%
GBM906-7	Ag, g/t	0.9	0.3		1	0	100.0%
	Zn, g/t	51	11		1	0	100.0%
	Pb, g/t	8	4		1	0	100.0%
GBM909-11	Ag, g/t	25.5	1.7		15	0	100.0%
	Zn, g/t	19,486	591		15	6	60.0%
	Pb, g/t	2,074	103		15	1	93.3%
GBM913-13	Ag, g/t	74.1	3.9		16	0	100.0%
	Zn, g/t	386	nr		16	0	100.0%
	Pb, g/t	125	nr		16	0	100.0%
GBM997-4	Ag, g/t	287.9	38.2		105	3	97.1%
	Zn, g/t	119	13		62	very low grades	
	Pb, g/t	159	17		62	very low grades	
COП 01-2016 (SOP 01-2016)	Ag, g/t	3,21		+/- 0.28	38	16	57.9%
	Zn, %	0,129		+/- 0.007	11	2	81.8%
	Pb, %	0,083		+/- 0.004	11	4	63.6%
COП 02-2016 (SOP 02-2016)	Ag, g/t	73.7		+/- 3.2	40	0	100.0%
	Zn, %	0.86		+/- 0.02	20	1	95.0%
	Pb, %	2.45		+/-0.09	20	1	95.0%
COП 03-2016 (SOP 03-2016)	Ag, g/t	124.4		+/- 6.2	20	1	95.0%
	Zn, %	50.3		+/- 0.2	12	very low grades	
	Pb, %	1.37		+/-0.09	13	0	100.0%
MST SG 130i	Ag, g/t	171.8		+/-4.5	9	0	100.0%
MST GS 161f	Ag, g/t	1.49		NA	1		
MST SG 186	Ag, g/t	36		NA	32		
	Zn, %	0.0053		NA	10		
	Pb, %	0.035		NA	10		
MST SG 151h	Ag, g/t	78.3		+/-2.2	8	0	100.0%

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 11 below. 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 assay results for Ag show possible contamination, elevated level of Ag mineralization within the material, and some evidence of mislabeling. The Ag grade for 21 blank samples was greater than 50g/t. Zinc and lead assaying results are considered 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. Ultimately, the blank failures are not considered material to the Mineral Resource Estimate as the majority of the recorded values are significantly lower than any economic mineralisation. Notwithstanding, WAI would recommend that the QA/QC procedures to be improved by introduction of quartz sand flush into sample preparation protocol to mitigate the risk of sample contamination, review of blank sample material and possible change to an accredited blank sample material, and that database management and transcribing results are regularly monitored.

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 the insertion 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.

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

As for Vertikalny, a local source of siltstone (aleurolite) was used for blank sample material. A total of 528 blank samples were available for review. It is clear from the results that different detection limits have applied depending on the laboratory and analysis method. For the purpose of this assessment, WAI has selected 0.5ppm as the minimum detection limit. The results of the blank analysis for Ag are shown in Figure 9.1 showing a total of 226 out of 528 blanks samples were found to exceed the 5x detection limit (2.5ppm), and 48 exceeding 10x detection limit (5ppm). However, by applying a detection limit of 5ppm, only 20 samples are >5x detection limit and 11 are >10 detection limit. A total of 11 'blank' samples are >50ppm.

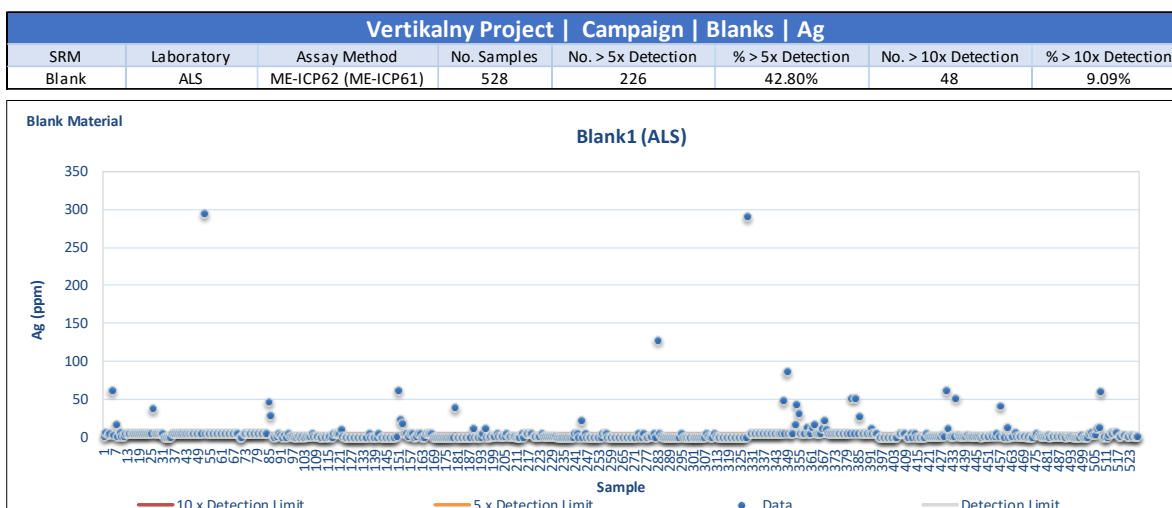


Figure 9.1: Blank Samples Analysed for Ag on North Mangazeysky

Pb and Zn were detected in 83 blank samples. Out of them 22 samples returned Pb grade that was twice the accepted detection limit (0.02% Pb), and only 16 samples out of these 55 had Pb grade >0.25%. The results of blank samples analysis for Pb are presented in Figure 9.2

In assays for Zn, 5 sampled returned Zn grade that was twice the accepted detection limit (0.02%Zn), 1 sample out of them had Zn grade >0.25%. The results of blank samples analysis for Zn are presented in Figure 9.3.

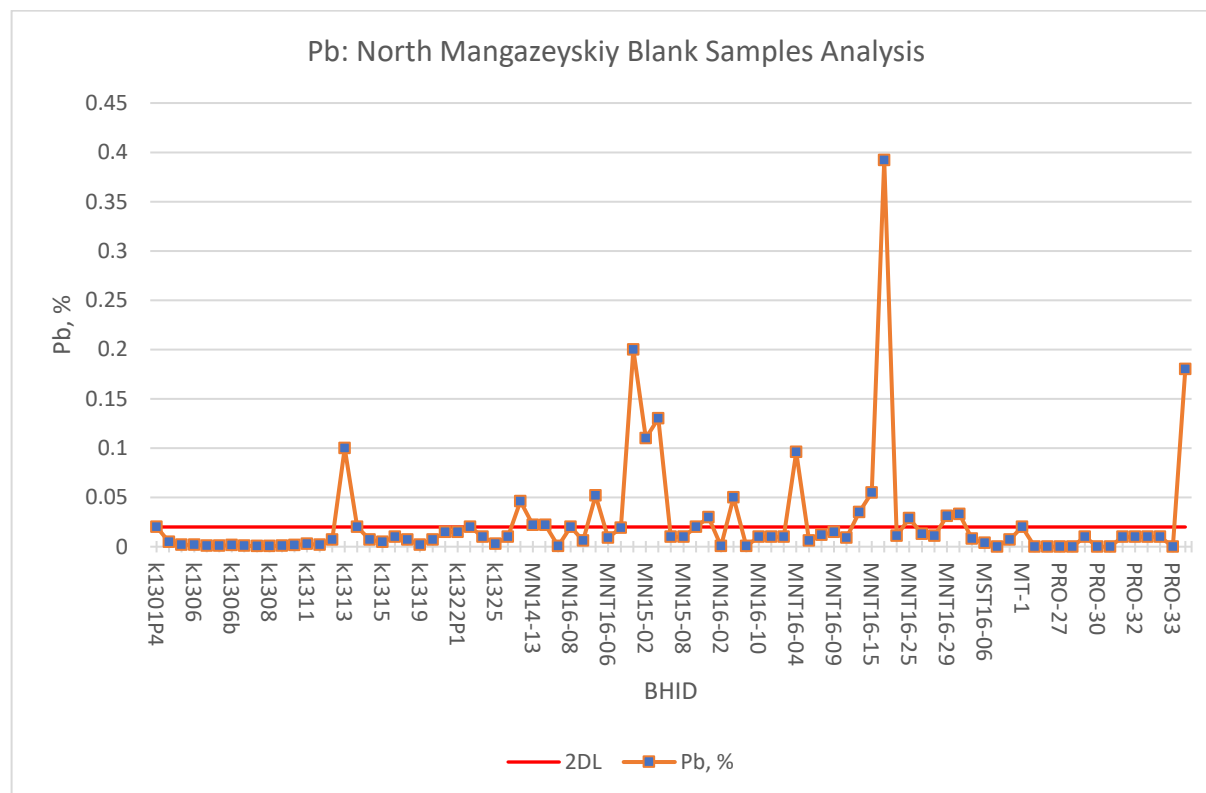


Figure 9.2: Blank Samples Analysed for Pb on North Mangazeyskiy

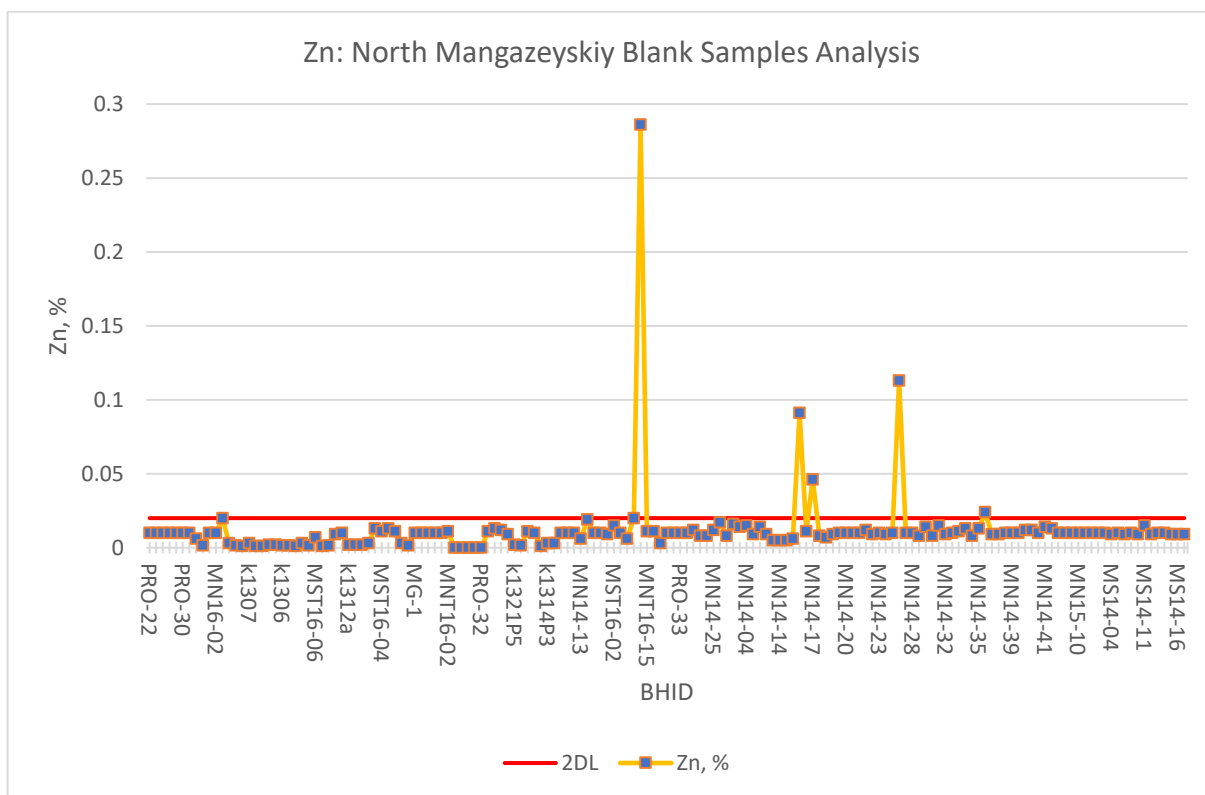


Figure 9.3: Blank Samples Analysed for Zn on North Mangazeykiy

In general, the blank performance was found to be acceptable. Failures may be due to minor mineralisation within the blank material, rather than poor practice and do not represent material risk to the Project. Notwithstanding, WAI recommends that a true blank material be introduced to mitigate the failure rate and that additional checks are conducted into the analysis method, and detection limit, along with database management.

Certified Reference Materials

Ten certified reference materials (CRMs) sourced from GEOSTATS Pty Ltd (Australia), STC Minstandard of St Petersburg, and Irgiredmet OJSC of Irkutsk (Table 13).

No	CRM	Manufacturer
1	GBM 906-6	GEOSTATS Pty Ltd, Australia
2	GBM 908-8	
3	GBM 913-13	
4	GBM310-16	
5	GBM909-11	
6	GBM913-13	
7	СОП 01-2016 (SOP 01-2016)	Irgiredmet OJSC
8	СОП 02-2016 (SOP 02-2016)	
9	СОП 03-2016 (SOP 03-2016)	
10	MST SG 186	

The recommended values and number of assays for each CRM are listed in Table 14. 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 values 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.

Table14: 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%
GBM908-8	Ag, g/t	12	-		92	-	-
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	170,201	6,825		31	5	83.9%
	Pb, g/t	112,603	5,008		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	68,362	2363		32	16	50.0%
	Pb, g/t	8,513	327		26	17	34.6%
COП 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%
COП 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%
COП 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		

There are no data on allowed absolute error for MST SG 186 (6 samples) therefore results for these CRMs were not considered.

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 15. It should be noted that Table 15 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 assay results for Ag show possible contamination, elevated level of Ag mineralisation within the material, and some evidence of mislabeling. 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. These failures may be due to minor mineralisation within the blank material, rather than poor practice and do not represent material risk to the project. 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.

WAI would recommend that the QA/QC procedures to be improved by introduction of quartz sand flush into sampling preparation protocol to mitigate the risk of sample contamination, review of blank sample material and possible change to an accredited blank sample material, and that. database management and transcribing results are regularly monitored.

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 (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) 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

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	279,282	4,168	3,983

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.
10. Numbers may not compute due to rounding.

Table16: 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
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.
10. 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	Tonnes (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 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. 31 st 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
200	Inferred	331.41	750.15	9.71	0.98	248,612	32,185	3,261

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. 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.
9. 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 the 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 10).

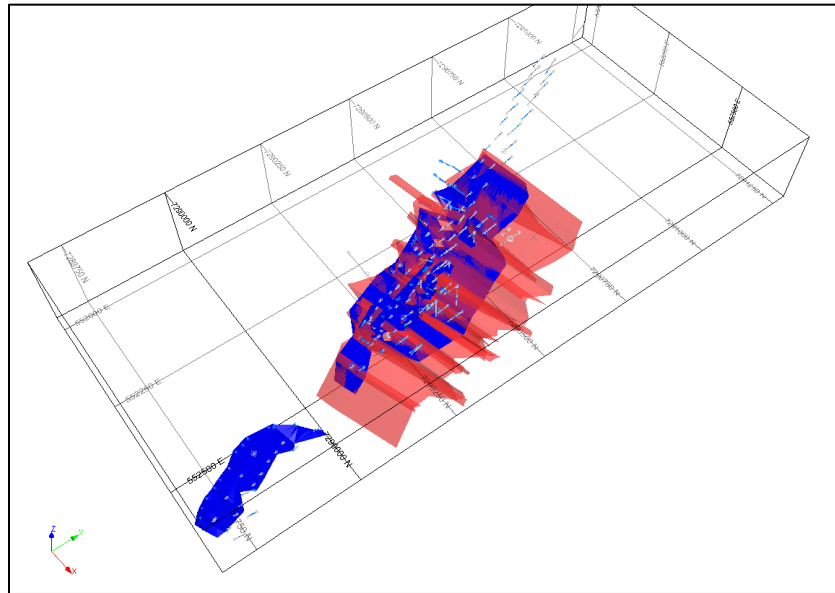


Figure 10: Wireframe Models of TT (red) and WAI (blue) with workings at Northern Mangazeisky

WAI Technical Report Summary

Further to the Company's announcement on 8 September 2021 and 1 November 2021, the Company received and filed on SEDAR the Amended and Restated Technical Report on 10 November 2021. The following is the Technical Report Summary.

The Company 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 interfluvial 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 interfluvial 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 (interfluvial) 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 20 below.

Table 20: Vertikalny Conceptual Pit Design Physicals (Dilution & Recovery Applied)			
Parameter	Units	Vertikalny	Mangazeisky North
Oxide Material	kt	212	-
<i>Ag Grade</i>	<i>g/t</i>	800	-
Sulphide Material	kt	116	347
<i>Ag Grade</i>	<i>g/t</i>	846	570
<i>Pb Grade</i>	%	1.70	7.47
<i>Zn Grade</i>	%	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 21 below.

Table 21: 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 somewhat 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 22 below.

Table 22: 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. Summary of key input assumptions is outlined below.

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 23.

Table 23: 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 24.

Table 24: 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 Cumulative - 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 Cumulative 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 25 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 25: 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 26 below:

Table 26: 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 27 below.

Table 27: 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 28 below.

Table 28: 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 29 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 29: 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 30 and Table 31 below.

Table 30: 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 Royalty 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 31: 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 varied 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 11 and presented in Table 32 below.

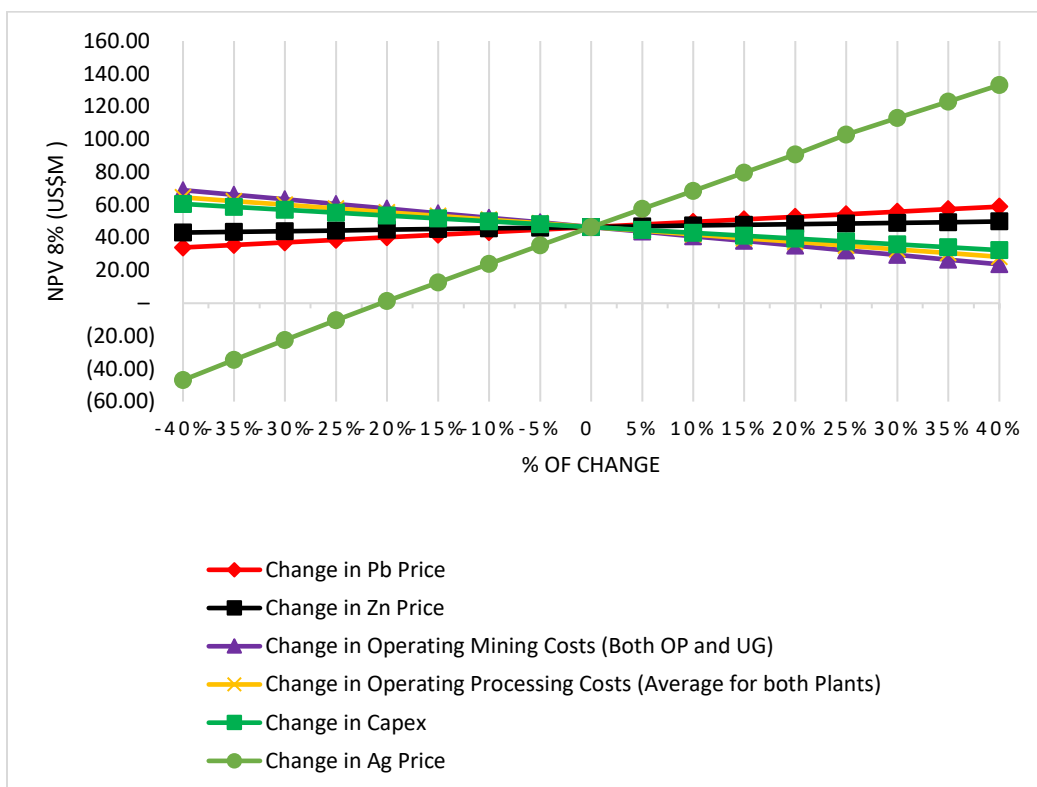


Figure 11: Project NPV (8.64%) Sensitivity Analysis Results

Table 32: 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 Technical Report is 25 March 2021, the effective date of the Vertikalny and Mangazeisky North mineral resource estimate is 19 May 2019.

The following individuals, by virtue of their education, experience and professional association, are considered QPs as defined in NI 43-101, for the Technical Report, and are a member in good standing of appropriate professional institutions:

- Ché Osmond
- Alan Clarke
- James Turner
- Sassoun Horsley-Kozadijan
- Philip Burris

- Alison Allen
- Nikolai Shatkov

Environmental Studies, Social Impact and Permitting

Existing Environmental Conditions

Existing environmental conditions are described based on ERM (2016b) a part of the Russian design documentation. The surveys included field works, laboratory, and desktop studies performed by ERM consultants involving local experts and scientific institutes. Report has been prepared in Russian only.

Physical Environment

The Project is located in the Kobyaysky District (Ulus1) of the Sakha Republic in a highland with altitudes of 800 to 2,200m. A seasonal winter road connects the Project to port facilities on the Lena River and the nearest settlement, Sebyan-Kyuel, is 43km south-southwest of the Project site. The Project area is located within the Endybal River basin and the largest watercourses include the Arkachan, Endybal, Sirilende, and Fedor-Yurege rivers.

The Project is located in an area characterized by a continental sub-arctic climate, and is significantly influenced by the mountain relief that causes high wind velocity in elevated areas. The average monthly temperatures for January and July are -38.1°C and +13.7°C, respectively. The frost-free period lasts for 52 days, on average; however, some years have had frost persisting throughout the entire summer. Precipitation of approximately 200mm/a occurs mostly as snow. The approximate number of days with snow cover is 209, and the average snow depth is no greater than 35cm.

Current air quality baseline conditions are below established criteria for carbon monoxide, nitrogen dioxide, sulphur dioxide, and particulate matter. Baseline air quality in the area is dominated by natural sources and limited to dust from wind erosion, primarily just after snow and ice have melted and under dry conditions. However, available data is limited due to the remoteness of the site and activities limited to ongoing exploration. The air quality in the Project area is within regulatory maximum permissible concentrations (MPC).

The river system in the Project area consists of the Sirelendge River and its major right-bank tributaries: Borisovsky Creek and Porfirov Creek, with a tributary, Sukhoi Log Creek. This is the basin of the Yana River which flows into the Arctic Ocean. Preliminary laboratory tests indicate that concentrations of minerals in some surface water samples and bottom sediments exceed regulatory standards (maximum permissible concentrations for fishery water bodies (MPCf2). These elevated concentrations are attributed to natural weathering processes across the Project affecting regional watersheds, and to exploration activities in local waterways near the Vertikalny deposit area. The feasibility study does not include an allowance to remediate any historical impacts that may be caused to date by Project activities. Preliminary analysis suggests elevated concentrations of magnesium, iron, manganese, aluminium, strontium, copper, zinc, cobalt, nickel, cadmium, lead, and selenium in surface water and elevated metal concentrations of cadmium, lead, nickel, zinc, and arsenic in bottom sediments. Terrain of the Verkhoyansk Range is primarily defined by seasonal water erosion during the spring snow melt and storm rainfall that results in eroded low areas separating topographic highs. This seasonal water erosion also defines slope processes in the Project area. Other geological and hydrological processes that affect the Project area terrain include:

- Cryogenic, including frost splitting, seasonal heaving, solifluction, desorption, frost sorting, stone-run formation, thermokarst;
- Gravitation: slides, landslides, landfalls, mudflows, avalanches; and
- Fluvial and hydrological: erosion, swamp formation, and ice formation. Permafrost conditions are approximately 230 to 350m below ground surface, reaching thickness of up to 400 to 500m on larger plateaus. This is the main factor defining engineering and geological characteristics of the area. Seasonal freezing of the near surface material is relatively fast. On average, it takes two months; freezing speed exceeds 1 cm/d.

Groundwater of the Yana-Indigirka basin consists of two hydrogeological levels:

- Perched water, seasonal thaw depth (active zone) water and taliks (under lakes); and
- Connate water within the cracks and pores of the underlying geologic material below the permafrost zone.

Water within the perched, active zones and talik is insufficient for use at the Project process facility and for drinking due to poor quality and limited/seasonal availability. Additional studies confirm the availability and sufficiency of in permafrost water to be used for the Project water supply. Based on the work completed by SRK, ERM is not aware of any environmental or regulatory constraints preventing the use of this water for this purpose.

Biological Environment Soil

Soil in the Project area is poorly developed, acidic, and has a high proportion of stones and debris. The soil is also affected by cryogenic deformation and thixotropic and supra-permafrost gleying resulting in limited soil regeneration.

Sampling and testing of soils suggest that in accordance with the Russian standard, the vast majority of soils within the Project area can be used, based on their environmental characteristics, without limitation. There have been some contaminated soils identified through field surveys, notably in the area along the access road (near the mouth of the Sukhoi Log Creek). These contaminated soils are likely the result of geological and exploration works that have been conducted to date.

Remediation plans for these contaminated soils that are currently known, and any found during the Project life, will need to be developed to outline measures such as testing, excavation, and either disposal to landfill locations, or blended/layers as part of site pad construction. The feasibility study does not include an allowance to remediate any historical impacts that may be caused to date by Project activities.

Plant Life

The Project area is located in the mountains of the Verkhoyansk district of the Bering northern taiga sub-province of Cajander larch (*Larix cajanderi*) forests. Dominant types of plant associations are larch forests and woodlands, and mountain tundra. In valley complexes, chosenia woods and willow shrubs also occur. Protected species identified within the Project area include five species of vascular plants and three fungi species listed in the Red Data Book of the Russian Federation and the Red Data Book of the Republic of Sakha. Four species were identified within 1,000m of Project infrastructure that will require protection. There are also unique ecosystems to these areas that will also require protection. Several small steppe areas that are the relicts of the Late Pleistocene occur only sporadically and are rare in the north-eastern part of Yakutia. Valuable medicinal and food plants occurring within the Project area are cowberry, ledum, blueberry (*Vaccinium uliginosum*), cranberry, dwarf pine (*Pinus pumila*). These species are a wide-spread plant resource across the entire Yakutia taiga, and the due to the remote location, the potential for harvesting volumes in the Project area is low.

Animals

The diversity of terrestrial vertebrates (wildlife) in the Project area is low due to climatic conditions and specific features of the mountain terrain. In addition, the Verkhoyansk Range, which extends from the Arctic Ocean to the Sea of Okhotsk coast, serves as a natural barrier for the migration of animals. Important wildlife species in the Project area include Snow sheep, elk, Musk deer, and Reindeer that support economic livelihood for local residents and communities.

Other wildlife in the area includes brown bear, gray wolf, wolverine, lynx, sable, stoat and the black-capped marmot. Primary game/fur animals hunted by the local population (i.e. reindeer herders) are squirrel and ermine and, in recent years, sable has been steadily becoming more popular as a game/fur animal. Birds noted in the area include willow ptarmigan, Eurasian sparrowhawk, merlin, common kestrel, golden eagle and Eurasian eagle-owl. The maximum diversity and specificity of wildlife species is observed in river valleys in the mountain forest belt. The lowest diversity is in the forest belt of mountain slopes, specifically in mountain tundra complex.

No amphibians or reptiles occur in the Project area. The majority (50%) of the entomofauna species occur in meadow-type habitats with forests and meadow-forests providing habitats for 24% and 20% of insect species, respectively. The remaining 6% of species occur in mountain-tundra, tundra, bog, steppe, and meadow-steppe habitats.

Within the Project area and area of influence there are no species of mammals listed in the Red Data Book. However, the black-capped marmot (*Marmota camtschatica*, Pallas) are registered in adjacent area (N65°42.119 E129°59.219), (N65°43.465 E130°9.588) to the Project. Two species of birds (golden eagle and eagle-owl) and three Lepidoptera species (*Parnassius tenedius* (Ev.), *Parnassius phoebus* (F.) and *Colias hecla viluensis* (Mén.) that are listed in the Red Data Book of the Russian Federation and the Red Data Book of the Republic of Sakha were identified within Project area. The closest nests are located within 1,000m from Project facilities. Monitoring of these nests is recommended during Project construction and operation. Key fish species occurring in watercourses of the Project area are grayling and burbot, both of which are not rare or protected and have no commercial fishing value. Local residents undertake recreational fishing for household consumption. In accordance with the regulations of the Federal Agency of Fisheries, the rivers within the Project area fall under the following fishery categories:

- The Arkachan River can be classified as a water body of the highest fishery category due to the occurrence of *Coregonus lavaretus pidschian* and *Hucho taimen*; and
- The Endybal, Sirelengde and Fedor-Urege Rivers fall under the first fishery category as watercourses used for reproduction, wintering, and feeding of *Thymallus arcticus*.

According to Russian Federation regulatory requirements, the water quality of watercourses with fishery significance should be maintained at the same level, with no contaminants discharged without treatment, assuring the meeting of regulatory standards. These waterways already exceed the MPCf; in particular there are elevated copper and zinc concentrations. There are no Special Protected Natural Areas (SPNAs) in the Project area; however, more than 20 SPNAs of local and regional value have been established in the Kobyaysky Ulus and other surrounding uluses of the Republic of Sakha (Yakutia) (within a 200km distance from the license area), including one national park, 16 resource reserves, 6 no-take zones, and 5 unique lakes. The nearest SPNAs to the Project include:

- Echii River no-take zone with an area of 229,800 ha - of the local significance; and
- Unique Lake Sebyan-Kyuyol with an area of 2 071 ha – of the regional significance.

No Ramsar territories (the Convention on Wetlands of International Importance, especially as Waterfowl Habitat) are located in the Project area of influence. Key bird area “Forty islands” (RU3064) is included in the list of Important Bird and Biodiversity Areas (IBAs) developed by BirdLife International and located within the territory of SPNA natural park “Ust’-Vilyuysky”. It is included in “indirect list” of Ramsar wetlands as it provides habitat and nesting areas for approximately 20 rare bird species, including water fowls.

Existing Socio-Economic Conditions

Existing socio-economic conditions are provided based on the report on the results of socio-economic survey performed by ERM in 2015 (ERM 2015). The Project area is located a considerable distance from both the Kobyaysky district (Ulus) center Sangar (approximately 330km by roads or 200km by air) and from the republic administrative center Yakutsk (approximately 400km by roads). The Project Area is located in the Lamynkhinsky Nasleg (“Nasleg” is the lower level of the administrative territorial division of the Sakha Republic). The Project area is a zone of residential area of indigenous peoples of the North of the Evens (the Evens) (Lamuts): 714 of 773 people of the Nasleg (92%). The Evens are one of the indigenous peoples of the north living in vast north eastern territories of the Russian Federation. The Evens population of the Lamynkhinsky Nasleg is steadily increasing. Remoteness and restricted accessibility have preserved the traditional Evens culture within the Lamynkhinsky Nasleg. Traditional Evens economy is reindeer herding, supplemented with fishing and hunting game for meat and fur. The Evens families are private owners of reindeer herded together with reindeer of State Unitary Enterprise (SUE) Sebyan. The Project footprint and the seasonal access road will intercept grazing areas traditionally used for reindeer herding. Silver Bear has assessed, evaluated and negotiated compensation that will be provided to the affected herders.

Reindeer husbandry in the Lamynkhinsky Nasleg also includes reindeer herders of SUE Sebyan. SUE Sebyan consists of several teams each using its own grazing/herding areas and camping sites; two teams have been using the Project area:

- Team No. 5 traditionally migrates in the area of the abandoned Village of Endybal. The team is comprised of six reindeer herders and three chumkeepers and grazes more than 1,000 reindeer, including 583 heads of SUE Sebyan and privately owned animals. Routes of late-autumn and early spring movements are located near the Endybal village and partly near the Project area. A fawning ground used by the team in April/May is located near the former settlement not far from the license area.
- Team No. 9 of SUE Sebyan migrate near the winter road of regional significance, Batamai to Sebyan-Kyuel. As of March 2015, the herd numbered 1,000 reindeer, including 500 privately owned animals. The team is comprised of six reindeer herders and three chum-keepers. The Evens families have no legal title to land; however, grazing and herding areas of the SUE Sebyan are historic areas determined during the time of the former Soviet Union.

The Evens families of the Lamynkhinsky Nasleg preserve their traditional work as reindeer herders. The local school and community clubs make efforts to preserve the Evens language, national culture, folk songs and dances; however, the economic and social life of the Evens is currently undergoing a transformation as young villagers now rarely become reindeer herders, refusing to migrate with reindeer all-year round.

Reindeer herding practices are also changing, which results in shorter migration routes, fewer campsites, and camp moving less often. The Evens are simultaneously integrated into the Russian cultural space. All these external influences threaten the traditional Evens lifestyle. The Association of the Indigenous Peoples of the Sakha Republic (under the presidency of Andrey V. Krivoshapkin, Sebyan-Kyuel Village) is the main public organization uniting indigenous communities in the region.

The Project area can be regarded as having a high potential in terms of the use of its ecosystem services by the local communities. The most extensively used ecosystem services are in areas around Sebyan-Kyuel, along the winter road, and reindeer herders' migration routes. The most important ecosystem services are graze land resources extensively used by the local reindeer herders.

Other important land use in the area are hunting and fishing resources as one of the main sources of household incomes, and an important food source for the local communities. Hunting is predominantly commercial, the sable being the main game

animal. OJSC FPK Sakhabult (private commercial enterprise of agricultural and industrial specialization, specializes on hunting and processing of fur) holds a commercial game hunting license with a wildlife management area (WMA) of 1,835 ha within the Project area (17% of the total area of Ulus). Fish caught in the local lakes and rivers are the second most important local source of food after reindeer meat. Residents of Sebyan-Kyuel mostly access fish on the lakes located east of the settlement. The locals also fish at the rivers, including the area near the former Endybal Village (the Arkachan River).

Timber resources are significant for the local communities as the majority of houses have stove heating. However, timber reserves are small in mountainous areas. Mature forests around settlements have essentially been cleared. Wild berries (bog whortleberry, cranberry, cowberry, currants, etc.), mushrooms (orange-cap boletus, orange agaric, yellow boletus, etc.) and medicinal herbs are gathered around the village primarily for personal consumption.

According to official information, no cultural heritage sites (of federal, republic, or local (municipal) significance) listed in the Russian National Uniform State Register of Cultural Heritage Sites or identified cultural heritage sites are located within the Project area. An archaeological survey was completed as part of the ethnological assessment during the summer of 2015. The survey confirmed an absence of any objects of cultural heritage within the Project site. Some sites of spiritual and religious value for the local community are located near Sebyan-Kyuel and the Project site. A shaman's grave (northwest of the Project) and ancestral burial sites (in the former Endybal Village) are located 10 to 15km from the Project. Some sites of worship (shaman's grave, ancestral graves, sacred trees) are located near the winter road and include these ancestral burial sites worshipped by individual families and the Evens worship graves of shamans and sacred natural sites.

Stakeholder Agreement

Major stakeholder groups connected with the Project were identified during the scoping stage of the Project. Activities undertaken as of June 2016 by Silver Bear and its consultants have included public hearings in line with requirements of the RF regulations and informal consultations with local communities and authorities during the data collection in the course of the socio-economic study. Key interests and concerns identified by ERM that have been raised as of June 2016 through the stakeholder engagement include:

- Employment opportunities for young people from the village of Sebyan-Kuel that would reduce the outflow of young people in other settlements of Yakutia;
- Negative impact on traditional activities of the community of Sebyan-Kuel, mainly related to reindeer herding; and
- Overall effect to the health of reindeer herders, and the residents of SebyanKuel. ERM helped Silver Bear establish formal stakeholder engagement procedures, including the development of internal and external grievance mechanisms. Prognoz signed an agreement for social and economic cooperation with administration of the Nasleg (municipality) and the Ulus (district) in March 2013. The agreements are aimed to cover the relationship between Silver Bear and local administrations in the course of the exploration activities. In May 2016 these agreements were amended and extended to the term of construction stage.

The aim of such agreements is to define the size and/or form of financial and other assistances to local communities, the communication channels, tools of support distribution etc. Current agreement includes support local community to construct Cultural Center with provision construction materials and logistics, fuel delivery etc. As reported by the Company at the date of reporting all current obligations are performed by ZAO Prognoz in due time. No potential complaints from authorities or local community are expected by the Company with regard to implementation of these activities.

ESIA

Consideration of environmental and social factors throughout the entire lifecycle of the Project (preparatory works, construction operations, production operations, and decommissioning) is an essential prerequisite to successful projects. In order to meet both Russian and international requirements, the following must be undertaken as part of the impact assessment process:

- As required by Russian regulatory requirements, and based on a range of studies and surveys, SBR developed Russian design documentation including materials for an ESIA and an environmental protection plan (EPP). At the time of preparation of this section SBR has completed development and received approval of that part of the Russian Design Documentation including materials of Environmental Impact Assessment and Environmental Protection Plan covering the mining and waste management sections. Russian Design Documentation for processing plant has also been approved by the regulatory authorities.
- ERM has developed international Environmental and Social Impact Assessment (ESIA) based on Feasibility Study as originally released. The ESIA was completed by ERM on behalf of SBR in July 2016. The Environmental and Social Management Plan (including specific MPs) to address the impact and issues identified by the ESIA were developed by ERM in August 2016. However it is recommended to perform the Gap Analysis of SBR's performance against the IFC Performance standards based on recent Project's updates and to develop an Environmental and

Social Action Plan which will include steps to cover the gaps identified. Developing two sets of documents in accordance with Russian and international requirements is a common practice for Russian projects due to the different format and level of detail required by the Russian regulations, as compared to international community.

Environment and Social Plan Management

Table presents a summary of key identified environmental and socio-economic aspects of the local area and recommended mitigation measures and management for Project design and planning. Given that the project design development and construction activities are ongoing, there may also be additional mitigation and management measures under consideration to further reduce the negative effects during construction and operation, and to meet closure objectives.

Table 34: Key Environmental and Socio-Economic Aspects		
Aspect	Risk/Potential Impact	Mitigation & Control Measures
Geology	• ARD/ML from newly exposed rock surfaces, rock used for infrastructure construction, surface storage of waste rock and/or processed ore tailings, resulting in impacts to surface water sources; and • Mobilization of fine particles by wind or water, potentially leading to increased amounts of dust in the air or deposition to area land and water.	• Preliminary studies indicate that the waste rock and tailings generated by the Project will be NAG but will likely leach elevated concentrations of metals including zinc, lead, cadmium, silver, and arsenic and antimony. These parameters are also elevated in the existing surface water environment. • Roads and pads used for infrastructure development will use surface and/or quarry rock designated as low risk for ARD/ML. • Waste rock will be stored on surface in a dedicated facility. Seepage from the waste rock will be combined with contact water from the site and directed to an unlined exfiltration pond to remove suspended solids. Water quality will be monitored to confirm compliance with regulatory requirements for release to the environment. • Tailings will be stored on surface as a filtered dry stack. The facility will be lined and during operations any excess water will be pumped from a clarification pond and directed to the process plant for recycling. The TMF will operate as a zero discharge facility during normal operations. • Further testing of materials will be required to validate initial conclusions regarding the potential for ARD/ML. The feasibility study assumes that beyond the use of an exfiltration pond, downgradient of the WRD water treatment will not be required to protect the environment and meet regulatory requirements. Further work is required to validate this assumption.
Ground Stability and Permafrost	• Siting and/or design of facilities results in permafrost degradation, ground stability, or other alterations of the active or inactive soil layers resulting in facility failures and impacts to the receiving environment.	• A siting trade-off study was completed by SRK and geotechnical conditions were considered as part of this study. The TMF and WRD are located in areas covered with shallow, generally granular overburden, over sedimentary bedrock. The feasibility study concluded that the risk of soil subgrade instability is low.
Groundwater	• Impacts to groundwater regime due to the use of water for mining and milling purposes.	• A water sourcing study was completed by SRK others and concluded that sufficient groundwater is available to support Project demands. Drawdown of the deep aquifer is not expected to result in unacceptable impacts to the natural environment and there are no other users of this water. Mining occurs within the zone of permafrost and is not expected to have a material impact the groundwater regime.
Surface Water Quality	• Impacts to the water quality in the Sirelengde River and/or its tributaries due to the physical disturbance to river sediments, discharge of treated sewage, seepage of water with	• The general site arrangement for the Project site was designed to protect surface water quality by directing contact water through a series of runoff collection ditches to a seepage and runoff collection pond adjacent to the northeast boundary of the WRD. This pond will act as a sediment control pond allowing

Table 34: Key Environmental and Socio-Economic Aspects		
Aspect	Risk/Potential Impact	Mitigation & Control Measures
	elevated TSS and/or metals from the exfiltration pond downgradient of the WRD and runoff from project infrastructure. Deposition of dust to water bodies from use of roads and from the dry stack TMF. Spills to surface water bodies from hydrocarbon storage and transport.	sediment to settle out prior to release of excess water to the receiving environment. Sewage from the camp site will be treated and trucked to the TMF. Monitoring of site discharges and of the receiving environment will be undertaken to confirm the effectiveness of controls. The feasibility study assumes that water content and weather conditions will suppress dust from the TMF. This assumption will be validated through site monitoring and further mitigation, including the use of dust suppressants, if necessary.
Hydrology	- Disruption of the natural flow patterns of surface runoff to Sirelendge River and its tributaries due to the Project footprint resulting in a loss of drainage and potential impacts to the aquatic environment. - Impacts to the surface water environment due to loss of water to the open pit or underground mine workings.	- Compact project footprint located at the headwaters of the drainage basins for the Porfirov Creek and the Borisovsky Creek. The main project infrastructure intersects approximately 13% and 4%, respectively, of the total catchment area for these tributaries and 0.51% for the Sirelendge River. - Potential reduction in flows considered minor. Hydrological monitoring should be conducted during operations to confirm the impacts to the aquatic environment are not occurring. - Mining is contained entirely within the zone of continuous permafrost. All zones of mining are above the invert elevations of the local creeks and the Sirelendge River. Excess contact water that collects in the pit and underground workings (precipitation and drill water) will be collected in sumps and pumped to the exfiltration pond adjacent to the WRD.
Aquatic Life (Including fish and fish habitat)	- Project activities directly removing or altering fish habitat (e.g. culvert installations and reduction in stream flows below normal low levels). - Project activities potentially affecting water quality or sediment quality.	No direct impacts to fish and fish habitat are expected as a result of Project infrastructure. Any discharges to the receiving environment will meet regulatory discharge criteria and the receiving environment will be monitored.
Terrestrial Ecosystem	- Loss of ecosystems and vegetation to footprint of Project and supporting infrastructure. - Degradation of ecosystems and vegetation through increased dust deposition, potential introduction of invasive plants, alteration of local hydrology, and effects caused by chemical spills.	- Compact project footprint that directly impacts approximately 637 ha of terrestrial habitat. Use of a seasonal road for resupply purposes to reduce impacts to the terrestrial environment, protected plant species identified in the Project area will require special measures that may include protection zones, replanting programs and education and awareness programs. There are also unique ecosystems to the area that will need similar special measures. - Standard operating procedures, such as restricting travel to authorized areas, dust control, spill response planning, and vehicle washing will reduce operational level impacts to the terrestrial environment.
Terrestrial Wildlife	- Habitat loss (direct and indirect). - Changes in movements and/or behaviours. - Mortality (direct and indirect). - Attraction of animals to human use sites.	- Compact project footprint that directly impacts approximately 637ha of terrestrial habitat. Use of a seasonal road for resupply purposes to reduce impacts to the terrestrial environment. - Loss of grazing and migration areas for reindeer will be offset through a compensation agreement with affected herders. - Standard operating procedures, such as restricting travel to authorized areas, restricted speed limits on travel, avoiding nesting areas, and effective domestic

Table 34: Key Environmental and Socio-Economic Aspects		
Aspect	Risk/Potential Impact	Mitigation & Control Measures
		waste management will reduce operational level impacts to local wildlife.
Air Quality and Noise	• Airborne particulates • Sulphur dioxide • Nitrogen oxide • Fugitive dust • VOCs • GHGs • Diesel engine exhaust from vehicles.	• Increased dust emissions (with elevated lead and arsenic) due to drilling, mining, processing activities (loading, crushing, grinding) and road traffic are the primary sources of air emissions. Installation of dust control and collection systems (e.g. reagent mixing, grinding) in the processing plant and standard operating procedures, such as restricting travel to authorized areas, speed control, and road watering to control dust along roadways. Use of modern equipment and standard operating procedures for the efficient use of fuel will minimize emissions such as mono-nitrogen oxides. Equipment designed to Russian design standards to reduce noise to acceptable levels.
Climate	• Employment and income opportunities, as well as other issues. • Education, training, and skills development opportunities. • Business opportunities and economic development. • Indigenous community stability and well-being impacts. • Loss of livelihoods and income of indigenous people due to loss of reindeer grazing areas.	• Establishment of socio-economic management plan that includes the following measures: – Project recruitment, employment and training plan to maximize local employment – Cooperation programs with central and local educational institutions; on-the-job training programs – Local content and procurement plan to maximize business and economic opportunities – Livelihoods restoration plan including establishment and distribution of a compensation fund to offset the Project impact and regular communications with the local herders and indigenous communities – Community development program.

Water Management

Water Supply

Water supply is provided from a groundwater well located in the Sirelengde River valley next to the camp. From a storage tank at the pump station, the raw water supply will be pumped via a 4.5-km pipeline to the raw water tank located at the processing facility. The pipeline between the pump station and the mill will be routed up the Borisovsky Valley and along the ridge to the west of the road. There are no other users of ground water in the area and work completed by NSI (2016) has concluded that no material environmental impacts are expected from the use of this water. During construction, water supply will be extracted from the Sirelengde River and trucked to the camp and process plant until the pump station and pipeline are available to provide the water supply.

Site Contact Water

The general site arrangement for the Project has been designed to protect surface water quality by directing contact water through a series of runoff collection ditches to a seepage and runoff collection pond adjacent to the northeast boundary of the WRD. This pond will act as a sediment control pond allowing sediment to settle out prior to release of excess water to the receiving environment (Borisovsky Creek). Contact water in the open pit and underground mine workings is anticipated to be limited to drill waste water and precipitation, as these operations are within continuous permafrost conditions and no groundwater inflow is expected. This contact water will collect in sumps for reuse in drilling if feasible, or pumped to the seepage and runoff collection pond adjacent to the WRD.

The current water balance developed for the Project should be expanded to include site-wide surface water sources, including contact water that collects in the seepage pond, water from the TMF, and open pit and underground mine water. This water balance should be developed to characterize both the quality and quantity of water that will be managed site wide. The current model was not used to predict water quality. The water balance should be used in conjunction with a site-wide water monitoring program to validate model predictions and confirm that environmental mitigation measures are effective and discharge can occur in accordance with anticipated permit conditions without further treatment.

Tailings and Waste Management

Solid Waste and Sewage

Solid waste is stored in the solid waste storage facility, located to the west of the processing plant. The solid waste storage facility is lined and segregated to handle different waste streams.

A sewage treatment plant is located at the camp to accommodate the camp and sewage trucked from the processing plant washroom facilities. Treated waste water trucked to the TMF and the solid sludge from the sewage treatment plant trucked to the TMF and stored with the tails.

Geochemistry of Waste Rock and Tailings

To date, the characterization of the waste bedrock and saprolite has been undertaken by ERM on a limited number of samples and incorporates testing to classify solid material based on parameters that leach from the material (ERM 2016b).

Static acid-base accounting methods indicate that the NP is in excess of the acid AGP due to the elevated carbonate and low-sulphur content for most of the waste rock and tailings. In accordance with the assessment of AGP and geochemical characteristics of waste rocks, the elements with high concentrations in waste rock are zinc, lead, cadmium, silver, arsenic, and antimony. A wide range of elements characterized by high concentrations were found in aqueous extractions that simulate expected waste rock drainage. Concentrations of the following elements may potentially exceed the MPC established under Russian law: sulphate ion, magnesium, iron, aluminium, zinc, selenium, thallium (1.1 to 13.0 MPC), manganese, cadmium (1.1 to 140.0 MPC). However, the levels appear to be generally within the hydrochemical background levels found in the Project area. Acceptable water quality for discharge will be further confirmed with the authorities when SBR applies for the discharge permit. The feasibility study does not include an allowance for active treatment of seepage waters from the waste rock or tailings waste.

Waste Rock Dump and Overburden Stockpiles

The open pit will have a dedicated WRD and overburden stockpile during construction and operation. The waste material consists of waste bedrock and waste saprolite. Further information on the stockpiles, including the associated peripheral and internal drainage systems.

Tailings

The whole tailings generated in the process plant will be discharged into the TMF. The TMF will be constructed 0.2 km northeast of the process complex and will cover an area of 7.69 ha, storing approximately 0.8 Mt of dry (85% w/w) tailings material over the 7.4-year LOM. The dry waste storage area will consist of a HDPE lined pad surrounded by a rock fill perimeter berm. There will be a clarification pond at the eastern toe of the TMF waste stack with associated perimeter containment dam. During construction and operation phases, and under normal conditions, the TMF will be a zero discharge facility. Seepage will be diverted to the process plant after the clarification pond. Details on the TMF design are provided. This design results in a low risk to the receiving surface water environment during normal operations.

ERM Comments

The feasibility study update for the Project is based on a revised mine plan to reflect the results of a more recent drilling program conducted at the property. ERM has updated its summary of the environmental, social, and regulatory factors on an assumption that no material changes regarding the interaction between the Project and the natural and social environments are introduced with the revised mine plan. As such, the original review of environmental and social factors completed by ERM is considered to remain accurate. The contents of this section have been updated from the Feasibility Study technical report released in June 2016 based on verbal updates provided by the company only.

Regulatory approval documents, where received, were not available for ERM review as part of this update. ERM provides the following overarching comments and recommendations.

Project documentation required for the Russian regulatory review and approval process has been developed in parallel with completion of the FS and an ESIA in accordance with international standards has been initiated but is incomplete. The assessment of potential effects of the Project, the development of mitigating and management measures, and the establishment of monitoring programs embedded in the feasibility study are considered to be preliminary and are expected to evolve over time. The results of ongoing work, including ongoing environmental studies, stakeholder engagement, and permitting have the potential to influence the design, operations, and economic results of the Project.

- The State Environmental Review was completed and approved after the effective date of the updated FS. As such, the FS does not consider the impact any terms and conditions associated with this approval may have on the Project and its design. ERM has not completed a gap assessment of the FS Project and the requirements associated with the State Environmental Review.

- The State Environmental Review was completed prior to the updated FS based on an optimized mine plan. ERM recommends that SBR confirm with the regulatory authorities if an amendment to the approval is required.
- Project level socio-economic framework agreements have been negotiated with local stakeholders to mitigate potential socio-economic impacts of the Project. Cost estimation of social investments will be defined on the basis of annual consultations with authorities... ERM has not reviewed any cost allowances associated with these agreements that may have been included in the financial analysis of the Project presented in Section 21. Environmental and social cost allowances were provided by SBR to Tetra Tech.
- Further engagement with local indigenous communities with regard to land and resources restoration is recommended to ensure that social requirements of the IFC Performance Standards are met.
- Further environmental studies are recommended to enhance the dataset characterizing the aquatic environment and confirm the source of elevated metals found in the local and regional waterways, including the potential impact of exploration and development activities that have already taken place. These studies should be used to inform the permitting process and to validate the effectiveness of environmental controls planned to protect the receiving environment.
- Vehicular travel adjacent to, and within the bed of, the Sirelengde River and its tributaries can present a risk to water quality and fish and fish habitat and is not in accordance with good international practice for environmental protection. The current plans also present a permitting risk with Russian authorities.
- The current water balance developed for the Project should be expanded to include site-wide surface water sources, including contact water that collects in the seepage pond, water from the TMF, and open pit and underground mine water. This water balance should be developed to characterize both the quality and quantity of water that will be managed site wide. The current model was not used to predict water quality. The water balance should be used in conjunction with a site-wide water monitoring program to validate model predictions and confirm that environmental mitigation measures are effective and discharge can occur in accordance with anticipated permit conditions without further treatment.
- During normal operations, the TMF will operate as a zero discharge facility; however, further study should be undertaken to define the conditions under which discharge to the environment is possible to assess the acceptability of this discharge. Further characterization of the tailings material and the potential for ARD/ML is required. The ARD/ML work completed to date is preliminary.
- A seepage and surface runoff collection pond will be constructed down gradient of the WRD that will act as a sediment control pond allowing settling of suspended solids prior to releasing water to be released to the environment. Further study is recommended to characterize the predicted quality and quantity of this waste water to confirm the assumed acceptability of release without additional management or treatment. This study should include further characterization of the waste rock that will be generated by the project and confirm that no further mitigation is required to protect the environment during operations and closure phases. The feasibility study does not currently include an allowance for further treatment of seepage that is released from this pond.
- The establishment of more detailed management and monitoring programs will need to be designed and implemented to support construction, operations, and closure phases of the project. Current plans are conceptual in nature. Potential costs associated with the implementation of these programs have been included as an allowance as part of the G&A costs. ERM has not evaluated these costs and has not commented on their adequacy.

The existing planning for closure and reclamation (as presented by others) is currently at a conceptual stage. Further planning and costing is required to support future stages of the Project and validate the assumptions made in the study. Emphasis should be placed on defining the required technical studies needed to inform the evolution of the closure and reclamation plan over the life of the Project such that the end goals are met. Particular attention should be placed on infrastructure decommissioning, the closure of waste facilities and the management of water post closure, including the potential need for water treatment.

Wardell Armstrong Evaluation

WAI considers that this chapter has addressed, where applicable, environmental and social sensitivities identified by ERM (ESIA, July 2016) that may be impacted by the Project and require management and monitoring (ERM ESMP, August 2016) during operation and mine closure.

Consequent to the Project's recent update, Tetra Tech identified requirements to meet Russian regulatory requirements, as well as the need to conduct a gap analysis to assist with ensuring that IFC Performance Standards will be addressed through the implementation of an Environmental and Social Action Plan.

Whilst the baseline conditions associated with the Project have not altered in terms of the extent of affects to social and environmental sensitivities that may arise from the Project, the review has identified the requirement for ongoing environmental investigations and review as a component of environmental and social management.

In this regard, the need for further ARD/ML testing, which is consequent to the recognition that previous ARD/ML studies, for both tailings and waste rock were preliminary only and required ongoing study; the need to update and verify water balance studies through monitoring; the requirement to implement an environmental monitoring programme; and the need for further studies relating to the development of a mine closure plan, both in terms of the environmental restoration of the site as well as a community development programme where livelihoods may or will have been affected by the Project. Further, it addresses ongoing permitting requirements and the requirement for ongoing dialogue with the statutory authorities.

RISK AND UNCERTAINTIES

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

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 increasing levels of political, legal, economic and other risks and uncertainties, due to the events that began on 24 February 2022 and the evolving sanctions that have been put into place.

Ongoing and more recent 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 Western international communities and have 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 further sanctions will not be imposed against 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.

In addition, while Russian legislation currently permits the conversion of rouble revenues into foreign currency, any delay or other difficulty in converting roubles into a foreign currency to make payments, or delays in or restrictions on the transfer of foreign currency could limit the Group's ability to meet its payment and debt obligations, which could result in the loss of suppliers or acceleration of debt obligations.

The Group is monitoring these sanctions carefully; to date the Group's the following are of importance to note:

- **Economic sanctions:** the situation is extremely dynamic. To date the Company has the ability to make payments through its wholly-owned subsidiary, however that may also be impacted through future sanctions from the West and counter-sanctions in Russia.
- **Currency controls:** The Group operates in Russia through its branch and wholly owned Russian subsidiary. The vast majority of the Company's transactions in Russia are Russian rouble-denominated. Currently, the Company has had no difficulties making these transactions and at present, does not foresee any issues in the future. However payments to overseas seas suppliers have and may continue to be impacted currency controls.
- **Liquidity risks:** To date, the Company is able to sell its product, Silver locally at the current market price without limitations. To mitigate the risk of being unable to make sales locally in 2022 the Group has diversified its customer base.
- **Shortage of spare parts:** This may become an issue with time, as many vendors in the mining sector in Russia, including Caterpillar and Scania, have put their operations in Russia on hold. We do not anticipate issues with energy or locally supplied materials. The Company has purchased what it needs for the foreseeable future as part of its annual re-supply required each year due to our operations' remote location. Also, there is a market in Russia of non-OEM spare parts and supplies for mining equipment which the Company can use instead of buying original parts.
- **Withdrawal of service providers not based in Russia:** As the Company is listed on the TSX exchange in Canada the Group has several service providers that are based out of Russia. At present the Group can fund its obligations through its wholly-owned Russia subsidiary however, the Group has no assurances that further sanctions will change that and/or that service providers outside of Russia will terminate their services.

- **Dividends to shareholder:** Until the sanctions are in effect, the Group will be unable to pay dividends from Russia to UK and further to shareholders. There is no certainty over the future impact of sanctions imposed by Russia or Russian imposed capital controls.
- **Shareholder's financing:** Due to the adoption in late 2022, of the 9th Sanctions Package by the European Union against Russia ("**EU 9th Sanctions Package**"), which include a prohibition against new investment and new financing of companies in the Russian mining sector the Company's lenders Inflection and Aterra, both companies incorporated in the European Union, have determined that they are each unable to enter into the Facilities Agreement Amendments.

The lenders have determined that the EU 9th Sanctions Package prohibits the FA Amendments specifically: (i) the extension of the maturity dates for Tranches F, G, H and I that became due 1 January 2023 to 31 December 2027 in the total amount of principal of 36,288,278 USD and accumulated interest of 5,800,076 USD; and (ii) other Tranches that will become due 20 March 2023 to 31 December 2028 in the total amount of principal of 99,753,386 USD and accumulated interest of 15,943,916 USD. The FA Amendments were approved by the shareholders of the Company at the Company's Annual General and Special Meeting of shareholders on 05 October 2022.

Despite the support of the Company's lenders the recently imposed EU 9th Sanctions Package have impacted its ability to complete construction of the flotation facility and initiate the underground mining at its Vertikalny Mine. After careful consideration of the Company's current mining operations, cash position, scheduled debt payments, forecast revenue and expenses, the Company's Board of Directors has determined that management in the short-term will undertake the following initiatives, namely:

- a) Seek a Russian bank or financial institution capable of refinancing the current shareholder debt facility and providing the additional financing required to complete construction of the new flotation facility and allow for the underground mining at Vertikalny; and/or
- b) Seek a prospective joint-partner or financier or buyer for the Vertikalny Mine and the Mangazeisky Project assets.

Management believes that its lenders will work with it (subject to compliance with all applicable sanctions) while it seeks a solution.

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.

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 Company'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 Company'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 Company achieved first silver production through its commissioning activities, the Company achieved commercial production on 1 July 2019, despite achieving this major milestone there are no guarantees the Company 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 Company. 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 Company. Any debt financing, if available, may involve financial covenants which may limit the Company's operations. In order to fund development operations and maintain rights under licenses and agreements, the Company 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 Company 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 Company'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 Company 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 Company'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 Company'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 Company'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 Company's assets and operations in the Russian Federation may be brought by authorities for reasons that the Company is unable to predict and which may result in material adverse changes to the Company.

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 Company. 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 Company.

Insurance and Uninsured Risks

The business of the Company 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 Company or others, delays in mining, monetary losses and possible legal liability. Although the Company 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 Company 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 Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company 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 Company'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 Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company 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 Company. To the extent such approvals are required and not obtained, the Company 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 Company 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 Company 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 Company 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 Company.

Licenses and Permits

The Company'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 Company 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 Company 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 Company to additional expenditures and obligations which may be onerous to the Company.

Significant Shareholders

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

Title to Properties

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

Generally, as the Russian Federation is an uncertain legal environment, the Company'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 Company.

Competition

The Company 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 Company 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 Company'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 Company can compete effectively with these companies.

Dependence on Key Personnel and Shortage of Labour Force

The Company is reliant on key personnel employed or contracted by the Company. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company'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 Company'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 Company 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 Company 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 Company 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 Company has not hedged against fluctuations in exchange rates. Foreign currencies are affected by a number of factors that are beyond the Company'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 Company'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 Company. 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 Company's securities.

Conflicts of Interest

Certain directors and officers of the Company 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 Company. 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 Company. Directors and officers of the Company 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 Company. 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 Company's financial position and results of operations. Estimates, which were valid when made, may change significantly upon new information becoming available. Should the Company 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 Company's operations.

Effecting Service of Process

Some of the Company'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 Company'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 Company'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 Company 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 Company 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 Company's operations are subject to numerous governmental licenses that are difficult to obtain and the Company 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 Company 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 Company's properties. There can be no assurance that the Company 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 Company 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.

Until the sanctions are in effect, the Group will be unable to pay dividends from Russian subsidiary to UK company and further to shareholders. There is no certainty over the future impact of sanctions imposed by Russia or Russian imposed capital controls.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of 30 March 2023, the Company had the following capitalization.

Common Shares	678,329,611
Options	4,433,333
Warrants	0
Fully Diluted	682,762,944

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 2023:

Balance as at December 31, 2021	677,746,082
Shares issued from bonus share plan	0
Shares issued upon exercise of stock options	0
Shares issued from Subscription Plan	583,529
Total – issued and outstanding as at December 31, 2022	678,329,611

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, 2022.

Period	Price Range (\$/share) ¹		Trading Volume ²
	Low	High	
January 2022	\$0.09	\$0.12	976,347
February 2022	\$0.06	\$0.10	1,241,706
March 2022	\$0.05	\$0.06	3,992,717
April 2022 ³	N/A	N/A	N/A
May 2022	N/A	N/A	N/A
June 2022	N/A	N/A	N/A
July 2022	N/A	N/A	N/A
August 2022	N/A	N/A	N/A
September 2022	N/A	N/A	N/A
October 2022	N/A	N/A	N/A
November 2022	N/A	N/A	N/A
December 2022	N/A	N/A	N/A

Notes:

1 – Includes intra-day lows and highs

2 – Total volume traded in the month

4. – On April 1, 2022 the OSC placed a CTO on Silver Bear Resources Plc.

Prior Sales

During the year ended December 31, 2022, there were no securities issued by the Company under the Stock Option Plan and 583,529 shares issued in Q1 2022 under the Company's Non-Executive Director Subscription Plan

DIRECTORS AND OFFICERS

Director and Officer Information

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 31 July 2022. 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	Non-Executive Director	Worked at Aterra Capital since 2015 and since June 2008 served as Mining Analyst at ING Bank.	June 27, 2018	1,724,082
Nathan Hunt ^{1,2} NNebraska, USA	Non-Executive Director	Mr. Hunt was President of his own consulting firm Skylight Inc. and the Accredited Representative of the US Meat Export Federation in Russia.	June 1, 2022	Nil
Alexey Kostin ¹ Yakutsk, Russian Federation	Director	From 1980 to 2022 he worked at the Diamond and Precious Metal Geology Institute, Siberian Branch, Russian Academy of Sciences, Yakutsk, Russia	June 1, 2022	Nil
Nikolay Grigoriev ² Moscow, Russian Federation	Non-Executive Director	Presently retired. From 2004 through 2021, he served as Deputy General Director, Kupol and General Director, Dvoinoy, Kinross's Russian subsidiaries. Mr. Grigoriev graduated from Irkutsk state University, Russia in 1973 as geological engineer.	June 1, 2022	Nil
Alexey Sotskov Moscow, Russian Federation	Director	Previously Project Portfolio Manager at Technonicol and since 2014 Representative of Inflection Management Corporation Limited.	August 18, 2014	1,482,226
Vadim Ilchuk Moscow, Russian Federation	President, CEO, and Executive Chair	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 & Corporate Secretary	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

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

(2) *Member of the Joint Compensation, Corporate Governance and Environmental Committee, Mr. Hunt (Chair).*

As of 8 July 2022, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 3,520,325 common shares, representing approximately 0.52% 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.

Mr. Nathan Hunt, non-executive director of Silver Bear. Mr. Hunt has served on the Board of Directors of the Canada Eurasia Russia Business Association (“CERBA”) since 1996 and was Chair of CERBA from 2009 to 2013. Mr. Hunt has over 25 years of international business experience involved in the import of food products from North America to Russia. Mr. Hunt was President of his own consulting firm Skylight Inc. and the Accredited Representative of the US Meat Export Federation in Russia. Mr. Hunt graduated summa cum laude / Phi Beta Kappa from Yale University in 1988 with a degree in Russian and East European Studies.

Mr. Nikolay Grigoriev, non-executive director of Silver Bear. Mr. Grigoriev, a retired mining engineer has over 30 years of mining geological experience. Between 1973 to 1994, his career spanned from geologist to Chief Geologist through to Deputy General Director of the geological survey expedition in the Magadan Region of Far East Russia. He has discovered a number of gold and silver deposits in the Magadan region that are currently under development. From 1994 to 2004, Mr. Grigoriev served as Deputy Director-Chief Geologist Omsukchan Gold Mining Company. From 2004 through 2021, he served as Deputy General Director, Kupol and General Director, Dvoynoy, Kinross’s Russian subsidiaries. Mr. Grigoriev graduated from Irkutsk state University, Russia in 1973 as geological engineer.

Dr. Alexey Kostin, non-executive director of Silver Bear. Dr. Kostin, has over 30 years of mining geological experience, since 1980 to 2022 he worked at the Diamond and Precious Metal Geology Institute, Siberian Branch, Russian Academy of Sciences, Yakutsk, Russia; where from 2007 to present, he is Chief of the Laboratory of Geology and Mineralogy of Precious Metals. In 2013, Dr. Kostin received the “Discover of the Mineral Deposits” award by the Ministry of Natural Resources and Ecology, Russian Federation. Dr. Kostin’s PhD in Geo-Mineralogical Science is from Moscow State University. He also earned a doctorate degree (D.Sc.) in Central Geological Research Institute for Nonferrous and Precious Metals (TsNIGRI), Moscow.

Mr. Maxim Matveev, non-executive 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 Chair 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 and Corporate Secretary of Silver Bear. Mr. Ilyin first joined Silver Bear as a 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 Technicol, a large Russian manufacturer and distributor of construction materials. Prior to joining Technicol, 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.

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

Area	Director
Cease Trade Orders ("CTO") – has any Director within the last ten (10) years, as of the date of this Circular, been a director, CEO, or CFO of any company that was subject to a cease trade order or an order that denied the company access to any exemption under securities law that was issued while the person acted in the capacity or an event that occurred while the person acted in the capacity as a director, CEO or CFO.	On April 1, 2022, the OSC issued a CTO as a result of the Company inability to filing its year end 2021, namely the Financial Statements, Management's Discussion and analysis and Annual Information Form ("2021 Annual Filings") by the filing deadline of 31 March 2022 due to the ongoing Sanctions against Russia. As of the Date of this AIF, the Company has resumed the Audit and is anticipating filing its Annual Filings in the near future. On May 25, 2022, the Company announced the resumption of the 2021 Annual Filings and Completed and filed the 2021 Annual Filings on the date of this AIF.
Bankruptcy – has any Director within the last ten (10) years, as of the date of this Circular: (a) been a Director or Officer of any company (including the Company) that, while such individual 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 (b) 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 such individual.	None
Penalties and Sanctions – has any Director or been subject, as of the date of this Circular had: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a 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 investor in making an investment decision.	None

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 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 AIF, 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 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; and
2. 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.
3. 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 \$12,875,000) with an increasing interest rate of 10.27% per annum, accruing interest on a monthly basis. In addition, extending the maturity date of both loans from 31 December 21 to 31 December 2022.
4. SKA Loan Agreement Amendment, Effective 06 October 2022, the SKA Loan Agreement Amendments were executed. The SKA Loan Agreement Amendment, has certain amendments made to the original SKA Assets loan agreement dated 19 January 2022 between Prognoz and SKA Assets with respect to an increase of the principal of the loan by 1,500,000,000 rubles (equivalent to approximately C\$33,550,000 based on a foreign exchange rate of 0.0217) for an aggregate loan principal of 2,250,000,000 rubles (equivalent to approximately C\$48,911,800 based on a foreign exchange rate of 0.0217) and an extension of the maturity date of the loan from 31 December 2022 to 31 December 2025 and an increase in the interest rate of the loan from 10.27% per annum to 12.5% per annum effective 01 October 2022. All other provisions of the loan agreement have remained unchanged.

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, Hunt and Dr. Kostin, 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 Council of Institute of Directors.

Mr. Nathan Hunt, non-executive director of Silver Bear Resources. Mr. Hunt graduated summa cum laude from Yale University in 1988, later supplementing his BA with business and finance courses at the University of Nebraska, including Financial Accounting, Financial Instruments, Management Accounting, and others. He reads and analyzes financial statements as owner of Skylight Inc., a private investment company that has participated in various ventures connected with Eurasia over the past three decades. As former National Chair of the Canada Eurasia Chamber of Commerce, Hunt participated in initiatives to reform Russian legislation relating to reserves, international standards, claim staking, and conversion of licenses. As co-organizer of the annual CECC mining conference on the perimeters of PDAC, Hunt has extensive experience in Russian/Central Asian regional issues, investment challenges, and other areas connected with the financial health of mining companies in the region.

Dr. Alexey Kostin, non-executive director of Silver Bear. Dr. Kostin, has over 30 years of mining geological experience, since 1980 to 2022 he worked at the Diamond and Precious Metal Geology Institute, Siberian Branch, Russian Academy of Sciences, Yakutsk, Russia; where from 2007 to present, he is Chief of the Laboratory of Geology and Mineralogy of Precious Metals. In this role, Dr. Kostin is also responsible all the management and approval of the department's budget, allocate resources and manage cash flows and ensure all accounting activities and internal audits comply with the government's financial regulations. In addition, Dr. Kostin received the “Discover of the Mineral Deposits” award by the Ministry of Natural Resources and Ecology, Russian Federation. Dr. Kostin's PhD in Geo- Mineralogical Science is from Moscow State University. He also earned a doctorate degree (D.Sc.) in Central Geological Research Institute for Nonferrous and Precious Metals (TsNIGRI), Moscow in 2013.

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, 2022 and 2021:

Type of Work	Year Ended Dec 31, 2022	Year Ended Dec 31, 2021
Audit ⁽¹⁾	RUB 6,972,425	GBP 201,000
Total	RUB 6,972,425	GBP 201,000

- (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:

Alexey Nikolaevich Nikandrov, member of the Australian Institute of Geoscientists, 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.

Unicon (Moscow), 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, 2022. Unicon (Moscow), 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, 2022. 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, cannot 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.