MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

For the three and nine-month period ended 30 September 2021
All numbers are specified in CAD$ unless stated differently.

The following MD&A has been prepared as of 16 August 2021 and is related to the unaudited consolidated financial results of Silver Bear Resources Plc ("Silver Bear" or the "Company") and its wholly-owned subsidiaries, Silver Bear Resources Inc., Silver Bear Resources B.V. and ZAO Prognoz collectively referred to as the ("Group") for the three and nine-month period ended 30 September 2021. The unaudited consolidated financial statements for the three and nine-month period ended 30 September 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the unaudited consolidated financial statements and related notes for the three and nine-month period ended 30 September 2021. Other pertinent information about the Group is available on SEDAR at www.sedar.com as well as on the Group's website at www.silverbearresources.com. For the purpose of preparing our MD&A, the Group considers the materiality of information. Information is considered material if in the opinion of management: (i) such information results in, or would reasonably be expected to result in, a significant effect in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information that involves numerous risks and uncertainties. Actual results of the Group's business and operations could differ materially from those discussed in such forward-looking information as a result of the risks and uncertainties faced by the Group, including those set forth in this MD&A under "Forward-Looking Information" and under "Risk Factors."

References to the first, second, third and fourth quarters of 2021 and 2020, or Q1, Q2, Q3 and Q4 of 2021 and 2020 mean, the quarters ending/ended 31 March, 30 June, 30 September and 31 December 2021 and 2020 respectively.

Ché Osmond, BSc (Hons), MSc, CGeol, EurGeol, FGS, of Wardell Armstrong (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 and has reviewed the scientific and technical information in this report.

BUSINESS OVERVIEW

The strategy of the Group is to focus on exploration and development of precious metal deposits. The principal asset of the Group is its right to explore and develop the Mangazeisky property ("Mangazeisky"), located approximately 400 kilometres north of Yakutsk in the Republic of Sakha (Yakutia), in the Russian Federation. 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.

In Q2 2012, the Group received a written protocol from Russian authorities accepting the Group's resource calculation on its Vertikalny Resource within its Mangazeisky property. Upon receipt of the protocol the Group submitted its application for its Certificate of First Discovery, which was received in August 2012 from Rosnedra (the governing federal body on subsoil use). The Group then subsequently made an application for its mining license for its Vertikalny Resource. In September 2013, the Group announced that it had received its 20-year Mining License from the Russian authorities.

On 21 September 2016, the Group announced that it had been granted a seven-year extension to the Group's wholly-owned Exploration Licence covering the Mangazeisky silver project. Prior to the extension, the Group was permitted to explore on the property until 31 December 2016. The extension provides that the new licence term will run to 31 December 2023.

On 30 June 2017, the Group completed a re-domiciliation transaction under a statutory plan of arrangement (the "Arrangement") by which Silver Bear Resources Plc ("SBR UK") has become the listed parent company of the Group (the "UK Restructuring"), for full details please refer to the Group's 30 June 2017 press release. The head office of the Group is now registered in London, United Kingdom.

As a result of the UK Restructuring, Silver Bear Resources Inc. ("SBR Canada") has become a wholly-owned subsidiary of SBR UK. The Group remains listed on the Toronto Stock Exchange and its Shares trade under the same trading symbol "SBR".

Q3 2021 HIGHLIGHTS

During the three and nine-month period ended 30 September 2021 the Group production statistics included:

- Mined a total of 17,549 tonnes of ore (nine months: 62,706 tonnes), processed 15,759 tonnes of ore (nine months: 50,385 tonnes) at an average grade of 629 g/t of silver (nine months: 601 g/t Ag), producing a total of 233,026 ounces of silver (nine months: 806,799 ounces Ag);
- Sold a total of 252,682 ounces of silver (nine months: 908,483 ounces Ag) totaling production revenue of US$6,063,718 (nine months: US$23,458,143).
- Exploration program 2021 is underway. During the year the Company is planning to drill appx. 10,000 meters and complete about 2,400 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, SE flank of Vertikalny, Mukhalkan and Mangazeysky North sites. There have been 6,763 meters drilled during the period during the 9 months of the year. 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.
- As of the date of this report, the Group confirms there have been no major disruptions at either sites or to the Group's planned production and operations due to the COVID-19 pandemic.

MANGAZEISKY SILVER PROJECT COMMERCIAL PRODUCTION

The table below details the production highlights for three and nine-month period ended 30 September 2021 and 2020.

Production Highlights

	Three-months ended 30 Sept 2021	Three-months ended 30 Sept 2020	Nine-months ended 30 Sept 2021	Nine-months ended 30 Sept 2020
Operating Data				
Ore Mined (tonnes)	17,549	14,289	62,706	89,703
Ore processed (tonnes)	15,759	25,859	50,385	80,748
Head grade (g/t Ag)	629	677	601	677
Recovery (%)	73.2	85.6	83.8	86.5
Silver ounces produced	233,026	466,841	806,799	1,501,123
Financial Data				
Silver ounces sold	252,682	448,997	908,483	1,514,374
Average realized price (US$/oz)	24.00	23.92	25.82	18.76
Revenues, US$	6,063,718	10,739,432	23,458,143	28,410,544

Development & Operational Activities

During the third quarter 2021, the Group mined 23% more ore compared to the same quarter in 2020. Mining head grade reduced from third quarter 2020 to third quarter in 2021 by 7%, recoveries reduced by 12% due to amount of silver in circuit at processing plant at the at end of third quarter. Overall recovery for nine months 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 50% decrease in the silver production in the third quarter 2021 over 2020, is primarily due to volume of processed oxide ore and head grade. 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 mid-2023). For the three-months ended September 30, 2021, the Group's revenues decreased by 44% compared to the same period in 2020 due to decreased head grade and 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 237 Prognoz employees at site. There are also 55 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.

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

Corporate & Financing Activities

31 December 2020, the Group further amended its existing Facilities Agreement major shareholders Aterra and Inflection, extending the maturity dates of certain components of Tranches F, G, H and I, issued by Inflection from 31 July 2021 and 20 September 2022, as applicable, to 1 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 Company will file a material change report in respect of the Facilities Agreement Amendments. The Group filed a material change report in respect of the Facilities Agreement Amendments on December 24, 2019.

In the fist quarter 2021, the Group entered into a loan agreement with SKA ASSETS MANAGEMENT LIMITED, a company 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 SKA Asset Loan Agreement is a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Inflection is a related party of the Company, as its major shareholder. Pursuant to Section 5.7(1)(f) of MI 61-101, the Company is exempt from obtaining minority shareholder approval for the SKA Asset Loan Agreement as a result of the loan being obtained from a related party on reasonable commercial terms that are not less advantageous to the Company than if such loan was obtained through an arm's length lender and having no equity or voting component. The Company filed a material change report in respect of the SKA Asset Loan Agreement on 05 February 2021.

Exploration Activities

Exploration program 2021 is underway. During the year the company is planning to drill appx. 10,000 meters and complete about 2,400 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, SE flank of Vertikalny, Mukhalkan and Mangazeysky North sites. There have been 6,763 meters drilled during the period during the 9 months of the year. 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.

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Mangazeisky Silver Project

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, BSc (Hons), MSc, CGeol, EurGeol, FGS, of Wardell Armstrong (Moscow) (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 Group received and filed on SEDAR the Technical Report on 10 March 2021. The following is a summary of the Final WAI Report.

Technical Report

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

- Mineral Resource Estimation;
- 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.

Vertikalny Deposit Mineral Resource Estimate

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

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

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

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

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

The following two tables detail the mineral resource estimate for the Vertikalny Silver Project for the Open Pit resources and Underground resources 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**	**279,281.95**	**4,168.20**	**3,982.53**

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
	Measured	0.29	581.70	2.66	0.58	166	8	2

300	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 below. The two estimates are considered comparable.

OREALL MRE (2019) vs WAI MRE (2019) (Cut-Off Grade of 50g/t Ag)				
Source	**Mineral resources**	**Ore (kt)**	**Grade (g/t)**	**Silver (kg)**
OREALL	Within the open pit shell	726	705	511,503
OREALL	Below the open pit shell	1,858	397	738,091
OREALL	**Total**	**2,583**	**484**	**1,249,594**
WAI	Within the open pit shell	733	794	582,197
WAI	Below the open pit shell	1,974	371	732,053
WAI	**Total**	**2,707**	**485**	**1,314,250**
Difference (%)		**+5%**	**0%**	**+5%**

Mangazeisky North Deposit Mineral Resource Estimate

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

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

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

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

The following two table details the mineral resource estimate for the Mangazeisky North Project for the Open Pit resources.

Table 18: Mineral Resource Estimate. North Mangazeisky Project, Russia. 31st of May 2019 (In Accordance with the Guidelines of the JORC Code (2012)) Potential Open Pit Resources								
Ag Cut-off, g/t	**Category**	**Tonnes, Kt**	**Ag, g/t**	**Pb, %**	**Zn, %**	**Ag, kg**	**Pb, t**	**Zn, t**
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. The Northern Mangazeisky mineral resources were estimated in accordance with the guidelines of the JORC Code (2012) by Steven McRobbie, Independent Competent Person as defined by the JORC Code.
9. This mineral resource estimate is not limited to any factors in terms of environmental, permitting, legal, title, taxation, socio-economic, market and other relevant factors.
10. The metal resources include all the in-situ metal disregard the metallurgical recovery factor.

Comparison to Previous Mineral Resource Estimates – Mangazeisky North Deposit

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

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

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

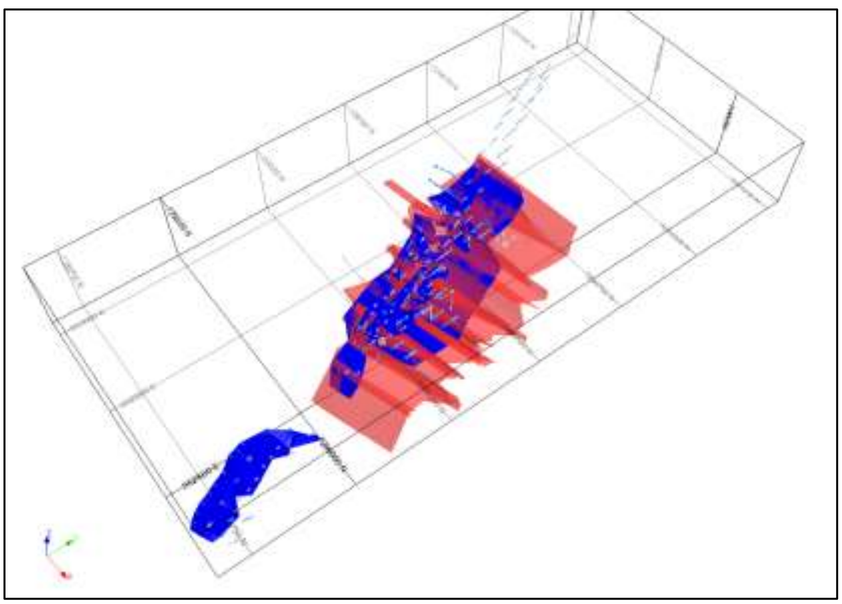
The following parameters were used to determine the potential for economic extraction of mineralization:

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

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

Mineral Resource Estimation, Tetra Tech, 2017			
Category	**Tonnage, kt**	**Ag, g/t**	**Ag, kg**
Indicated	334	770	257,180
Inferred	127	560	71,120
Total	**461**	**712**	**328,300**

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



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

Hydrological and Hydrogeological Review

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

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

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

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

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

Geotechnical Review

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

NSR Model

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

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

Open Pit Mining

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

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

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

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

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

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

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

Underground Mining

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

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

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

Vertikalny Conceptual Underground Design Physicals (Dilution & Recovery Applied)		
Parameter	**Units**	**Value**
Stope Mineralised Material	kt	609
Ag Grade	*g/t*	*462*
Pb Grade	*%*	*2.16*
Zn Grade	*%*	*1.68*
Development Mineralised Material	kt	232
Ag Grade	*g/t*	*263*
Pb Grade	*%*	*1.37*
Zn Grade	*%*	*1.26*

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

Mine Production Schedule and Equipment Requirements

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

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

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

Capital and Operating Costs – Mining

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

A summary of the costs is presented below:

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

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

Mineral Processing

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

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

For the proposed processing of primary sulphide ore, a new flotation circuit is required for production of separate lead and zinc concentrates, with cyanide leaching of the lead flotation middlings as per the current plant. The annual throughput through the new flotation plant will also be increased to 180,000tpa. The capital cost for a brand-new plant of approximately $17.3M is considered reasonable, although this reduces to approximately $9M if the existing oxide circuit is used and the additional equipment retro-fitted (such as the flotation plant and additional crushing and grinding capacity for the higher throughput). The new plant is scheduled to be commissioned in mid-2023 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 below.

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

Preliminary Economic Assessment of the Mangazeisky project has resulted in a positive NPV at various discount rates. The Project is mostly sensitive to changes in Silver prices. Break-even price of the Project has been estimated at US$14.11/oz, which is 21% lower than the base case silver price assumption.

Base case NPV @8.64% was estimated at US$46.51M (nominal values).

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

Overall capital cost of the project has been estimated at US$43M, and total operating costs of US$242.7M. The key project performance is shown in the Table below.

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

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

Technical Report Qualified Person

The Technical Report was prepared by the following persons and reviewed by Ché Osmond:

Mineral Processing and Metallurgical Testwork and Recovery Methods	James Turner BSc (Hons), MSc, MIMMM, CEng
Mineral Resource Estimates	Alan Clarke BSc (Hons), MSc, CGeol, EurGeol, FGS
Mining Methods	Sassoun Horsley-Kozadijan BEng, MSc, CEng, MIMMM
Hydrology & Hydrogeology	Philip Burris BSc (Hons), MSc., CGeol, FGS

Ché Osmond, BSc (Hons), MSc, CGeol, EurGeol, FGS, of Wardell Armstrong (Moscow), an independent consultant to the Company, is a Qualified Person under National Instrument 43-101 and has reviewed the scientific and technical information in this MD&A.

Outlook 2021

In order to fund further development operations and maintain rights under licenses and agreements, the Group has secured funding in the form of long-term loans of which the principal totals $167,179,148 and the Group may be dependent on securing additional financing until such time that it generates sufficient operating cash flow to meet its liabilities.

In consideration of the Group's going concern the Company's priorities over the remainder of 2021 is as follows:

- Though COVID-19 may impact the Group's silver production in 2021, the forecast for the 2021 year remain the same as in in prior quarter is approximately 1.2 to 1.5 million ounces, lower than 2020 due to strip mining that relate to open pit extension. This forecast was made considering existing mining plan that is based on resource model, productivity and utilization existing mining assets.
- Complete the placement of the equipment into the processing circuit and begin new flotation line construction and commissioning to be ready to process the sulphide ores in mid-2023;
- Continue to monitor all operations to further optimize operating costs and improve operational efficiencies;
- Continue with the exploration program that was delayed in 2020, drilling the two flanks on Vertikalny pit and the Mangazeisky North infill drilling; and
- Continue to build up operational capabilities and staffing and introduce new systems for production monitoring and management accounting.

Key Drivers and Trends

Silver Price

The Market price of silver is a significant factor determining the Group's financial results. As such, cash flow from the Group's operations and the Group's exploration and development activities could potentially, in the future, be significantly adversely affected by the decline in the price of silver. The silver price fluctuations are beyond the Group's control, at this time the Company does not have plans for a hedging program.

During the three-month period ended 30 September 2021, the price of silver based on the London Silver Fix PM, fluctuated from a low of US$21.53 /oz Ag to a high of US$26.61 /oz Ag. The average silver price during the three-month period ended 30

September 2021 was US$24.36 /oz Ag and during this period, the Group's average realized silver price during that period was US$24.00 per ounce sold compared to US$23.92 per ounce sold in the comparable period in 2020.

Currency

The Canadian dollar is the Group's reporting currency, and the functional currency of the Group changed from Canadian dollars to Russian rouble in the 2018 financial year, as the majority of underlying transactions for the Group are undertaken in roubles. The Group's main sources of foreign exchange exposure are the foreign exchanges from shareholder loans denominated in US dollar. During the three-month period ended 30 September 2021, the foreign exchange loss was $1.12 million primarily because of the strengthen of the Russian Rouble against the US dollar.

RESULTS OF OPERATIONS

For the three and nine-month period ended 30 September 2021, compared to the three and nine-month period ended 30 September 2020.

Revenues

For the three-month period ended 30 September 2021, the Group sold a total of 252,682 ounces of silver (for same period in 2020, 448,997 ounces of silver) at an average price of US$24.00 per ounce of silver (for same period in 2020, US$23.92 per ounce silver) resulting revenue of $7.63 million (US$6.06 million) (for same period in 2020, revenue of $14.24 (US$10.74 million)) in accordance with IFRS 15.

For the nine-month period ended 30 September 2021, the Group sold a total of 908,483 ounces of silver (for same period in 2020, 1,514,374 ounces of silver) at an average price of US$25.82 per ounce of silver (for same period in 2020, US$18.75 per ounce silver) resulting revenue of $29.47 (US$23.45 million) (for same period in 2020, revenue of $38.42 (US$28.41 million)) in accordance with IFRS 15.

Expenses

Production cost

Production cash cost for the three and nine-month period ended 30 September 2021 was $10.39 million and $26.28 million respectively compared to the $7,07 million and $19,23 million respectively for the three and nine-month period ended 30 September 2021.

The increase in production cost for the third quarter 2021 compared to the same period in 2020 due to intensive works on open pit expansion, total mined rock mass in third quarter 2021 was 655,964 cubic meters compared to 388,152 cubic meters in the same period in 2020.

Increase in production cost for the nine-months ended 30 September 2021 compared to the same period in 2020 due to accounting treatment of processing all low-grade ore stockpiles that was preliminary enriched on XRT sorting equipment and due to intensive works on open pit expansion, total mined rock mass for nine months of 2021 was 1,757,419 cubic meters compared to 1,021,644 cubic meters in the same period in 2020.

Exploration

For the nine-month period ended 30 September 2021, the Group spent $0.02 million on exploration activities, compared to $0.07 million during the same period in 2020. Costs associated with the Mangazeisky silver project for the six-month period ended 30 September 2021 relate to technical support from Wardell Armstrong International for trenching and drilling programs.

General and Administrative

General and administrative expenses for the three and nine-month period ended 30 September 2021 was $0.88 million and $3.01 million respectively compared to the $0.93 million and $2.70 million respectively for the three and nine-month period ended 30 September 2020. Main increase due to audit remuneration expenses and IT costs for support new ERP system.

Non-cash share-based compensation expense for the nine-month period ended 30 September 2021 was $0.07 million compared to $0.09 million during the same period in 2020. The mining industry has been very competitive and this type of compensation is an attractive incentive. The timing of the grants varies from year to year based on milestones achieved and plan availability. Consequently, the quarterly and annual expenses can vary widely.

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option). Expected volatility is based on the historical share price volatility over the past five (5) years. The expected life of the option was calculated based on the history of option exercises.

Finance income

Finance income for the three-month period ended 30 September 2021 was $0.004 million compared to the $0.002 million for the three-month period ended 30 September 2020.

Finance income for the nine-month period ended 30 September 2021 was $0.012 million compared to the $0.007 million for the nine-month period ended 30 September 2020.

Finance income represents income from bank deposits

Finance expenses

Finance expenses for the three-month period ended 30 September 2021 was $4.70 million compared to the $4.56 million for the three-month period ended 30 September 2020.

Finance expenses for the nine-month period ended 30 September 2021 was $13.47 million compared to the $13.29 million for the nine-month period ended 30 September 2020.

Finance expenses mainly consist of interest expenses from shareholder loans.

Depreciation

Property, plant and equipment depreciated using a unit-of production method based on estimated economically recoverable resources, which results in a depreciation charge proportional to the depletion of resources.

Depreciation expense for the three-month period ended 30 September 2021 was $3.8 million compared to $2.5 million in the same period in 2020. Increase in expenses due to higher amount of mined ore compared to the same period in 2020.

Depreciation expense for the nine-month period ended 30 September 2021 was $11.74 million compared to $13.63 million in the same period in 2020. Decrease in expenses due to lower amount of mined ore compared to the same period in 2020.

Foreign exchange loss/(gain)

The foreign exchange loss for the three-month period ended 30 September 2021 was $1.12 million compared to a loss of $25.76 million for the same period ended 30 September 2020 mainly from foreign differences on shareholder loans denominated in USD, as a result of the fluctuation of the Russian Rouble against the US dollar.

The foreign exchange gain for the nine-month period ended 30 September 2021 was $2.37 million compared to a loss of $47.96 million for the same period ended 30 September 2020 mainly from foreign differences on shareholder loans denominated in USD, as a result of the fluctuation of the Russian Rouble against the US dollar.

Net Profit/Loss

The Group recognised a net loss for the three-month period ended 30 September 2021 of $14.66 million, or $0.02 per share. This compares to a loss of $27.09 million or $0.04 per share for the three-month period ended 30 September 2020. Net loss for the three-month period ended due to lower volume of produced silver and works on open pit expansion that led to less ore were mined.

The Group recognised a net loss for the nine-month period ended 30 September 2021 of $25.05 million, or $0.04 per share. This compares to a loss of $59.76 million or $0.09 per share for the nine-month period ended 30 September 2020. Net loss for the nine-month period ended due to lower volume of produced silver and works on open pit expansion that led to less ore were mined.

Liquidity and Capital Resources

The Group's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due by continual review of budgets and forecasts and discussions with shareholders and other providers of finance as appropriate. As at 30 September 2021 the Group had cash and cash equivalents of $1.96 million. The Group has total current assets of $29.78 million and total current liabilities of $37.19 million which includes accrued interest of $12.38 million and short-term loan of $13.12 million. Non-current liabilities total $176.27 million, which includes long term loan principal of $173.22 million and fair value gain on modification of loans of $4.36 million

The Group has total obligations of $6.24 million under finance leases for mining and processing equipment being paid over the next three years. Historically, the Group has been able to meet its required property development schedule by raising funds from existing shareholders and in the public markets and is optimistic that it will continue to do so but there is no guarantee that sufficient funds will be raised. In order to fund development operations and maintain rights under licenses and agreements, the Group has secured funding in the form of long-term loans of $168.85 million and the Group may be dependent on securing additional financing until such time that it generates sufficient operating cash flow to meet its liabilities.

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

31 December 2020, the Group further amended its existing Facilities Agreement major shareholders Aterra and Inflection, extending the maturity dates of certain components of Tranches F, G, H and I, issued by Inflection from 31 July 2021 and 20 September 2022, as applicable, to 1 January 2023. The Group filed a material change report in respect of the Facilities Agreement Amendments on 14 January 2021.

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 following table summarizes the Group's contractual obligations as at 30 September 2021:

30 September 2021	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	12 to 36 months	36 to 72 months
Current liabilities						
Accounts payable & accrued liabilities	5,793,023	5,793,023	5,793,023	-	-	-
Short-term loans principal	13,124,990	13,124,990		13,124,990		
Short-term loans interest	12,383,280		18,772,622	6,163,874		
Lease liabilities	3,133,197	3,734,469	1,977,315	1,757,154	-	-
Non-current liabilities						
Long-term loans principal	168,857,417	173,223,626	-	-	173,223,626	
Long-term loans interest	-	5,759,686			5,759,686	-
Lease liabilities	3,116,282	3,345,312		-	3,345,312	-
	206,408,189	**204,981,106**	**26,542,960**	**21,046,018**	**182,328,624**	**-**

The Group entered into long term lease agreement for the purchase of equipment in relation to the further development of the Mangazeisky project payable in monthly instalments of circa US$ 268,000. The lease payments have been discounted at rates of between 11.02% and 19.23%. The Group made down payments of 20%

In order to maintain the mining licence at the Mangazeisky silver project in good standing, the Group was required to conduct certain minimum levels of exploration activity. Minimum requirements under the exploration and mining licence for 2016 were 6,000 metres of drilling and 10,000 cubic metres of trenching annually. On 21 September 2016, the Group announced that Rosnedra granted a seven-year extension to the term of the Group's wholly-owned Exploration Licence relating to the

Mangazeisky silver project. The extension provides that the new licence term will run to 31 December 2023 and going forward contains no requirements for minimum work on drilling and trenching.

The Group is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to $70,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these audited consolidated financial statements.

The Group may be involved in legal proceedings from time to time, arising in the ordinary course of its business. Typically, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect the Group's financial position, results of operations or cash flows. There were no material outstanding legal proceedings as of 30 September 2021.

In assessing loss contingencies related to legal proceedings that are pending against the Group or unasserted claims that may result in such proceedings, the Group and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or it is probable but the amount cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred with pending legal proceedings are expensed as incurred.

Construction and Development

Additions to property plant and equipment for the nine-month period ended 30 September 2021, amounted to $13.26 million (for the same period in 2020, $9.02 million), net book value for property, plant and equipment amounted $78.04 million (for the same period in 2020, $77.97 million) and a net book value for mineral property amounting to $10.80 million as at 30 September 2021 (as at 30 September 2020: $11.77 million).

Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

Capital Stock

As at 30 September 2021, the Group had issued and outstanding 677,201,180 Common shares. As of 12 November 2021, the Group had issued and outstanding 677,201,180 Common Shares.

The maximum aggregate number of Shares reserved by the Group for issuance and which may be purchased upon the exercise of all options granted under its Stock Option Plan together with all securities issuable under the Group's Share Bonus Plan and the Group's Non-Executive Director Subscription Plan (the "Subscription Plan"), together referred to as "Security Based Compensation Plans", is to be not greater than 10% of the outstanding Shares (on a non-diluted basis) issued and outstanding at the time of the granting of the options. As at 30 September 2021 the total number of options and shares available for issue under the Security Based Compensation Plans was 67,720,118. A total of 38,757,481 options and shares under the Group's Security Based Compensation Plans are available for future issue as at 30 September 2021.

At the Group's special meeting of shareholders held on 30 June 2021, shareholders approved the authority to allot a total of 5 million ordinary shares under the Group's Security Based Compensation Plans, for period of 15 months or until the Group's next annual general meeting of shareholders in 2022.

As at 30 September 2021, the Group had share options outstanding and exercisable as follows:

	Outstanding		Exercisable	
Expiry year	**Number**	**Weighted average exercise price, $**	**Number**	**Weighted average exercise price, $**
2022	18,000,000	0.24	18,000,000	0.24
2023	4,100,000	0.26	4,100,000	0.26
2024	333,333	0.27	166,666	0.25
	22,433,333	**0.25**	**22,266,667**	**0.24**

As at 30 September 2021 the Group had nil warrants outstanding.

Selected Annual Information ($)

	30 September 2021	31 December 2020	31 December 2019
Revenue	29,478,400	51,887,094	20,932,345
Profit / (loss) for the year	(25,057,324)	(47,011,626)	(537,791)
Total assets	125,647,510	117,433,054	146,761,025
Total non-current liabilities	176,275,960	170,341,410	171,137,842
Basic profit/ (loss) per share	(0.02)	(0.07)	(0.00)
Diluted profit/ (loss) per share	(0.02)	(0.07)	(0.00)
Distributions or cash dividends declared per-share for each class of share.	-	-	-

In the July of 2019 first commercial production was declared and company starts recognizing revenue from commercial production.

Financial results of the Group Is significantly affected by finance expenses and foreign exchange differences from shareholders loan denominated in USD

Decrease in revenue in 2021 due to lower level of silver production that was affected by lower head grade and less amount of mined ore. During nine months ended 30 September 2021 mining assets of the group was involved in intensive open pit extension to reach more silver ore blocks. Total mined rock mass for nine months of 2021 was 1,757,419 cubic meters compared to 1,021,644 cubic meters in the same period in 2020.

Trend to decrease of total assets due to depreciation of PPE and mineral property using a unit-of production method based on estimated economically recoverable resources, which results in a depreciation charge proportional to the depletion of resources.

Total non-current liabilities mainly consist of long-term shareholders loan denominated in USD

Summary of Quarterly Results ($)

	Sep-21	Jun-21	Mar-21	Dec-20
Revenue	7,636,205	5,246,992	16,595,203	13,560,263
Net Profit/(Loss) after tax	(14,666,834)	(1,301,976)	(9,088,515)	12,760,545
Basic Profit/(loss) per share	(0.02)	(0.0002)	(0.01)	0.02
Cash and cash equivalents	1,962,774	683,593	1,767,141	1,302,165
Total assets	125,647,510	132,889,138	133,602,186	117,433,054
Total non-current liabilities	176,275,960	169,742,218	173,487,459	170,341,410
	Sep-20	**Jun-20**	**Mar-20**	**Dec-19**
Revenue	14,245,264	13,431,541	10,650,026	11,919,215
Net Profit/(Loss) after tax	(27,098,003)	16,307,408	(48,974,695)	(5,337,399)
Basic and diluted loss per share	(0.04)	0.02	(0.07)	(0.01)
Cash and cash equivalents	2,811,002	428,095	596,374	5,444,288
Total assets	126,255,715	141,651,626	136,905,672	146,761,025
Total non-current liabilities	182,254,737	172,152,907	188,602,124	166,842,243

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The Group has one operating segment based on geographical location being the property in the Russian Federation (Mangazeisky). The Group is listed on the TSX, a Canadian Exchange. The Corporate balances are provided below to allow reconciliation back to the primary statements.

RELATED PARTY TRANSACTIONS

(a) Financing transactions

The Group has entered into a series of financing transactions with major shareholders. As set out in note 13.

(b) Purchases from related parties
(c)

During the period ended 30 September 2021 the Group has acquired construction materials from TechnoNicol the company under common control with Inflection in amount of $45,315, outstanding balance as at 30 September 2021 was $23,042 (2020: prepayment $454

(d) Compensation of key management

Key management are the Group's directors. Compensation awarded to key management comprised:

	Three months ended		Nine months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Salaries, fees and short-term employee benefits	121,296	144,200	361,412	406,012
Share-based payments	20,381	18,592	59,135	62,156
	141,677	**162,792**	**420,546**	**468,168**

As at 30 September 2021 the Group owed key management $49,341 for director fees in accordance with contracts and agreements.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas of estimation and uncertainties considered by management in preparing the consolidated financial statements include:

Critical judgements in applying accounting policies:

- Determination of functional currency

  Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Russian rouble has been determined as the functional currency of AO Prognoz, an operating subsidiary of the Group, because the Russian rouble is the currency that mainly influences labour, material and other costs of providing goods or services, and is the currency in which these costs are denominated and settled.

  Effects of changes in foreign exchange rates on the consolidation of the financial statements are recorded in other comprehensive income and carried in the form of a cumulative translation adjustment in the accumulated other comprehensive income section of the Statement of financial position of the Group.

  The functional currency of Silver Bear Resources Plc changed from Canadian dollars to Russian rouble in 2018 as it is now deemed that the majority of underlying transactions for this entity are undertaken in roubles and therefore it is appropriate for this to be its functional currency.

  The functional currency of Silver Bear Resources Inc. and Silver Bear Resources BV has been determined to be the Canadian Dollar reflecting the current principal equity and financing structure.

- Commercial production

  In order to determine whether the project is ready to operate as intended by management, judgement was applied taking into account commercial production indicators such as pre-production output has reached a nominated percentage, the internal project management team has transferred the mine to the operational team, the majority of the assets necessary for the mining project are substantially complete and ready for use and the project′s ability to sustain commercial levels of production. These indicators provided guidance to recognize that the mine development phase was ceased and the production phase is commence starting from 1 July 2019. The commercial production was announced by the Group during 2019 Far East Economic forum in Vladivostok.

- Capitalization of development costs (note 9 and 10)

  Management has determined that development costs incurred from 1 July 2015 to 1 July 2019 have future economic benefits and are economically recoverable. In making this judgement, management assessed various sources of information including the geological and metallurgical information, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. In order to determine whether the project is ready to operate as intended by management, judgement was applied taking into account commercial production indicators such as pre-production output has reached a nominated percentage, the internal project management team has transferred the mine to the operational team, the majority of the assets necessary for the mining project are substantially complete and ready for use and the project's ability to sustain commercial levels of production. These indicators have provided guidance to recognize that the mine development phase was ceased and the production phase was commenced starting from 1 July 2019.

Key sources of estimation uncertainty:

- Mineral resource estimate

  Mineral resource estimates are estimates of the amount of silver that can be economically and legally extracted from the Group's mining properties. Such resource estimates and their changes may impact the Group's reported financial position and results in the following ways:
  (a) The carrying value of exploration and evaluation assets, mining properties and property, plant and equipment may be affected due to changes in estimated future cash flows;
  (b) Depreciation and amortization charges in the statement comprehensive income may change where such charges are determined using the unit of production method;
  (c) Provisions for rehabilitation and environmental provisions may change where resource estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

  The Group estimates mineral resources based on information compiled by appropriately qualified Competent Persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group reviews its mineral resource estimates on regular basis and as at 1 April 2020 the Group obtained a mineral resource (not reserve) estimate from a third party, Wardell Armstrong. Wardell Armstrong has issued their report on 25 March 2021 the delay in issuing report due to COVID-19 travel restrictions. This report has superseded the Companies previous estimate of recoverable reserves and resources that was prepared in 2017.

The difference between a resource statement (as obtained in 2020) and reserves and resources statement (as obtained previously in 2017) is the level of confidence of the presence of economically viable minerals.

- Impairment of mineral properties and property, plant and equipment
- The carrying value of mineral properties and property, plant and equipment is $11,923,604 and $78,042,683 respectively, as disclosed in Note 9 and note 10. While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information that management considers includes, changes in the market, and changes in the economic and legal environment in which the Group operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which mineral properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Group's mineral properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, reductions in the amount of recoverable mineral reserves and mineral resources, and/or adverse current economics can result in a write-down of the carrying amounts of the Group's mineral properties.

On 22 June 2020, the Group announced that it has received a draft report from Wardell Armstrong (Moscow) that provides a review of the Company's current mineral resources, as well as draft revised mine and processing plans, for its Vertikalny and Mangazeisky North deposits. The Group had previously disclosed that it had engaged Wardell Armstrong (Moscow) to conduct this review of the mineral resources as well as reassessing mine and processing plans for these deposits. Wardell Armstrong (Moscow) have issued their final report on 25 March 2021.Following additional exploration activities, this included a material change in the mineral resource estimates of both Vertikalny and Mangazeisky North deposits.

In accordance with IAS 36, the impairment review was undertaken on 31 December 2020.

Key Assumption used in the impairment test:

- The economic life of the Vertikalny and Mangazeisky North deposits is currently expected to be around 2026 as per management's current expectation;
- For the following six years Silver price is US$25/ounce as per management's current expectation
- For the following six years RUB/USD foreign exchange rate 75 as per management's current expectation
- For the following six years Annual inflation of costs expressed in USD is 2% as per management's current expectation
- For the following six years Annual inflation of costs expressed in RUB is 4% as per management's current expectation
- Post tax nominal discount rate of 12.7% (pre-tax of 15.9%). This was based on a Capital Asset Pricing Model analysis.

Based on the key assumptions set out above:

The recoverable amount of Vertikalny and Mangazeisky North deposits ($95.6 mln) exceeds its carrying value of the mining assets less asset retirement obligation of ($82.3mln) by $13.3mln and therefore assets were not impaired.

Sensitivity analysis:

In millions of CAD

Impact if silver prices	Increased by 20%	49
	Decreased by 20%	(53)
Impact if RUB/USD exchange rate	Increased by 20%	21
	Decreased by 20%	(33)
Impact if future capex	Increased by 20%	(9)
	Decreased by 20%	9
Impact if post-tax discount rate:	Increased by 20%	(8)
	Decreased by 20%	9

- Depreciation rates

  Once a mine development phase ceases and the production phase commences mining assets are depreciated using a unit-of production method based on estimated economically recoverable resources, which results in a depreciation charge proportional to the depletion of reserves.

  The Group proven and probable mineral reserves at the beginning of commercial production was 717 thousand tonnes, depletion for the period 1 July 2019- 30 September 2020 was 95 thousand tonnes.

  Starting from 1 April 2020 management of the group has changed its depreciation base for the unit of production method from mineral reserves to mineral resources. In making this change, the UoP calculation has been adjusted to include the estimated future costs to access and process resources expected to be converted to reserves. The most material impact of this is in respect of costs required to enable the processing facility to process sulphide ores that will be mined in the future, in addition to the oxide ores currently being processed. Management believes that this change in accounting estimate represent the most accurate and fair view for the depreciation charge calculation.

  At 1 April 2020, the date the change in accounting estimate occurred, resources were 810 thousand tonnes and depletion for the period 1 April 2020- 30 September 2021 was 141,934 thousand tonnes.

- Rehabilitation provisions and asset retirement obligations

  The carrying value of the asset retirement obligation is $4,302,260 as disclosed in Note 14. Exploration and development activities carried out by the Group give rise to obligations for environmental rehabilitation. Significant uncertainty exists as to the amount and timing of associated cash flows and regulatory requirements. A Russian Central Bank borrowing rate for a 7-year zero coupon year bond is used in discounting future cash flows as a pre-tax discount rate.

  The expected life of the mine is used as the discounting period. If the estimated discount rate used in the calculation had been higher for 20% than the management estimate, the carrying amount of the provision would have been lower for $234,321 and the interest expense higher for $12,049.

  If the estimated period over which the cash flows associated with the asset retirement obligations are calculated had been longer than management's estimates, the carrying amount of the provision would have been lower as would have been the interest expense.

- Ore stocks

  Stock is valued at the lower of cost or net realisable value. Costs that are incurred in or benefit the production process are accumulated as ore stockpiles, silver in process and silver bullion. Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of silver actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on contained silver and metals prices, less estimated costs to complete production and bring the product to sale. These net realisable tests take into account management's estimate of the maximum values to be realised from ore stockpiles, in some instances through blending of different ore stockpile grades, prior to these being added to future processing plant feeds. Judgement is required in assessing whether stockpiles of different grades should be tested individually, or tested as inputs to the silver production process.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Subject to the limitations, if any, described below, the Group's CEO and CFO, have as at period ended 30 September 2021, designed Disclosure and Control Procedures, ("DC&P") or caused it to be designed under their supervision, to provide reasonable assurance that:

- material information relating to the issuer is made known to us by others, particularly during the period in which the annual and interim filings are being prepared; and
- information required to be disclosed by the issuer in its annual and interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- Internal control over financial reporting has been designed, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Because of inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no significant changes to the Group's disclosure controls and procedures and internal controls over financial reporting that occurred during the nine-month period ended 30 September 2021 that have materially affected, or are reasonably likely to materially affect, the Group's disclosure controls and procedures and internal control over financial reporting. Management assesses existing internal controls over financial reporting is sufficient and effective.

The Audit and Governance Committees of the Group have reviewed this MD&A and the audited consolidated financial statements for the nine-month period ended 30 September 2021, and the Group's board of directors approved these documents prior to their release.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no significant changes to the Group's internal controls over financial reporting that occurred during the three and nine-month period ended 30 September 2021 that have materially affected or are reasonably likely to materially affect the Group's internal control over financial reporting.

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS and include the significant accounting policies as described in Note 2 of the 30 September 2021 consolidated financial statements.

NEW ACCOUNTING STANDARDS

Accounting developments not yet adopted

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The Group is currently assessing the impact of these new accounting standards and amendments.

CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the acquisition, exploration and development of precious metal properties.

The Group considers excess cash balances, all the components of shareholders' equity and loans as capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain the future development of the business.

The property in which the Group currently has an interest is as of 1 July 2019 in commercial production, at this time the Group could potentially be dependent on external financing to fund ongoing activities.

In order to fund the ongoing development activities, the Group will spend existing working capital and plans to raise additional amounts as needed through equity and/or debt. The Group will continue to assess new properties and seek to acquire an interest in additional properties where sufficient geologic or economic potential are noted and if financial resources exist to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

There were no changes in the Group's approach to capital management during the three and nine-month period ended 30 September 2021 compared to the period ended 30 September 2020. Neither the Group nor its subsidiaries are subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments measured at fair value on the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Group's financial instruments consist of cash, restricted cash, accounts receivable, short-term loans, finance leases and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Group's non-current financial instruments consist of long-term loans and finance leases. The fair value of these instruments approximates their carrying values as any differences are not material. The Group has no financial instruments recorded at fair value.

Financial assets and financial liabilities as at 30 September 2021 and 31 December 2020 were as follows:

30 September 2021	**Cash and receivables**	**Loans and other liabilities**	**TOTAL**
Cash and cash equivalents	1,962,774	-	**1,962,774**
Accounts receivable	588,294	-	**588,294**
Short-term loans	-	(25,508,269)	**(25,508,269)**
Long-term loans	-	(168,857,417)	**(168,857,417)**
Advances received	-	(2,683,520)	**(2,683,520)**
Accounts payables and accrued liabilities	-	(4,869,694)	**(4,869,694)**
Lease liabilities	-	(6,249,480)	**(6,249,480)**
	2,551,068	**(208,168,380)**	**(205,617,312)**

31 December 2020	Cash and receivables	Loans and other liabilities	TOTAL
Cash and cash equivalents	1,302,165	-	**1,302,165**
Accounts receivable	1,350,634	-	**1,350,634**
Short-term loans	-	(3,085,133)	**(3,085,133)**
Long-term loans	-	(165,062,833)	**(165,062,833)**
Advances received	-	(144)	**(144)**
Accounts payables and accrued liabilities	-	(2,877,234)	**(2,877,234)**
Lease liabilities	-	(2,926,166)	**(2,926,166)**
	2,652,799	**(173,951,510)**	**(171,298,710)**

The carrying value of cash equivalents, amounts receivable, long-term loans and accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value.

The Group's risk exposures and the impact on the Group's financial instruments are summarized below:

Credit risk

The Group has no significant concentration of credit risk arising from operations. Cash equivalents consist of interest earning bank accounts held in banks in the Russia and Canada which in the presentational currency total $1,940,055 and $22,719, respectively. The Group's Canadian chartered banks have a credit rating of at least A2 (Moody's) and the Group's Russian banks have a credit rating of at least ba1 (Moody's).

Miscellaneous receivables other than tax refunds due from the Canadian and Russian tax authorities are insignificant.

The Group maximum exposure to credit risk by class of individual financial instrument is shown in the table below:

	30 September 2021	31 December 2020
Receivables from customers	588,294	1,350,634
Cash and cash equivalents	1,962,774	1,302,165
	2,551,068	**2,652,799**

Management believes that the credit risk concentration with respect to accounts receivable is not higher than the country credit risk.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due by continual review of budgets and forecasts and discussions with shareholders and other providers of finance as appropriate. The Group's current assets and current liabilities are show in the table below:

	30 September 2021	31 December 2020
Total current assets	29,780,201	25,276,471
Total current liabilities	37,118,009	8,455,810

As at 30 September 2021 the Group had total current assets of $29,780,201 (31 December 2020 – $25,276,471) to settle total current liabilities of $37,118,009 (31 December 2020 – $8,455,810), as well as its commitments outlined in Note 21. Total liabilities of $213,393,969 include long-term loans totaling $173,223,626 accrued interest on it of $12,294,065 and fair value gain on modification of loans of $4,366,209.

As at 30 September 2021, the Group had cash balances of $1,962,774 (31 December 2020 – $1,302,165)

The Group had total obligations of $6,249,480 at 30 September 2021 (31 December 2020 – $2,926,166) under a combination of three and five-year leases for equipment in relation to the development of Mangazeisky, as outlined in Note 12.

Interest rate risk

The Group has cash balances and interest-bearing debt on short term loans and long-term loans at commercial fixed rates. The Group's current policy is to invest excess cash in interest-earning bank accounts with Canadian and Russian financial institutions. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Group has funded certain exploration, project construction and administrative expenses on a transaction by transaction basis using USD and Russian rouble. USD funding has been provided directly to AO Prognoz in Russia and converted to Russian rouble. This exposes the Group to changes in foreign exchange rates for GBP, USD and Russian rouble.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's borrowings (when borrowing is denominated in a different currency from functional currencies of the Group companies).

RISK FACTORS AND UNCERTAINTIES

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

Risks of COVID-19

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

The COVID-19 outbreak and its declaration as a global pandemic are causing companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings, isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. While these effects are expected to be temporary, the duration of these measures, and the related business, social and government disruptions and financial impacts, cannot be reasonably fully estimated at this time. The Company cannot estimate whether or to what extent these measures, and the resulting impacts, will continue to impact the Company's business, financial condition and results of operations. Furthermore, governments in relevant jurisdictions may introduce new, or modify existing, laws, regulations, orders or other measures that could impact the Company's ability to operate or affect the actions of its suppliers, contractors and service providers.

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 gold 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. In addition, if any number of employees, contractors or consultants of the Company or any key supplier become infected with COVID-19 or similar pathogens and/or the Company is unable to source necessary replacements, consumables or supplies or transport its products, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of one or more of its operations.

Furthermore, the Company may also experience regional risks which include, but are not limited to, delays in the supply chain of critical reagents, consumables and parts, and the impact on the delivery of critical capital projects, and such circumstances could have a material adverse effect on the Company's business, financial condition and results of operations. As a result of measures taken, there is no assurance as to whether the Company will be affected by the current COVID-19 pandemic or potential future health crises. The Company will continue to work actively to monitor the situation and implement further measures as required to mitigate and/or deal with any repercussions that may occur as a result of the COVID-19 outbreak.

Risks of Operating in the Russian Federation

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

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

Nature of Mining, Mineral Exploration and Development Projects

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

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

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

Liquidity and Future Financing

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

Fluctuations in Metal Prices

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

Political, Economic and Legislative Risk

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

Russian Federation may be brought by authorities for reasons that the Group is unable to predict and which may result in material adverse changes to the Group.

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

Insurance and Uninsured Risks

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

Environmental Risks and Regulations

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

Government Regulation

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

Licenses and Permits

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

Significant Shareholders

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

Title to Properties

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

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

Competition

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

Dependence on Key Personnel and Shortage of Labour Force

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

Foreign Exchange Risk

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

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

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

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

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

ii) resident is a lending agency;

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

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

Stock Exchange Prices

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

Conflicts of Interest

Certain directors and officers of the Group are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Group. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Group. Directors and officers of the Group with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Mineral Resource Estimate

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

Effecting Service of Process

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

Inclement Weather and Climate Conditions

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

ADDITIONAL INFORMATION

Additional information relating to the Group, including its Annual Information Form for the year ended 31 March 2021 is available on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information relating to, but not limited to, the Group's expectations, estimates, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "budget", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include costs and timing estimates related to the 2015 exploration program, the anticipated timeline and ability of the Group to obtain its Certificate of First Discovery and applicable mining licence, the anticipated timing with respect to the completion of an updated mineral resource estimate, costs of capital projects and timing of commencement of operations, and is based on current expectations that are inherently subject to a number of business and economic risks and uncertainties and contingencies. Forward-looking information involves known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any forward-looking information. These risks, uncertainties and other factors include, but are not limited to: failure to receive additional financing; dangers associated with mining; exploration results that may not prove to be economical; operating in a foreign jurisdiction: operating in the Russian Federation; potential shortfall of insurance coverage and/or losing insurance coverage; competition from larger, better funded companies; repatriation of earnings; lack of production revenue; conflicts of interest faced by directors and officers; effecting service of process; inclement weather and climate changes; capital and operating costs varying significantly from estimates; delays in obtaining or failures to obtain required governmental, environmental or other project approvals; changes in national and local government legislation, taxation or regulations; political or economic developments; inflation; changes in currency exchange rates; fluctuations in commodity prices; fluctuations in the Group's stock price; delays in the development of the Group's projects: challenges from governmental authorities of the Group's validity of the title to its Russian assets; and other risk factors as disclosed herein and in other documentation filed by the Group on SEDAR. All forward-looking information in this MD&A is qualified by these cautionary statements.

Potential shareholders and prospective investors should be aware that this information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Group disclaims any intention or obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by applicable laws.