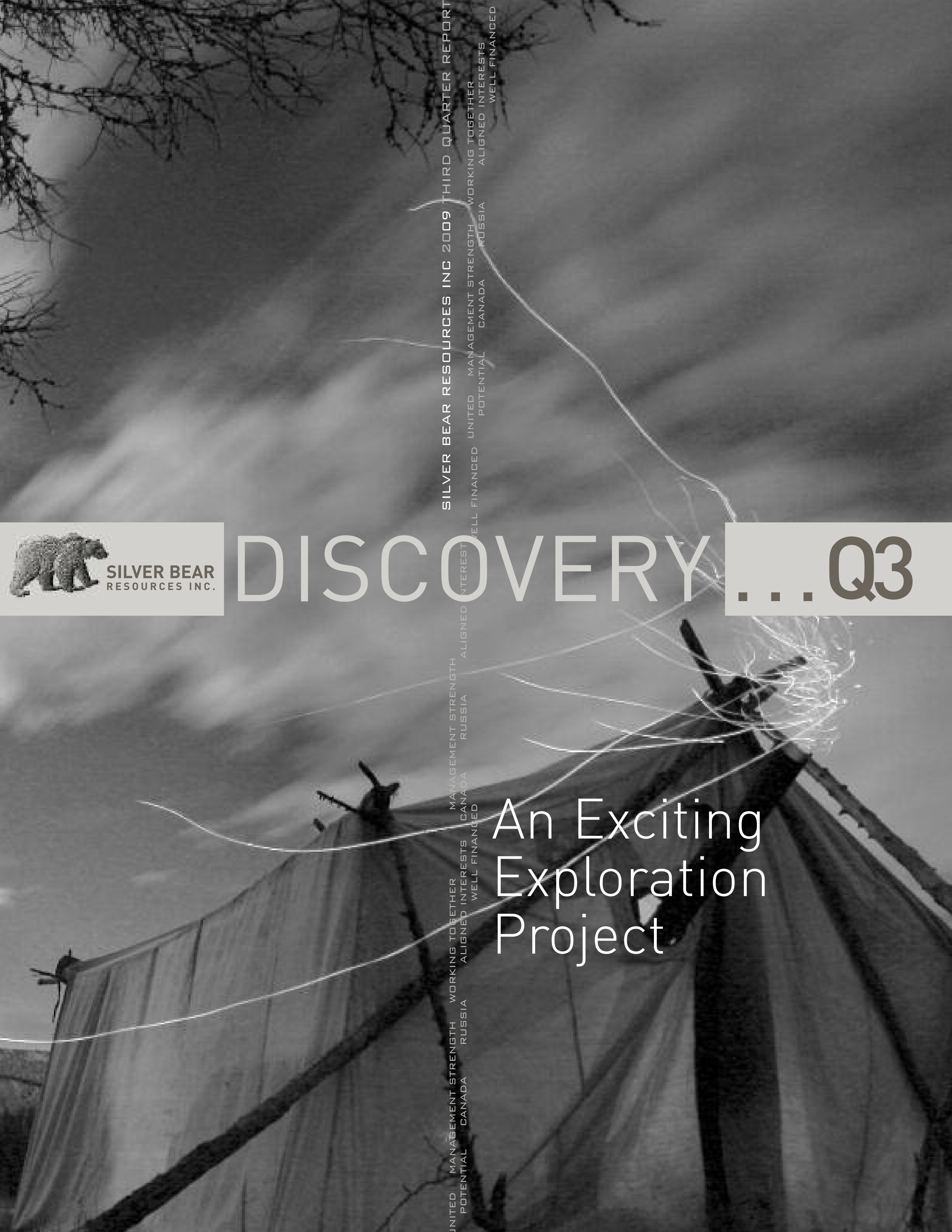

SILVER BEAR
RESOURCES INC.

DISCOVERY ...Q3

SILVER BEAR RESOURCES INC 2009 THIRD QUARTER REPORT

UNITED MANAGEMENT STRENGTH WORKING TOGETHER MANAGEMENT STRENGTH ALIGNED INTERESTS

POTENTIAL CANADA RUSSIA ALIGNED INTERESTS CANADA RUSSIA WELL FINANCED UNITED MANAGEMENT STRENGTH WORKING TOGETHER

WELL FINANCED WELL FINANCED POTENTIAL CANADA RUSSIA ALIGNED INTERESTS WELL FINANCED

An Exciting Exploration Project

The following Management's Discussion and Analysis, which has been prepared as of November 9, 2009, related to the unaudited consolidated financial results of Silver Bear Resources Inc. (the "Company" or "Silver Bear") for the three and nine-month periods ended September 30, 2009, should be read in conjunction with such Financial Statements and the December 31, 2008 audited consolidated financial statements and related notes, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This discussion covers the three and nine-month periods ended September 30, 2009. Other pertinent information on the Company is available on SEDAR at www.sedar.com as well as on the Company's website at www.silverbearresources.com. For the purpose of preparing our MD&A, the Company considers the materiality of information. Information is considered material if: (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) if 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.

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth in this MD&A under "Forward-Looking Statements'' and under "Risk Factors."

OVERVIEW

The primary business of the Company is the evaluation, acquisition, exploration and development of silver properties in the Russian Federation. The exploration strategy of the Company is to focus on the discovery of silver deposits in the Russian Federation. The Company has not yet earned revenue from operations and is considered to be in the exploration stage. The Company's principal asset is the Mangazeisky Project, located approximately 400 kilometres north of Yakutsk in the Republic of Sakha, Yakutia, in the Russian Federation. The Company was granted the exploration license for the Mangazeisky Project in September 2004 for an initial term of five years. On February 18, 2009, the Mangazeisky License was extended by the Federal Subsoil Use Agency in the Russian Federation ("Rosnedra") through December 31, 2011.

Based on the 2008 drill results, on March 6, 2009, Wardrop Engineering, Swindon, UK ("Wardrop") estimated an inferred mineral resource for the Vertikalny vein within the license area. Based on a silver price of US $10.50 per ounce (consistent with Wardrop's long term price of US $10.60 per ounce), the Mangazeisky Project hosted an inferred mineral resource of 1.92 million tonnes averaging 508 grams of silver per tonne totalling approximately 31.3 million ounces.

Wardrop's estimate was prepared by Mr. P. Gribble, FIMMM, CEng, a qualified person as defined by National Instrument 43-101.

During the 2009 drilling season, which commenced in May 2009 and concluded in early October 2009, Silver Bear drilled a total of 12,373 metres over 74 holes. In addition, trenching activities resulted in 15,067 cubic metres being completed.

As shown in the below chart, the Company exceeded both its drilling and trenching requirements for 2009, and Silver Bear's exploration license remains in good standing.

	Drilling (metres)			Trenching (metres)		
	Required	Completed	Cumulative	Required	Completed	Cumulative
2004	–	–	–	–	–	–
2005	2,000	3,370	3,370	10,000	9,642	9,642
2006	1,500	732	4,102	4,000	4,843	14,485
2007	1,500	3,094	7,196	6,000	6,048	20,533
2008	–	12,945	20,141	10,000	22,633	43,166
2009	3,000	12,373	32,514	10,000	15,067	58,233

Results of Exploration Activities

Silver Bear has an updated mineral resource estimate for its 100% owned Mangazeisky silver project in Russia, completed by Wardrop. Wardrop estimates an indicated mineral resources of 1.0 million tonnes averaging 558 grams per tonne totaling approximately 18 million ounces of silver for the Vertikalny vein, with an additional inferred mineral resource of 1.5 million tonnes averaging 596 grams per tonne totaling approximately 29 million ounces of silver. The estimate, as of November 6, 2009, is based on a long term silver price of US$ 10.84 per ounce, a cut-off grade of 240 grams per tonne and anticipates that the mineralized zone would be mined by selective underground methods at a minimum mining width of 1.2 metres.

Drilling in 2009 was aimed at both expanding the initial resource estimate from March 2009 and upgrading the resource classification of a portion of the previously announced resource. Drilling focused on down-dip and along-strike drilling in the Central and Northwest zones of Vertikalny.

The down-dip holes, drilled 75 metres (or more) below the levels previously targeted in the Central zone, were successful in upgrading approximately 18 million ounces into the Indicated resource category with an additional 23 million ounces remaining in the Inferred category within the Central zone. The along-strike drilling which focused on the Northwest zone, believed to be a zone of continuity, added approximately 6 million ounces of Inferred resources to the overall Vertikalny resource. In comparison to the initial resource estimate of March 2009, this updated resource added a total of aproximately 18 million ounces of silver into the Indicated category while maintaining approximately 29 million ounces of silver in the Inferred category.

In addition to the positive mineral resource upgrade, other areas of the Vertikalny vein and the Mangazeisky property as a whole continued to show the high grade potential the Company envisions for the area. Down-dip holes at the south end of the Central zone, including V09-156 (2,303 grams per tonne over 2.3 metres) and V09-152 (1,286 grams per tonne over 2.6 metres), indicate there may be further high grade expansion opportunities in this area. In addition, preliminary work completed on certain of the other known anomalies on the Mangazeisky property showed positive results. Preliminary exploration including: prospecting, satellite mapping, surface sampling, trenching and ground magnetic surveying was completed on the Zabyty, Kis-Kuel, Borisovsky, VerkhneEndybal, and Mukhalkansky-Burny prospects.

All of the Company's 2009 assay results have been posted on the website, www.silverbearresources.com.

Outlook

While Silver Bear continues to demonstrate that Mangazeisky has the potential to host a silver deposit, with significant potential, the Company is currently evaluating all strategic alternatives available in an effort to maximize shareholder returns. Silver Bear continues to have many assets: a property with a continually expanding resource and significant unexplored potential, cash on hand, no debt, a strong Russian partner and an experienced management team. The challenges presented by the financial markets over the last twelve months have had a significant impact on exploration stage companies, many of which are faced with challenges in accessing capital. Silver Bear believes the Company's assets to be significant in its pursuit of strategic alternatives which may include continued exploration/development of the Mangazeisky Project, joint venture of the Project, or a business combination or other strategic transaction with another mineral-focused company.

RESULTS OF OPERATIONS

Three and Nine-Month Periods Ended September 30, 2009, compared to Three and Nine-Month Periods Ended September 30, 2008.

Revenues

As at September 30, 2009, the Company was in the exploration stage and therefore did not have revenues from operations. Interest income for the nine-month period ended September 30, 2009, was $0.1 million as compared to $0.6 million for the nine-month period ended September 30, 2008, a decrease of $0.5 million. Interest income decreased due to lower cash balances on hand and lower interest rates received on cash deposits and treasury bills.

Interest income for the three-month period ended September 30, 2009 was $nil as compared to $0.1 million for the three-month period ended September 30, 2008.

Expenses

Exploration

For the nine-month period ended September 30, 2009, Silver Bear spent $8.1 million on exploration activities, compared with $11.9 million during the same period in 2008. Costs associated with the Mangazeisky Project for the nine-month period ended September 30, 2009 relate to the 2009 exploration program as well as costs related to the Company's Yakutsk administrative office. Exploration expenses decreased when compared to the 2008 period as a result of the following: reduced salaries of $1.1 million; a geophysical survey carried out in 2008 for $1.0 million was completed and not required in 2009, a more efficient resupply program saving $0.8 million, receipt of a Russian value added tax (VAT) refund of $0.3 million in the third quarter of 2009; offsetting exploration costs; realized savings in fuel prices of $0.3 million; and other efficiencies which reduced costs by $0.3 million.

For the three-month period ended September 30, 2009, Silver Bear spent $2.9 million on exploration activities, compared with $7.2 million during the same period in 2008. Exploration expenses decreased when compared to the 2008 period for the same reasons as noted above and timing of the exploration program.

General and Administrative

General and administrative expenses for the nine-month period ended September 30, 2009 were $1.9 million, compared with $3.2 million in the 2008 period. General and administrative expenses decreased primarily as a result of: a $1.0 million reduction in legal, audit and consulting fees, as the Company successfully resolved litigation matters in 2008; a $0.2 million reduction in management salaries; and a reduction of $0.1 million in other general and administrative costs for the period ended September 30, 2009.

General and administrative expenses for the three-month period ended September 30, 2009 were $0.4 million, compared with $0.6 million in the 2008 period. The decrease was attributable to the same reasons noted above.

Non-Cash Items

Non-cash stock option compensation expense for the nine-month period ended September 30, 2009 was $0.3 million compared with $1.0 million for the period ended September 30, 2008. Stock option compensation expense has decreased compared to 2008 as several option grants have fully vested and have been expensed; additionally in December 2008 the vesting period for options changed to extend vesting by an additional year. Amortization expense for the period ended September 30, 2009 was $0.6 million (period ended September 30, 2008 – $0.7 million). The foreign exchange loss for the nine-month period ended September 30, 2009 was $0.6 million (period ended September 30, 2008 – $nil) as a result of the translation to Canadian dollars of the financial results of consolidated foreign subsidiaries.

Non-cash stock option compensation expense for the three-month period ended September 30, 2009 was $nil compared with $0.3 million in the three-month period ended September 30, 2008. Amortization expense for the three-month period ended September 30, 2009 was $0.2 million (three-month period ended September 30, 2008 $0.2 million). The foreign exchange loss for the three-month period ended September 30, 2009 was $0.2 million (three-month period ended September 30, 2008 – $0.2 million) as a result of the translation to Canadian dollars of the financial results of consolidated foreign subsidiaries.

Net Loss

Silver Bear incurred a net loss for the nine-month period ended September 30, 2009 of $11.4 million, or $0.30 per share. This compares to a loss of $13.7 million or $0.37 per share, for the nine-month period ended September 30, 2008. Exploration costs were $8.1 million in the nine-month period ended September 30, 2009 compared with $11.9 million in the nine-month period ended September 30, 2008, as the Company benefited from an efficient winter road resupply, fuel price savings and reduced overhead and geophysical studies completed in 2008 were not required in 2009. General and administrative expenses for the period ended September 30, 2009 were $1.9 million compared with $3.2 million in the prior year's period as the Company reduced legal, corporate office and salary related costs. Non-cash items for the period ended September 30, 2009 were $1.5 million compared with $1.7 million in the period ended September 30, 2008. Interest income for the nine-month period ended September 30, 2009 was $0.1 million compared with $0.6 million in the prior period.

Silver Bear incurred a net loss for the three-month period ended September 30, 2009 of $3.6 million or $0.10 per share. This compares to a loss of $8.3 million or $0.22 per share for the three-month period ended September 30, 2008. Exploration costs were $2.9 million in the three-month period ended September 30, 2009 compared with $7.2 million in the three-month period ended September 30, 2008 for the same reasons indicated above. Non-cash items for the three-month period ended September 30, 2009 was $0.4 million compared with $0.6 million in the three-month period ended September 30, 2008. General and administrative expenses for the three-month period ended September 30, 2009 were $0.4 million compared with $0.6 million in the three month-period ended September 30, 2008.

Liquidity and Capital Resources

At September 30, 2009, Silver Bear had cash and cash equivalents of $13.2 million. The Company has no debt outstanding.

Commitments

In order to maintain the exploration license at the Mangazeisky Project in good standing, Silver Bear is required to conduct certain minimum levels of exploration activity. The exploration program concluded in 2009 more than satisfies the commitments established in the License Agreement.

Silver Bear has entered into a drilling contract at the Mangazeisky Project and has agreed to pay demobilization charges of $26,000 per month at the end of the 2009 drilling program until the equipment is returned to Khabarovsk, the Russian Federation. Should the Company choose to sign a contract for drilling services in 2010 before November 15, 2009 these charges would not apply.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Capital Stock

As at November 9, 2009, the Company had 37,935,569 Common Shares (December 31, 2008 37,935,569 issued and outstanding).

As at September 30, 2009, the Company had share options outstanding and expiring as follows:

	Outstanding		Exercisable	
Expiring during the year	Number	Weighted average exercise price $	Number	Weighted average exercise price $
2010	796,664	3.94	796,664	3.94
2012	636,664	4.50	636,664	4.50
2013	680,000	0.28	–	–
2014	958,329	3.00	897,218	3.00
2015	495,002	2.21	330,001	2.21
	3,566,659	2.85	2,660,547	3.54

Summary of Quarterly Results ($)

	Sept-09	Jun-09	Mar-08	Dec-08
Net Loss	**(3,647,977)**	**(3,806,528)**	**(3,985,868)**	**(4,038,651)**
Basic and diluted loss per share (cents per share)	**(0.10)**	**(0.10)**	**(0.11)**	**(0.11)**
Cash and cash equivalents	**13,179,442**	**17,076,808**	**19,347,148**	**24,170,023**
Total assets	**19,190,361**	**24,033,044**	**26,936,190**	**30,783,897**
Total long-term financial liabilities	**599,225**	**589,717**	**580,215**	**570,711**

	Sept-08	Jun-08	Mar-08	Dec-07
Net Loss	(8,314,892)	(2,434,315)	(2,913,780)	(2,749,434)
Basic and diluted loss per share (cents per share)	(0.22)	(0.07)	(0.08)	(0.11)
Cash and cash equivalents	28,669,371	32,087,043	27,873,668	30,295,581
Total assets	35,978,824	38,904,042	40,396,900	41,180,972
Total long-term financial liabilities	577,814	252,942	248,959	245,360

Related Party Transactions

In November 2008, a new cost sharing agreement was reached between Silver Bear and New Gold Inc. (NGD) with an effective date of January 1, 2009 with which Silver Bear shares certain executives, employees and office space. The new agreement amends cost sharing ratios between the two companies to 33% for Silver Bear and 67% to NGD, to reflect current levels of activities.

We relocated our Toronto head office in June 2008 and share premises with NGD. As a result of NGD entering into a new lease they have charged Silver Bear for our proportional share under the cost sharing agreement. Silver Bear's share of the estimated rental and operating costs is approximately $1.9 million over the ten-year term. At September 30, 2009, $2,806 (September 30, 2008 – $19,268) was receivable from NGD for items paid by Silver Bear and chargeable to NGD.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has concluded its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no significant changes to the Company's internal controls over financial reporting that occurred during the most recent period ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this time. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. In light of the timing of transition, the Company has begun assessing the adoption of IFRS and will add resources as required.

The company has made an assessment of what the key areas of impact for the Company will be: first time adoption, property plant and equipment, asset retirement obligations, stock option compensation, impairment of assets and presentation of financial statements.

The company will provide disclosures of the key elements of its progress on this transition as the information becomes available during the transition period. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business which is the acquisition, financing, exploration, development and operation of mining properties. An investment in the Company is considered to be speculative due to the nature of Silver Bear's business and the present stage of its development. For a discussion of risk factors and additional information please refer to the Company's 2008 Annual MD&A, the 2008 Annual Information Form and other filings, which are available on the Company's website www.silverbearresources.com and on www.sedar.com or upon request from the Company. The risk factors described in these documents are not the only ones facing the Company. Additional risks currently not known to the Company or that the Company considers immaterial may also impair the business operations of the Company. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. If any of the described risks actually occurs, the Company's business, financial condition and operating results could be materially affected. In such case, the trading price of the common shares of the Company would likely decline and the holders of common shares of the Company could lose all or part of their investment.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements relating to, but not limited to, the Company'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 reserve and resource estimates, estimates of future production, unit costs, 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 statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any forward-looking statement. These risks, uncertainties and other factors include, but are not limited to, failure to establish estimated resources and reserves; the grade and recovery of ore which is mined varying from estimates; 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; delays in the development of projects: challenges from governmental authorities of Silver Bear's validity of the title to its Russian assets; and other factors, disclosed herein and in other documentation filed by the Company on SEDAR. All forward-looking statements in this MD&A are qualified by these cautionary statements.

Potential shareholders and prospective investors should be aware that these statements are 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 statements. 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 Company 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.

Consolidated Balance Sheet

(Canadian dollars)
(Unaudited)

	September 30, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	**$ 13,179,442**	$ 24,170,023
Other receivable	**8,924**	75,538
Inventories (note 4)	**1,365,382**	1,142,408
Prepaid expenses (note 5)	**283,851**	666,396
	14,837,599	26,054,365
Capital assets		
Mineral properties (note 6)	**1,265,117**	1,265,117
Property, plant and equipment (note 7)	**2,143,495**	2,520,265
Asset held for sale (note 16)	**944,150**	944,150
	$ 19,190,361	$ 30,783,897
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**$ 507,177**	$ 1,013,888
Long-term liabilities		
Asset retirement obligation (note 15)	**599,225**	570,711
Shareholders' equity		
Capital Stock (note 10)	**73,771,289**	73,771,289
Contributed surplus	**8,946,911**	8,621,876
Deficit	**(64,634,241)**	(53,193,867)
	18,083,959	29,199,298
	$ 19,190,361	$ 30,783,897

Going concern (note 1)

Commitments and contingency (note 13)

See accompanying notes to interim consolidated financial statements

Consolidated Statements of Operations and Comprehensive Loss and Deficit

(Canadian dollars)
(Unaudited)

	Three-months ended		Nine-months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Income				
Interest income	**$ 14,806**	$ 137,914	**$ 88,640**	$ 603,308
Expenses				
Exploration costs	**2,880,980**	7,206,937	**8,149,034**	11,851,297
General and administrative	**434,209**	603,169	**1,852,550**	3,230,726
Stock option compensation	**(20,380)**	292,302	**325,035**	1,021,759
Amortization	**187,628**	195,111	**562,214**	732,502
Accretion expense	**9,508**	3,794	**28,514**	11,376
Loss on disposal of property, plant and equipment	**–**	–	**11,631**	–
Foreign exchange loss (gain)	**170,838**	151,493	**600,037**	(46,159)
Expenses from continued operations	**3,662,783**	8,452,806	**11,529,015**	16,801,501
Non-controlling interest (note 9 and 17)	**–**	–	**–**	(33,179)
Loss and Comprehensive Loss for the year from continued operations	**(3,647,977)**	(8,314,892)	**(11,440,374)**	(16,165,014)
Discontinued operations (note 17)	**–**	–	**–**	2,502,027
Net Loss	**(3,647,977)**	(8,314,892)	**(11,440,374)**	(13,662,987)
Deficit – Beginning of the period	**(60,986,264)**	(40,840,324)	**(53,193,867)**	(35,492,229)
Deficit – End of the period	**$ (64,634,241)**	$ (49,155,216)	**$ (64,634,241)**	$ (49,155,216)
Weighted average number of common shares outstanding	**37,935,569**	37,066,717	**37,935,569**	36,841,555
Income (loss) per share from continued operations	**$ (0.10)**	$ (0.22)	**$ (0.30)**	$ (0.44)
Income per share from discontinued operations	**–**	–	**–**	0.07
Loss per share	**$ (0.10)**	$ (0.22)	**$ (0.30)**	$ (0.37)

Going concern (note 1)

See accompanying notes to interim consolidated financial statements

Consolidated Statements of Cash Flows

(Canadian dollars)
(Unaudited)

	Three-months ended		Nine-months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Cash provided by (used in)				
Operating activities				
Loss from Continuing operations	**$ (3,647,977)**	$ (8,314,892)	**$ (11,440,374)**	$ (16,165,014)
Items not affecting cash:				
Amortization	**187,628**	195,111	**562,214**	732,502
Accretion expense	**9,508**	3,794	**28,514**	11,376
Stock option compensation	**(20,380)**	292,303	**325,035**	1,021,759
Loss on disposal of property, plant and equipment	**–**	–	**11,631**	–
Net change in non-cash working capital (note 12)	**(424,570)**	778,964	**(245,467)**	1,861,823
Net cash used by continuing operations	**(3,895,794)**	(7,044,720)	**(10,758,448)**	(12,537,554)
Financing activities				
Issuance of common shares	**–**	4,434,420	**–**	5,779,977
Non-controlling interest	**–**	–	**–**	(127)
Net cash provided by financing activities	**–**	4,434,420	**–**	5,779,850
Investing activities				
Acquisition of property, plant and equipment	**(1,573)**	(807,372)	**(232,133)**	(3,055,484)
Net cash used by financing activities	**(1,573)**	(807,372)	**(232,133)**	(3,055,484)
Decrease in cash and cash equivalents during the period	**(3,897,368)**	(3,417,672)	**(10,990,582)**	(9,813,188)
Increase in cash and cash equivalents during the period from discontinued operations	**–**	–	**–**	8,186,979
Cash and cash equivalents – beginning of the period	**17,076,808**	32,087,043	**24,170,023**	30,295,580
Cash and cash equivalents – end of the period	**$ 13,179,442**	$ 28,669,371	**$ 13,179,442**	$ 28,669,371

Notes to Consolidated Financial Statements

As at September 30, 2009 and 2008
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Bear Resources Inc. (the "Company" or "Silver Bear") was incorporated under the Business Corporations Act of the Province of Ontario, Canada, on April 8, 2004 and continued under Articles of Continuance dated August 30, 2004 under the Business Corporations Act (Yukon) and February 1, 2005 under the Business Corporations Act (Ontario). The primary business of the Company is evaluation, acquisition and exploration of silver and gold mineral properties in the Russian Federation. The principal asset of the Company is the project described in Note 6. The exploration strategy of the Company is to focus on the discovery of silver deposits. To date Silver Bear has not earned revenue and is considered to be in the exploration stage.

As at September 30, 2009, the Company has no source of operating cash flows. The Company's ability to meet its obligations and continue as a going concern is dependent on the ability to identify and complete future funding.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due. As at September 30, 2009, the Company had no source of operating cash flows and reported a loss for the nine-month period then ended of $11,440,374 and an accumulated deficit of $64,634,241. In order to fund future operations, maintain rights under licenses and agreements and to advance the project, the Company must secure sufficient future funding. In these circumstances, there exists significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, as to the appropriateness of the use of accounting principles applicable to a going concern. The Company secured funding through an initial public offering of its common shares in December 2007, and an over-allotment option that was completed on January 18, 2008 for aggregate gross proceeds of $32,091,239. On July 16, 2008 the Company also completed a private placement of 1,500,000 common shares for aggregate gross proceeds of $4,500,000, the funds were used to meet the Company's exploration requirements and contractual obligations and to continue as a going concern. While the Company has been successful in raising financing to date, there can be no assurance that it will be able to do so in the future.

These unaudited interim consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, and the reported net loss and balance sheet classifications used. These adjustments could be material.

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

These unaudited interim consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries: Silver Bear Holdings Limited (a Barbados corporation) ("Holdings"), and ZAO Prognoz (a Russian Federation corporation). These unaudited interim consolidated financial statements include the assets and liabilities of the Company as September 30, 2009 and its results of operations and its cash flows for the period ended September 30, 2009. All significant inter-company accounts and transactions have been eliminated on consolidation.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company is dependent on external financing to fund on going activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend existing working capital and raise additional amounts as needed. The Company 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 Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2009 compared to the year ended December 31, 2008. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

FINANCIAL RISK FACTORS

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

Credit risk

The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of interest earning bank accounts, which are invested with Canadian chartered banks as well as Government of Canada Treasury Bills and management believes the risk of loss to be remote. Miscellaneous receivables consist of taxes due from the Federal Government of Canada and costs paid on behalf of a supplier. Management believes that the credit risk concentration with respect to accounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2009, the Company had a cash balance of $13,179,442, (December 31, 2008 – $24,170,023) to settle current liabilities of $507,177 (December 31, 2008 – $1,013,888), as well as its commitments outlined in note 13.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high interest earning bank accounts with Canadian financial intuitions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company funds certain exploration and administrative expenses on a transaction by transaction basis using US dollar and Russian Ruble currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The Company's cash and cash equivalents are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Sensitivity to a plus 1% change in interest rates would have affected the net loss for the nine-month period by a reduction of $142,239, a minus 1% change in interest rates would have increased the net loss for the nine-month period by $77,845 as some deposits currently earn less than 1%.

The carrying amount of accounts receivable equals fair market value.

Sensitivity to a plus or minus 1% change in foreign exchange rate would affect net loss by $79,981 with all other variables held constant.

Price risk is remote since the Company is not a producing entity.

4. INVENTORIES

Material and supplies inventories are stated at the lower of average cost or net realizable value.

Inventories consist of the following:

	September 30, 2009	December 31, 2008
Fuel and lubricants	**$ 594,012**	$ 673,239
Explosives	**53,871**	139,186
Drilling supplies and food	**717,499**	329,983
	$ 1,365,382	$ 1,142,408

5. PREPAID EXPENSES

Prepaid expenses consists of the following:

	September 30, 2009	December 31, 2008
Project advances - Mangazeisky		
Exploration Services	**$ 213,536**	$ 582,263
Rent	**1,042**	24,691
Other	**69,273**	59,442
	$ 283,851	$ 666,396

6. MINERAL PROPERTY

Mineral property includes the cost of acquiring exploration and mining licenses.

Mineral property consists of the following:

	June 30, 2009	December 31, 2008
Mangazeisky – exploration license	$ 1,265,117	$ 1,265,117

The Company acquired the exploration licence in respect of the Mangazeisky property when it acquired all the shares of ZAO Prognoz on October 21, 2004.

The following disclosure provides cumulative exploration costs pursuant to CICA Accounting Guideline 11 "Enterprises in the Development Stage".

	September 30, 2009	December 31, 2008
Mangazeisky	**$32,914,012**	$24,764,978
Russian management costs	**1,563,283**	1,563,283
Corporate costs related to exploration activities	**477,411**	477,411
	$34,954,706	$26,805,672

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, less accumulated amortization.

Property, plant and equipment consist of the following:

	September 30, 2009			December 31, 2008		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Exploration plant and equipment						
Mangazeisky site	**$4,643,254**	**$3,260,853**	**$1,382,401**	$ 4,546,848	$ 2,771,239	$ 1,775,609
Construction in progress	**624,403**	**–**	**624,403**	622,833	–	622,833
Yakutsk office	**172,423**	**124,793**	**47,630**	171,013	105,156	65,857
Other office furniture, equipment and leasehold improvements	**455,073**	**366,012**	**89,061**	395,453	339,487	55,966
	$5,895,153	**$3,751,658**	**$2,143,495**	$ 5,736,147	$ 3,215,882	$ 2,520,265

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	September 30, 2009	December 31, 2008
Exploration costs – Mangazeisky project	**$ 354,838**	$ 435,809
Corporate – accounts payable and accrued liabilities	**152,339**	578,079
	$ 507,177	$ 1,013,888

9. NON-CONTROLLING INTEREST

The non-controlling interest relates to a previous investment in Mine Avlayakan LLC (Avlayakan) On May 27, 2008, the non-controlling interest was eliminated upon the sale of the Company's 70% interest in Avlayakan.

10. SHAREHOLDERS' EQUITY

Common shares

Authorized:

Unlimited number of common shares and preference shares issued:

Issued and outstanding:

	June 30, 2009		December 31, 2008	
	Number of common shares	$	Number of common shares	$
Balance – Beginning of period	**37,935,569**	**73,771,289**	35,735,569	67,991,311
Issued pursuant to Initial Public Offering (a)	**–**	**–**	700,000	1,560,013
Issued pursuant to private placement, net (b)	**–**	**–**	1,500,000	4,219,965
Balance – End of period	**37,935,569**	**73,771,289**	37,935,569	73,771,289

(a) On January 18, 2008 Silver Bear completed the sale of 700,000 common shares at a price of $3.00 per common share pursuant to the exercise in part of an over-allotment option for gross proceeds of $2,100,000 (net proceeds of $1,560,013). The underwriting syndicate was co-led by RBC Capital Markets and Merrill Lynch & Co., and included GMP Securities L.P. and Wellington West Capital Markets Inc. No further over-allotment options remain outstanding. On December 19, 2007, Silver Bear successfully completed its initial public offering of 10,000,000 common shares at a price of $3.00 per share for gross proceeds of $30,000,000. Net proceeds after payment of Agent's commission of 6% and related expenses were $27,339,953.

(b) On July 16, 2008 the company completed a private placement with Alfa Bank Consortium for 1,500,000 common shares for net proceeds to the company of $4,219,965.

Stock Options

The Company has a stock option plan which is intended to provide an incentive to officers, employees, directors and consultants of the Company. Stock options are granted from time to time and the option price is determined by the Compensation Committee of the Board of Directors at is sole discretion but shall not be less then the closing price of the Company's common stock on The Toronto Stock Exchange two trading days after the date of the grant. The term of each option granted is for a period not exceeding ten years from the date of the grant. Except as expressly provided for in the option holder's employment, consulting or termination contract, the option holder may exercise the option to the extent exercisable on the date of such termination at any time within twelve months after the date of termination.

In May 2008, the Board of Directors approved an increase of 958,333 options to the stock option plan bringing the total options available to issue to 4,000,000. As at September 30, 2009 the Company had 3,566,659 options outstanding.

	September 30, 2009		December 31, 2008	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Balance-Beginning of period	**3,766,659**	**2.72**	2,841,655	3.76
Granted	**–**	**–**	1,375,002	0.98
Expired/Forfeited	**(200,000)**	**0.28**	(449,998)	4.00
Balance- End of period	**3,566,659**	**2.80**	3,766,659	2.72

As at September 30, 2009, the Company had share options outstanding and expiring as follows:

	Outstanding		Exercisable	
Expiring during the year	Number	Weighted average exercise price $	Number	Weighted average exercise price $
2010	**796,664**	**3.94**	**796,664**	**3.94**
2012	**636,664**	**4.50**	**636,664**	**4.50**
2013	**680,000**	**0.28**	**–**	**–**
2014	**958,329**	**3.00**	**897,218**	**3.00**
2015	**495,002**	**2.21**	**330,001**	**2.21**
	3,566,659	**2.85**	**2,660,547**	**3.54**

In December 2008, 880,000 stock options were granted to various employees, officers and a director of the Company. The exercise price of the options is $0.28 and the term is five years. For purposes of valuation, the fair value of the stock options was estimated on the date of the grant using the Black-Scholes stock option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 165.18%; risk-free rate of return of 2.41% and an average expected life of 6 years. The fair market value of these options at time of grant was $171,600.

In August, 2008, 300,000 stock options were granted to various directors and an employee of the Company. The exercise price of the options is $1.70 and the term is seven years. For purposes of valuation, the fair value of the stock options was estimated on the date of the grant using the Black-Scholes stock option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 91.7%; risk-free rate of return of 3.13% and an average expected life of 6 years. The fair market value of these options at time of grant was $510,000.

In February, 2008, 195,002 stock options were granted to various directors, officers and an employee of the Company. The exercise price of the options is $3.00 and the term is seven years. For purposes of valuation, the fair value of the stock options was estimated on the date of the grant using the Black-Scholes stock option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 65%; risk-free rate of return of 4.37% and an average expected life of 6 years. The fair market value of these options at time of grant was $477,755.

In 2009, 449,998 options expired that had been granted at an average option price of $4.00.

Stock options granted after December 2008 vest as follows: one third on the first anniversary of the grant, one third on the second anniversary of the grant and one third on the third anniversary of the grant. Stock options granted before December 2008 vest as follows: one third immediately, one third on the first anniversary of the grant and one third on the second anniversary of the grant.

In 2009, 200,000 options expired that had been granted at an average option price of $0.28.

Contributed surplus consists of the following:

	September 30, 2009	December 31, 2008
Balance – Beginning of period	**$ 8,621,876**	$ 6,835,085
Stock option compensation	**325,035**	1,513,216
Value assigned to expired warrants	**–**	273,575
Balance – End of period	**$ 8,946,911**	$ 8,621,876

Loss per share

As a result of net losses in each of the periods, the potential effect of exercising stock options and warrants has not been included in the calculation of loss per share because to do so would be anti-dilutive.

11. RELATED PARTY TRANSACTIONS

In November 2008, a new cost sharing agreement was reached between Silver Bear and New Gold Inc. (NGD) with an effective date of January 1, 2009. The new agreement amends cost sharing ratios between the two companies to 33% for Silver Bear and 67% to NGD, to reflect current levels of activities. NGD would initially incur the costs and Silver Bear will reimburse NGD based on the revised cost sharing agreement.

We relocated our Toronto head office in June 2008 and share premises with NGD. As a result of NGD entering into a new lease they have charged Silver Bear for our proportional share under the cost sharing agreement. Silver Bear's share of the estimated rental and operating costs is approximately $1.9 million over the ten year term. At September 30, 2009, $2,806 (2008 – $23,063) was receivable from NGD for items paid by Silver Bear and billed to NGD.

12. NET CHANGE IN NON-CASH WORKING CAPITAL

Net change in non-cash working capital consists of the following:

	Three-months ended		Six-months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Receivable from related party	**$ 1,331**	**$ (1,364)**	$ 20,257	$ 11,784
Non-controlling interest receivable	**–**	**–**	–	151,592
Inventories	**449,932**	**482,110**	(222,973)	(925,432)
Prepaid expenses	**265,799**	**(299,323)**	382,545	1,083,520
Miscellaneous receivables	**7,144**	**45,005**	46,355	13,319
Accounts payable and accrued liabilities	**(1,183,836)**	**552,536**	(506,711)	1,527,040
Donated asset	**35,060**	**–**	35,060	–
	$ (424,570)	**$ 778,964**	$ (245,467)	$ 1,861,823

13. COMMITMENTS AND CONTINGENCY

In order to maintain the exploration license at the Mangazeisky Project in good standing, Silver Bear is required to conduct certain minimum levels of exploration activity. The exploration program concluded in 2008 and 2009 more than satisfy the commitments established in the License Agreement.

Silver Bear entered into a diamond drilling contract at the Mangazeisky Project for 2009. All work related to the diamond drilling contract has been completed with the exception of demobilization charges of $26,000 per month, commencing October 2009, until the equipment is returned to the contractor in Khabarovsk, Russia. Should the Company choose to sign a contract for drilling services in 2010 before November 15, 2009 these charges would not apply.

The Company is 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 Silver Bears' financial position, results of operations or cash flows.

In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, the Company 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 proceeding as expensed as incurred.

14. SEGMENTED INFORMATION

The Company's operating segments include one property in the Russian Federation, (Mangazeisky) and a corporate office in Toronto, Canada.

The following is segmented information as at September 30, 2009:

	As at September 30, 2009						
Country / Property	Cash and cash equivalents	Inventories	Prepaid expenses	Other current assets	Mineral properties	Property, plant and equipment	Asset Held for Sale
Russia - Mangazeisky	**$ 93,916**	**$ 1,365,382**	**$ 127,834**	**$ –**	**$ 1,265,117**	**$ 2,054,434**	**$ –**
Canada - corporate	**13,085,526**	**–**	**156,017**	**8,924**	**–**	**89,061**	**944,150**
	$13,179,442	**$ 1,365,382**	**$ 283,851**	**$ 8,924**	**$ 1,265,117**	**$ 2,143,495**	**$ 944,150**

The following is segmented information as at December 31, 2008:

	As at December 31, 2008						
Country / Property	Cash and cash equivalents	Inventories	Prepaid expenses	Other current assets	Mineral properties	Property, plant and equipment	Asset Held for Sale
Russia - Mangazeisky	$ 2,739,256	$ 1,142,408	$ 531,483	$ 47,579	$ 1,265,117	$ 2,464,300	$ –
Canada - corporate	21,430,767	–	134,913	27,959	–	55,965	944,150
	$ 24,170,023	$ 1,142,408	$ 666,396	$ 75,538	$ 1,265,117	$ 2,520,265	$ 944,150

15. ASSET RETIREMENT OBLIGATION

Asset retirement obligation consists of the following:

	September 30, 2009	December 31, 2008
Balance at the beginning of the period	**$ 570,711**	$ 245,360
Increase in liability	**–**	305,446
Accretion	**28,514**	19,905
Balance, end of period	**$ 599,225**	$ 570,711

The asset retirement obligation relates to the Mangaziesky project located in the Republic of Sakha, Yakutia in the Russian Federation. The Company estimated the cost of rehabilitating the site at $599,225 in the next three years. Such estimated costs have been discounted using a credit adjusted risk-free rate of 5.8%. Gross payments are expected to be $602,292 in 2012 and management has used an inflation factor of 12.6% to determine future gross payments.

16. ASSETS HELD FOR SALE

Assets held for sale consist of two Zinex drill rigs and all ancillary equipment. The Company is in the process of identifying potential purchasers of the equipment and accordingly the assets are being held for sale.

17. DISCONTINUED OPERATIONS

On June 1, 2006, the Company acquired a 70% interest in Mine Avlayakan LLC ("Avlayakan") from Gold Mining Artel ("Vostok"). Avlayakan was incorporated to hold exploration and gold production licenses in the Khabarovsk region of the Russian Federation.

The purchase price paid by Silver Bear was US $5,100,000 (CAD$5,852,854).

On May 12, 2008 the Company signed an agreement to sell its 70% interest in Mine Avlayakan LLC for the US $8,500,000, plus the assumption of all current and contingent obligations of Silver Bear with regard to the Project. The agreement, which was subject to a number of standard conditions, closed in May 2008. The Company recorded a gain on the sale of discontinued operations of $2,502,027 during the second quarter of 2008.

Corporate Information

DIRECTORS

The Honourable J. Trevor Eyton, O.C. [1, 5, 6]
Non-executive Chairman of the Board of Directors
Former Member of the Senate of Canada

William Biggar [2, 4]
President and CEO
North American Palladium Ltd.

Dzhulustan Borisov
President, National Republic Bank

Dominic Gualtieri [5]
Corporate Director

Alexey Mikhaylovskiy [6]
CEO, United Gold Company

Cameron Mingay [6]
Partner, Cassels Brock & Blackwell, LLP

Randall Oliphant
President and CEO, Silver Bear Resources Inc.
Executive Chairman, New Gold Inc.

Christopher Westdal [3, 4, 5]
Consultant in International Affairs

1. *Chairman, Compensation Committee*
2. *Chairman, Audit Committee*
3. *Chairman, Governance and Environmental Committee*
4. *Member, Compensation Committee*
5. *Member, Audit Committee*
6. *Member, Governance and Environmental Committee*

SENIOR MANAGEMENT

Randall Oliphant
President and Chief Executive Officer

Brian Penny
Chief Financial Officer and Corporate Secretary

Randy Lewis
Managing Director – Russia

Vivian Park
Director of Exploration

Greg Powell
Corporate Controller

TORONTO OFFICE

Royal Bank Plaza, South Tower
200 Bay Street, Suite 3120, PO Box 167
Toronto, Ontario, Canada M5J 2J4
T. 416 324 6000

TRANSFER AGENT

Computershare
100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1
www.computershare.com

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange (TSX:SBR)

INVESTOR RELATIONS

Hannes Portmann
hportmann@silverbearresources.com
T. 416 324 6014

AUDITORS

PricewaterhouseCoopers LLP
Toronto, Ontario, Canada

SILVER BEAR RESOURCES INC.

200 Bay Street, South Tower
Royal Bank Plaza, Suite 3120
Toronto, ON M5J 2J4

www.silverbearresources.com