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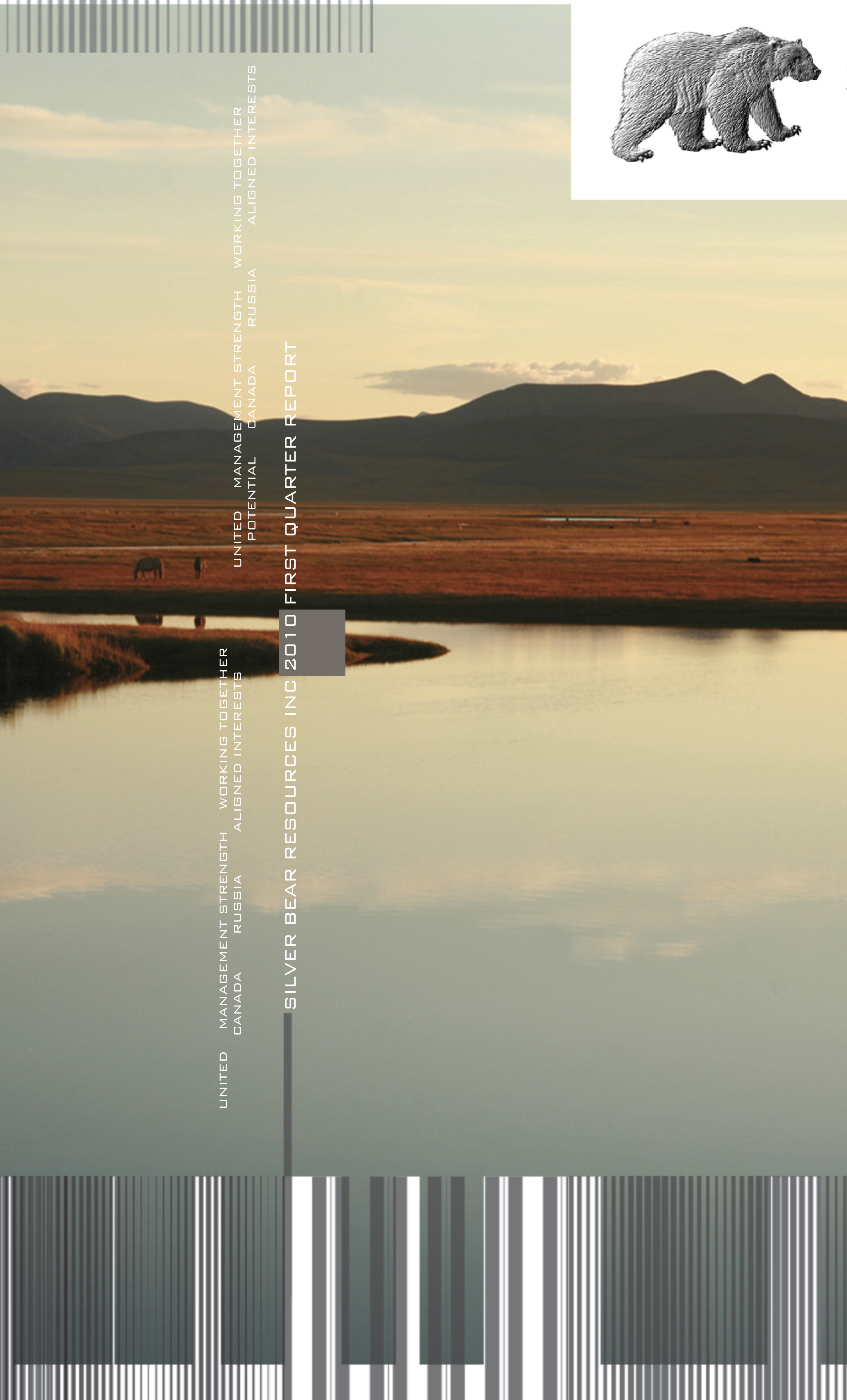
SILVER BEAR RESOURCES INC.



The following Management's Discussion and Analysis, which has been prepared as of May 4, 2010, related to the unaudited consolidated financial results of Silver Bear Resources Inc. (the "Company" or "Silver Bear") for the period ended March 31, 2010, should be read in conjunction with the December 31, 2009 audited consolidated financial statements and related notes, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This discussion covers the period ended March 31, 2010. Other pertinent information about 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) 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 precious metal properties. 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.

OUTLOOK

While Silver Bear continues to demonstrate that the Mangazeisky Project may host an attractive silver deposit with significant potential, the Company is currently evaluating all strategic alternatives available in an effort to maximize the return to shareholders of Silver Bear's remaining cash balance. Silver Bear continues to have many strengths: a property with a significant resource and further exploration potential; a strong Russian partner; an experienced management team; cash on hand; and no debt. The challenges presented by the financial markets in 2009 and into 2010 have had a significant impact on exploration stage companies, many of which are faced with challenges in accessing capital. Silver Bear believes that the Company's current assets are key in its pursuit of strategic alternatives which may include: continued exploration/development of the Mangazeisky Project; a joint venture for the Mangazeisky Project; a sale of the property or a business combination or other strategic transaction with another mineral-focused company. Silver Bear plans on spending approximately $2.0 million to complete assessment and reconnaissance work at Mangazeisky in 2010, in addition to $1.9 million in Corporate general and administrative costs.

RESULTS OF OPERATIONS

Period Ended March 31, 2010, compared to Period Ended March 31, 2009.

Revenues

As at March 31, 2010, the Company was in the exploration stage and therefore did not have revenues from operations. Interest income for the period ended March 31, 2010, was $nil as compared to $0.1 million for the period ended March 31, 2009, a decrease of $0.1 million. Interest income decreased due to lower cash balances on hand and lower interest rates received on cash deposits and treasury bills.

Expenses

Exploration

For the period ended March 31, 2010, Silver Bear spent $0.6 million on exploration activities, compared with $2.6 million during the same period in 2009. Costs associated with the Mangazeisky Project for the period ended March 31, 2010 relate to the 2010 program as well as costs related to the Company's Yakutsk administrative office. Exploration expenses decreased when compared to the 2009 period as Silver Bear is focused on completing assessment and reconnaissance work in 2010, as the Company fulfilled its trenching and drilling requirements for 2010 on a cumulative basis in 2009, which will require fewer people and equipment compared to the prior period in which Silver Bear was preparing for a drill program with increased costs associated with supplying a full camp and preparing for a drilling season.

General and Administrative

General and administrative expenses for the period ended March 31, 2010 were $0.4 million, compared with $0.7 million in the 2009 period. General and administrative expenses decreased primarily as a result of a $0.1 million reduction in professional fees, a $0.1 million reduction in management salaries and a reduction of $0.1 million in other general and administrative costs for the period ended March 31, 2010.

Non-Cash Items

Non-cash stock option compensation expense for the period ended March 31, 2010 was $0.1 million compared with $0.2 million for the period ended March 31, 2009. Stock option compensation expense has decreased compared to 2009 as the majority of options became fully vested.

Amortization expense for the period ended March 31, 2010 was $0.2 million (period ended March 31, 2009 – $0.2 million). The foreign exchange loss for the period ended March 31, 2010 was $nil (period ended March 31, 2009 – $0.3 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 period ended March 31, 2010 of $1.2 million, or $0.03 per share. This compares to a loss of $4.0 million or $0.11 per share for the period ended March 31, 2009. Exploration costs were $0.6 million in the period ended March 31, 2010 compared with $2.6 million in the period ended March 31, 2009, as the Company benefited from reduced overhead. General and administrative expenses for the period ended March 31, 2010 were $0.4 million compared with $0.7 million in the prior period as the Company reduced corporate office and salary related costs. Non-cash items for the period ended March 31, 2010 were $0.2 million compared with $0.7 million in the period ended March 31, 2009. Interest income for the period ended March 31, 2010 was $nil compared with $0.1 million in the prior period.

Liquidity and Capital Resources

At March 31, 2010, Silver Bear had cash and cash equivalents of $11.7 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 through the end of 2010.

The Company 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 Silver Bear's financial position, results of operations or cash flows. There were no material outstanding legal proceedings as of March 31, 2010.

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 are expensed as incurred.

Off-Balance Sheet Arrangements
The Company has no off-balance sheet arrangements.

Capital Stock
As at May 4, 2010, the Company had issued and outstanding 37,935,569 Common Shares (December 31, 2009 –37,935,569).

As at March 31, 2010, 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 $
2014	25,000	3.00	25,000	3.00
2013	675,000	0.28	225,001	0.28
	700,000	0.38	250,001	0.55

In order for Silver Bear to make options available for future grants and for other strategic alternatives, the Company asked holders of out-of-the-money options to voluntarily surrender their options back to Silver Bear. Effective January 22, 2010 option holders voluntarily surrendered 2,861,659 options back to the Company. A total of 3,300,000 options are available for issue in the future.

Summary of Quarterly Results ($)

	Mar-10	Dec-09	Sept-09	Jun-09
Net Loss	**(1,174,685)**	**(1,847,058)**	**(3,647,977)**	**(3,806,528)**
Basic and diluted loss per share ($ per share)	**(0.03)**	**(0.04)**	**(0.10)**	**(0.10)**
Cash and cash equivalents	**11,691,153**	**12,320,095**	**13,179,442**	**17,076,808**
Total assets	**16,084,331**	**17,226,703**	**19,190,361**	**24,033,044**
Total long-term financial liabilities	**618,229**	**608,725**	**599,225**	**589,717**

	Mar-09	Dec-08	Sept-08	Jun-08
Net Loss	(3,985,866)	(4,038,651)	(8,314,892)	(2,434,315)
Basic and diluted loss per share ($ per share)	(0.11)	(0.11)	(0.22)	(0.07)
Cash and cash equivalents	19,347,148	24,170,023	28,669,371	32,087,043
Total assets	26,936,190	30,783,897	35,978,824	38,904,042
Total long-term financial liabilities	580,215	570,711	577,814	252,942

Related Party Transactions

In the first quarter of 2010, a new cost sharing agreement was reached between Silver Bear and New Gold Inc. (NGD) with an effective date of January 1, 2010. The new agreement amends cost sharing ratios between the two companies to 15% for Silver Bear and 85% to NGD to reflect current proportional levels of activities. NGD would initially incur the costs and Silver Bear will reimburse NGD based on the revised cost sharing agreement.

Silver Bear shares premises with NGD in Toronto. As a result of NGD entering into a new lease they have charged Silver Bear for our proportional share under the cost sharing agreement. At March 31, 2010, $3,448 (2009 – $9,992) was receivable from NGD for items paid by Silver Bear and billed to NGD. At March 31, 2010, $36,849 (2009 – $40,848) was payable to NGD for items paid by NGD and billed to Silver Bear.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design and effectiveness 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 management's assessment 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 March 31, 2010 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In February 2008, the CICA Accounting Standards Board confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there may be significant differences in recognition, measurement and disclosure that may materially impact the Company's financial statements.

The Company will transition to IFRS effective January 1, 2011 and intends to issue its first interim financial statements under IFRS for the three-month period ending March 31, 2011 and a complete set of financial statements under IFRS for the year ending December 31, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the financial year ended December 31, 2010.

The Company expects the transition to IFRS will impact accounting, financial reporting, internal controls over financial reporting, taxes, information systems, and processes.

The Company has formalized the project team and required resources, outlined the governance structure including definition of reporting requirements to, among others, the Audit Committee, and defined IFRS conversion plan in three separate and distinct phases: Diagnostic, Design, and Implementation.

Diagnostic phase – consists of preliminary scoping and high-level assessment of key areas of Canadian GAAP-IFRS differences that are most likely to impact the Company. Key areas of impact for the Company are, among others: IFRS 1 – first time adoption, foreign currency, property, plant and equipment, asset retirement obligations, impairment of assets, presentation of financial statements and share-based payment transactions. Other areas were classified into areas with medium to low importance/impact on the Company's financials or those that will probably have no impact at all. The final impact of the conversion on the Company's financial statements cannot be measured at this time.

Design phase – commenced in first quarter 2010, involves the detailed analysis and assessment from the accounting, reporting, and business perspective of the changes that will be caused by the conversion to IFRS. Deliverables on this stage are technical papers that detail differences between Canadian GAAP and IFRS in the areas identified in the Diagnostic phase, financial and non-financial reporting impacts, and disclosure and IFRS 1 transitional election considerations. This will provide rationale for accounting policy choices and support for the next implementation phase.

Implementation phase – involves implementing all of the required changes to business and accounting processes that are necessary for IFRS compliance.

The Company will continue to monitor its progress and results from the existing conversion plan, as well as ongoing changes to IFRS, and adjust its transition and implementation plans accordingly.

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. For a discussion of risk factors and additional information please refer to the Company's 2009 Annual MD&A, The 2009 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 are not the only ones facing the Company. Additional risks currently not known to the Company or that the Company considers immaterial may also impair the business operations of the Company. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. If any of the following risks actually occurs, the Company's business, financial condition and operating results could be materially affected. In such case, the trading price of the common shares of the Company would likely decline and the holders of common shares of the Company could lose all or part of their investment.

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 risk factors as 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 Sheets

(Canadian dollars)
(unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,691,153	$ 12,320,095
Receivables	63,037	355,438
Inventories (note 4)	1,212,613	1,226,195
Prepaid expenses (note 5)	71,554	90,677
	13,038,357	13,992,405
Capital assets		
Mineral property (note 6)	1,265,117	1,265,117
Property, plant and equipment (note 7)	1,780,857	1,969,181
	$ 16,084,331	$ 17,226,703
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	$ 322,257	$ 352,298
Long-term liabilities		
Asset retirement obligation (note 14)	618,229	608,725
Shareholders' equity		
Capital Stock (note 9)	73,771,289	73,771,289
Contributed surplus	9,028,537	8,975,687
Deficit	(67,655,981)	(66,481,296)
	15,143,845	16,265,680
	$ 16,084,331	$ 17,226,703

Going concern (note 1)

Commitments and contingency (note 12)

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations and Comprehensive Loss and Deficit

(Canadian dollars)
(unaudited)

	Three-month periods ended	
	March 31, 2010	March 31, 2009
Income		
Interest income	**$ 10,357**	$ 56,445
Expenses		
Exploration costs	**553,798**	2,581,816
General and administrative	**383,331**	730,999
Stock option compensation	**52,850**	191,742
Amortization	**188,324**	180,319
Accretion expense	**9,504**	9,504
Gain on disposal of property, plant and equipment	**(1,922)**	–
Foreign exchange loss (gain)	**(843)**	347,931
Expenses from operations	**1,185,042**	4,042,311
Loss and Comprehensice Loss for the period	**(1,174,685)**	(3,985,866)
Deficit – Beginning of the period	**(66,481,296)**	(53,193,867)
Deficit – End of the period	**$ (67,655,981)**	$ (57,179,733)
Weighted average number of common shares outstanding	**37,935,569**	37,935,569
Loss per share	**$ (0.03)**	$ (0.11)

Going concern (note 1)

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

(Canadian dollars)
(unaudited)

	Three-month periods ended	
	March 31, 2010	March 31, 2009
Cash provided by (used in)		
Operating activities		
Net Loss from operations	**$ (1,174,685)**	$ (3,985,866)
Items not affecting cash:		
Amortization	**188,324**	180,319
Accretion expense	**9,504**	9,504
Stock option compensation	**52,850**	191,742
Loss on disposal of property, plant and equipment	**(1,922)**	–
Net change in non-cash working capital (note 11)	**295,065**	(1,005,102)
Net cash used in operations	**(630,864)**	(4,609,403)
Investing activities		
Acquisition of property, plant and equipment	**–**	(213,470)
Proceeds from sale of property, plant and equipment	**1,922**	–
	1,922	(213,470)
Decrease in cash and cash equivalents during the period	**(628,942)**	(4,822,873)
Cash and cash equivalents – beginning of the period	**12,320,095**	24,170,023
Cash and cash equivalents – end of the period	**$ 11,691,153**	$ 19,347,150

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 the evaluation, acquisition, exploration and development of precious metal properties. 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 from operations and is considered to be in the exploration stage.

As at March 31, 2010, 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 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 for the foreseeable future. As at March 31, 2010, the Company had no source of operating cash flows and reported a loss for the period then ended of $1,174,685 and an accumulated deficit of $67,655,981. 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 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 consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

These unaudited 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 consolidated interim financial statements include the assets and liabilities of the Company as at March 31, 2010 and its results of operations and its cash flows for the period ended March 31, 2010. 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 March 31, 2010 compared to the year ended December 31, 2009. 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 and management believes the risk of loss to be remote. Miscellaneous receivables consist of taxes due from the Federal Government of Canada, and value added tax refund in the Russian Federation. Management believes that the credit risk concentration with respect to accounts receivable is low.

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 March 31, 2010, the Company had a cash balance of $11,691,153, (December 31, 2009 – $12,320,095) to settle current liabilities of $322,257 (December 31, 2009 – $352,298), as well as its commitments outlined in Note 12.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in 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 U.S. 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 year by a reduction of $22,425; a minus 0.3% change in interest rates would have increased the net loss for the year by $10,350 as 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 the foreign exchange rate would affect net loss by $206 with all other variables held constant. Price risk is remote since the Company is not a producing entity.

New Accounting Standards

Business Combinations and Related Sections

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations.

4. INVENTORIES

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

Inventories consist of the following:

	March 31, 2010 $	December 31, 2009 $
Fuel and lubricants	**$ 529,315**	$ 546,610
Parts and Supplies	**683,298**	679,585
	$ 1,212,613	$ 1,226,195

5. PREPAID EXPENSES

Prepaid expenses consists of the following:

	March 31, 2010 $	December 31, 2009 $
Project advances – Mangazeisky		
Exploration Services	**$ 52,064**	$ 49,111
Rent	**2,381**	–
Other	**17,109**	41,566
	$ 71,554	$ 90,677

6. MINERAL PROPERTY

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

Mineral property consists of the following:

	March 31, 2010 $	December 31, 2009 $
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".

	March 31, 2010 $	December 31, 2009 $
Mangazeisky	**$ 34,212,696**	$ 33,658,898
Russian management costs	**1,563,283**	1,563,283
Corporate costs related to exploration activities	**477,411**	477,411
	$ 36,253,390	$ 35,699,592

7. PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment consist of the following;

	March 31, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Property plant and equipment						
Mangazeisky site	**$ 5,282,704**	**$ 3,602,672**	**$ 1,680,032**	$ 5,282,704	$ 3,434,782	$ 1,847,922
Yakutsk office	**161,561**	**115,357**	**46,204**	165,614	111,748	53,866
Other office furniture, equipment and leasehold improvements	**455,073**	**400,452**	**54,621**	455,073	387,680	67,393
	$ 5,899,338	**$ 4,118,481**	**$ 1,780,857**	$ 5,903,391	$ 3,934,210	$ 1,969,181

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	March 31, 2010 $	December 31, 2009 $
Exploration costs – Mangazeisky project	**$ 48,510**	$ 70,219
Corporate – accounts payable and accrued liabilities	**273,747**	282,079
	$ 322,257	$ 352,298

9. SHAREHOLDERS' EQUITY

Common shares

Authorized:

Unlimited number of common shares and preference shares issued:

	March 31, 2010		December 31, 2009	
	Number of Common Shares	$	Number of Common Shares	$
Balance – Beginning of period	**37,935,569**	**73,771,289**	37,935,569	73,771,289
Balance – End of period	**37,935,569**	**73,771,289**	37,935,569	73,771,289

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 its sole discretion but shall not be less than 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 is granted for a period not exceeding five 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 three 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 March 31, 2010 the Company had 700,000 options outstanding.

In order for Silver Bear to make options available for future grants and for other strategic alternatives the Company asked option holders of out-of-the-money options to voluntarily surrender their options back to Silver Bear. On January 22, 2010 option holders voluntarily surrendered 2,861,659 options back to the Company. A total of 3,300,000 options are available for future issue.

	March 31, 2010		December 31, 2009	
	Number	Exercise price $	Number	Exercise price $
Balance – Beginning of the period	**3,561,659**	**2.86**	3,766,659	2.72
Surrendered	**(2,861,659)**	**3.36**	–	–
Expired/Cancelled/Forfeited	**–**	**–**	(205,000)	0.28
Balance – End of the period	**700,000**	**0.38**	3,561,659	2.86

As at March 31, 2010, 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
2014	**25,000**	**3.00**	**25,000**	**3.00**
2013	**675,000**	**0.28**	**225,001**	**0.28**
	700,000	**0.38**	**250,001**	**0.55**

Contributed surplus consists of the following:

	March 31, 2010 $	December 31, 2009 $
Balance – Beginning of the period	**$ 8,975,687**	$ 8,621,876
Stock option compensation	**52,850**	353,811
Balance – End of the period	**$ 9,028,537**	$ 8,975,687

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.

10. RELATED PARTY TRANSACTION

In the first quarter of 2010, a new cost sharing agreement was reached between Silver Bear and New Gold Inc. (NGD) with an effective date of January 1, 2010. The new agreement amends cost sharing ratios between the two companies to 15% for Silver Bear and 85% to NGD to reflect current proportional levels of activities. NGD would initially incur the costs and Silver Bear will reimburse NGD based on the revised cost sharing agreement.

Silver Bear shares premises with NGD in Toronto. As a result of NGD entering into a new lease they have charged Silver Bear for our proportional share under the cost sharing agreement. At March 31, 2010, $3,448 (2009 – $9,992) was receivable from NGD for items paid by Silver Bear and billed to NGD. At March 31, 2010, $36,849 (2009 – $40,848) was payable to NGD for items paid by NGD and billed to Silver Bear.

11. NET CHANGE IN NON-CASH WORKING CAPITAL

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

	Period ended	
	March 31, 2010	March 31, 2009
Inventories	**$ 13,582**	$ (923,205)
Prepaid expenses	**19,123**	(33,096)
Receivables	**292,401**	14,286
Accounts payable and accrued liabilities	**(30,041)**	(63,087)
	$ 295,065	$(1,005,102)

12. COMMITMENTS AND CONTINGENCIES

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 for the year.

The Company 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 Silver Bear's financial position, results of operations or cash flows. There were no material outstanding legal proceedings as of March 31, 2010.

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 are expensed as incurred.

13. SEGMENTED INFORMATION

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

	As at March 31, 2010						
Country/Property	Cash and cash equivalents	Inventories	Prepaid expenses	Other current assets	Mineral properties	Property, plant and equipment	Net loss
Russia – Mangazeisky	**$ 94,097**	**$ 1,212,613**	**$ 18,543**	**$ 54,438**	**$ 1,265,117**	**$1,726,236**	**$ 610,892**
Canada – corporate	**11,597,056**	**–**	**53,011**	**8,599**	**–**	**54,621**	**563,793**
	$ 11,691,153	**$ 1,212,613**	**$ 71,554**	**$ 63,037**	**$ 1,265,117**	**$1,780,857**	**$ 1,174,685**

	As at December 31, 2009						March 31, 2009
Country/Property	Cash and cash equivalents	Inventories	Prepaid expenses	Other current assets	Mineral properties	Property, plant and equipment	Net loss
Russia – Mangazeisky	$ 116,233	$ 1,226,195	$ 18,184	$ 345,906	$ 1,265,117	$ 1,901,788	$ 2,810,961
Canada – corporate	12,203,862	–	72,493	9,532	–	67,393	1,174,905
	$ 12,320,095	$ 1,226,195	$ 90,677	$ 355,438	$ 1,265,117	$ 1,969,181	$ 3,985,866

14. ASSET RETIREMENT OBLIGATION

Asset retirement obligation consists of the following:

	March 31, 2010 $	December 31, 2009 $
Balance at the beginning of the period	**$ 608,725**	$ 570,711
Accretion	**9,504**	38,014
Balance, end of the period	**$ 618,229**	$ 608,725

The asset retirement obligation relates to the Mangaziesky project located in the Republic of Sakha, Yakutia in the Russian Federation. The Company initially estimated the fair value of the obligation to rehabilitate the site to be $550,805 by discounting future cash flows at a credit adjusted risk free rate of 5.8%. Present value of gross payments that are due in 2012 is $618,229. Management has used an inflation factor of 12.6% to determine future gross payments.

Corporate Information

DIRECTORS

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

William Biggar (2, 4)
President and CEO
North American Palladium Ltd.

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*

Mr. Dzhulustan Borisov, a Director since 2004, will not stand for re-election to the Board in 2010, and will be retained as a Special Advisor to Silver Bear Resources.

SENIOR MANAGEMENT

Randall Oliphant
President and Chief Executive Officer

Brian Penny
Chief Financial Officer and Corporate Secretary

Randy Lewis
Managing Director – Russia

Greg Powell
Corporate Controller

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