

## **SILVER BEAR ANNOUNCES A POSITIVE PEA AND RESOURCE UPDATE FOR THE MANGAZEISKY NORTH DEPOSIT**

**March 1, 2017 – Toronto, Ontario – Silver Bear Resources Inc.** ("Silver Bear" or the "Company") (TSX: SBR) is pleased to announce the results of a resource update and a Preliminary Economic Assessment ("PEA") for Mangazeisky North ("M North") deposit within the Mangazeisky Silver Project (the "Project") in the Republic of Sakha (Yakutia), Russia. The PEA investigates the integration of M North with the Vertikalny Central deposit as a single plant multi-pit operation. The NI 43-101 Technical Report will be filed on SEDAR within 45 days of this release. The Resource Update and PEA were prepared by independent mining consultants, Tetra Tech Canada Inc. ("Tetra Tech").

The M North PEA studied two options first, the integration of the M North mine plan into the Vertikalny Central mine schedule detailed in the 2016 Feasibility Study Update ("2016 FSU"), in which mining at M North will commence in Q3 2019, with first mineralised material processed through the Vertikalny Central mine in Q1 2020 ("PEA-Integrated") and secondly a stand-alone option for M North ("PEA-Stand-alone"). For full details on the M North PEA and mineral resource update please refer to Appendix A in this press release.

*Graham Hill, President and Chief Executive Officer, commented:* "I am very pleased with the outcome of the resource update and the PEA. The positive results support our goal of increasing resources and mine life by establishing a multi-pit single plant mining operation by integrating multiple satellite resources with the original Vertikalny Central mine development. The PEA demonstrates that the Mangazeisky North deposit merits implementation and integration into the Project adding significant value to the mine life and NPV when combined with the Vertikalny Central mine schedule. Importantly, it delays the requirement to go underground at Vertikalny Central with the resultant delay in underground development capital expenditure which, together with its extension to the life of mine of the overall Project, substantially benefits the mine's NPV.

Based on the positive PEA the Company will be initiating a feasibility study at M North during Q2 2017, as well as continuing its exploration and resource drilling campaign on a number of satellite resources and targets that surround the Vertikalny Central mine area."

### **M North PEA-Integrated Highlights**

- **Increases NPV for the Project** - Pre-tax NPV, at a 5% discount rate is US\$157.7 million a US\$25 million increase over the pre-tax NPV of US \$132.6 million from the 2016 FSU;
- With Far East Tax incentives, the post-tax NPV at 5% discount rate is US\$139.7 million;
- **Increases mine life for the Project** – Production contribution of M North of 5.06 million ounces of silver over a 3-year LOM. Project LOM extended to 11 years with underground mining delayed from year 3 to year 6;
- **Nominal increase in Capital Expenditure** – Initial capital cost to bring M North into production utilizing the Vertikalny processing plant would be US \$2.15m; and
- Updated Mineral Resources at M North resulted in a 10% increase in the Indicated Mineral Resource tonnes; and a 23% increase in M North's Indicated Mineral Resource grade. The combined Inferred and Indicated Mineral Resource for M North increases 29% in ounces and 12% in grade.

The conceptual development plan assumes open pit mining at Vertikalny for years 1 to 4, followed by open pit operations at Mangazeisky North for years 3 to 7, before reverting back to Vertikalny Central to commence underground mining from years 6 to 10. The overlap in open pit operations allows for a gradual shift of operations from Vertikalny to Mangazeisky North without the need for additional resources, while the overlap of the open pit and underground operations allow for the advance development of sufficient underground working faces to sustain full production.

The vast majority of the mineralised material within the optimised open pit at Mangazeisky North is classified as Indicated Mineral Resource. As such, this material could be directly transferred to a Mineral Reserve when the project is advanced to a Prefeasibility or Feasibility Study. Very limited drilling may be needed towards the base of the proposed

pit to upgrade the remaining few blocks of Inferred resource. This work could easily be incorporated into this season's exploration plans.

The PEA considers the potential economic viability of developing a satellite deposit in conjunction with the main development project, as such, the existing Vertikalny Central Mineral Reserves, 2016 Feasibility Study Update, and production scenario is still current.

The PEA is preliminary in nature as it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and as such there is no certainty that the preliminary assessment and economics will be realized.

### **About Silver Bear**

Silver Bear (TSX: SBR) is focused on the development of its wholly-owned Mangazeisky Silver Project, covering a licence area of approximately 570 km<sup>2</sup> that includes the high-grade Vertikalny deposit (amongst the highest grade silver deposits in the world), located 400 km north of Yakutsk in the Republic of Sakha within the Russian Federation. The Company was granted a 20-year mining licence for the Vertikalny deposit in September 2013 and updated its Feasibility Study in Q4 2016. Other information relating to Silver Bear is available on SEDAR at [www.sedar.com](http://www.sedar.com) as well as on the Company's website at [www.silverbearresources.com](http://www.silverbearresources.com).

### **Cautionary Notes**

This release and subsequent oral statements made by and on behalf of the Company may contain forward-looking statements, which reflect management's expectations. Wherever possible, words such as "intends", "expects", "scheduled", "estimates", "anticipates", "believes" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Silver Bear cannot be certain that actual results will be consistent with these forward-looking statements. Forward-looking statements in this press release include statements regarding the successful completion of negotiations with Aterra and Inflection regarding a convertible note restructuring and the timing and terms of a new financing process for the Company. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. Such risk factors include, but are not limited to, the possibility that necessary TSX or shareholder approvals are not received or other conditions to completion are not satisfied, lack of investor demand, and to risk factors identified by Silver Bear in its continuous disclosure filings filed from time to time on SEDAR. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause Silver Bear's actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although Silver Bear has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this release, and Silver Bear assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law.

**CONTACT INFORMATION:**

Graham Hill  
President and Chief Executive Officer  
T: +7 916 731 5673  
[info@silverbearresources.com](mailto:info@silverbearresources.com)

Judith Webster  
Investor Relations Manager & Corporate Secretary  
T: +416 453 8818  
[jwebster@silverbearresources.com](mailto:jwebster@silverbearresources.com)

**Buchanan UK**

Bobby Morse T: + 44 (0) 20 7466 5000  
Anna Michniewicz T: +44(0) 20 7466 5146

**Appendix A**

**M North Mineral Resource Update**

A summary of the Mineral Resources for the Mangazeisky Project are presented in Table 1 below. All of the satellite deposits are within 10 km of Vertikalny Central.

*Table 1 Summary of Mineral Resource Estimates for the Mangazeisky Project*

Zone	Indicated Resource			Inferred Resource			
	Tonnes (t)	Grade Ag (g/t)	Contained Metal Ag (Troy oz)	Tonnes (t)	Grade Ag (g/t)	Contained Metal Ag (Troy oz)	
Vertikalny Central	700,000	1,227	27,700,000	350,000	786	8,900,000	
Vertikalny Northwest				200,000	476	3,100,000	
Nizhny Endybal				710,000	316	7,200,000	
Mangazeisky North	334,000	770	8,250,000	127,000	560	2,300,000	
Mangazeisky South				60,000	246	500,000	
Sterzhnevoy				48,000	1,530	2,360,000	
<b>Silver Total</b>	<b>1,034,000</b>	<b>1,079</b>	<b>35,950,000</b>	<b>1,495,000</b>	<b>504</b>	<b>24,360,000</b>	
Zone	Inferred Resource						
	Tonnes (t)	Grade Au (g/t)	Grade Ag (g/t)	Grade Cu (%)	Contained Metal Au (Troy oz)	Contained Metal Ag (Troy oz)	Contained Metal Cu (lbs)
Porphyrovy	80,000	1.7	46	0.6	4,000	115,000	1,000,000

**Notes:**

The effective date of the Sterzhnevoy and Porphyrovy maiden resources is August 27<sup>th</sup>, 2016. The effective date of the Vertikalny Central resource is July 8<sup>th</sup>, 2016 and the Vertikalny Northwest Resource is February 10<sup>th</sup>, 2015. The effective date of the original Nizhny Endybal Resource estimate was September 11, 2012, this resource was re-stated with a higher cut-off grade on June 10<sup>th</sup>, 2015. The effective date of the Mangazeisky North Resource is October 19, 2016 and the Mangazeisky South Resource is June 10<sup>th</sup>, 2015

**Resource Estimation Assumptions and Methods**

Key Assumptions used to estimate the Mineral Resources are:

- The Mineral Resources have been estimated into two separate three dimensional block models each comprising the following parameters:

- 20 m x 20 m x 5 m (x, y, z), with minimum sub-block dimensions of 1 m x 1 m x 0.5 m (x, y, z).
- The estimation was constrained to the mineralised zone using wireframe solid models. The wireframes were sub-domained to isolate each mineralised structure.
- Grade estimates were based on 0.5 m composited assay data.
- The interpolation of the metal grades was undertaken using Ordinary Kriging.
- In order to demonstrate that the deposit has reasonable prospects for economic extraction a cut-off grade of 150 g/t has been applied for Mangazeisky North, based upon the following assumptions:
  - Silver Price of \$17 /Troy oz.
  - Mining Cost of US \$75 /t.
  - Processing Cost of US \$50 /t.
  - General and administration costs of US \$40 /t.
  - Overall Silver recovery of 90%.

Mineral Resources that are not Mineral Reserves to not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political marketing, or other relevant issues. Although Silver Bear and Tetra Tech are not aware of any material barrier to eventual economic extraction.

### M North Mine Design and Processing

The Mangazeisky North deposit vein dips to the northeast at approximately 50 degrees with a width between 1.0 and 3.0 m, with an average width of 1.5 m. Its general dimensions, geometry and the location of the outcrops make it amenable to conventional open pit mining. The open pit operation will follow the same pattern as that used at Vertikalny, with relatively small excavators (1.6 to 2.5 m<sup>3</sup>) matched with 30 to 40 tonne haul trucks. Once the open pit operation at Vertikalny is reaching completion, the mining equipment will be progressively moved across to Mangazeisky North. As with Vertikalny, selective mining of the veins will be required to minimise loss of mineralised material, along with the addition of waste dilution. The bench height has therefore been limited to 5 m and each bench will be mined with two flitches of 2.5 m. It has been assumed that waste rock will be dumped outside the perimeter of the open pit on the eastern flanks of the deposit.

Mangazeisky North will not have its own processing plant and material mined from the pit that is above the cut-off grade will be transported to the ROM pad at Vertikalny for processing. Preliminary test work indicates a metallurgical recovery of 77% when treated at this facility. The Mangazeisky North mineralised material is processed in the Vertikalny process plant at an average rate of 150 kt/a, which is 36% higher than the 110 kt/a production rate for Vertikalny ore. This increase in production rate, which allows cash flow to be brought forward and reduces time related overhead costs, is supported by initial metallurgical tests that show a reduction in leach retention time for the M North mineralised material.

### M North Financial Performance

The integration of the Mangazeisky North mine plan into the Vertikalny mine schedule between the open and underground phases, means that the NPV (5%) is improved from \$132 million to \$157 million when compared to the Vertikalny mine plan that was presented in the Vertikalny Feasibility Study.

Table 1: Financial Performance Parameters

Item	Units	PEA-Integrated (Feb 2017)			PEA-Stand-alone (Feb 2017)
		2016 FSU	MNOP+FSU	(FSU+MNOP) Less FSU	
Silver Price (LOM Weighted Average)	US \$/troy oz	19.76	19.81	-	19.85
Exchange Rate	RUB/\$	66.00	66.00	-	66.00

<b>Production Summary</b>					
Total capital cost (LoM)	US \$ million	65.2	67.4	2.15	2.15
Quantity of ore/ mineralised material (LOM)	kt	821.8	1,208.5	386.7	386.7
Silver Head Grade	g/t	852	750	-102	530
Recovered Silver	koz (troy)	18,875	23,938	5,063	5,079
Unit Operating Costs	\$/t processed	158.84	155.86	0.29	144.67
<b>Key Financial Results</b>					
<u>Pre-tax Results</u>					
Pre-tax Net Cash Flow	US \$ million	166.0	203.7	37.7	39.9
Pre-tax NPV at a 5% Discount Rate	US \$ million	132.6	157.7	25.1	35.3
Pre-tax Payback	Years	1.3	1.3	0.0	0.4
<u>Post-tax results (with Far East Tax Incentives)</u>					
Post-tax Net Cash Flow	US \$ million	154.0	178.6	24.6	39.2
Post-tax NPV at a 5% Discount Rate	US \$ million	123.1	139.7	16.6	34.8
Post-tax Payback	Years	1.3	1.4	0.1	0.4
<b>Production Cost</b>					
Cash Cost	US \$/troy oz Ag recovered	7.49	8.08	0.59	11.22
Capital cost (excluding contingency)	US \$/troy oz Ag recovered	3.49	2.76	- 0.73	0.27
Total Cost	US \$/troy oz Ag recovered	10.98	10.84	-0.14	11.50

The financial performance of the implementation of the M North deposit in isolation, is shown for reference. The basis of this case is that all existing Verticalny infrastructure is available for use with no residual value. The only capital required is for a haul road and additional tailings storage capacity.