

TORONTO, ONTARIO--(Marketwired - Aug 5, 2016) - [Silver Bear Resources Inc.](#) ("Silver Bear" or the "Company") (TSX:SBR) is pleased to announce that the Board of Directors of the Company has approved entering into a facilities agreement (the "Facilities Agreement") and certain related security documents with the Company's major shareholders, Inflection Management Corporation Limited ("Inflection") and A.B. Aterra Investments Ltd. ("Aterra" and together with Inflection, the "Lenders"), to provide the Company and its indirect wholly-owned Russian subsidiary, Closed Joint Stock Company "Prognoz" ("Prognoz" and together with the Company, the "Borrowers"), with financing for the final development, construction and commissioning of the Company's Mangazeisky Silver Project in Russia (the "Project").

Silver Bear's CEO, Graham Hill commented: "It is with great pleasure we announce the securing of the last element in the project financing package which ensures that the project's accelerated timeline remains on-track. I would like to extend our appreciation to our major shareholders, Inflection and Aterra, for their unwavering support during 2015 and 2016 in helping the team realize the development of this unique and robust asset. Finalizing this agreement is a significant milestone for the Company and major catalyst in providing the financial support to advance Vertikalny towards commissioning in the fourth quarter of this year."

Material Terms of the Facilities Agreement

Pursuant to the Facilities Agreement, the Lenders will make available to the Company and Prognoz secured loans in the aggregate principal amount of US\$55.2 million comprising three tranches. Tranche A will consist of a term loan facility of US\$43.2 million, of which Inflection will provide US\$30.6 million and Aterra will provide US\$12.6 million (the "Term Loan Facility"). Of the US\$43.2 million total Tranche A commitment, US\$33.2 million will be made available to the Company with the remaining US\$10.0 million being made available to Prognoz (collectively "Tranche A"). The Lenders will also make available to Prognoz, subject to the terms and conditions of the Facilities Agreement, a Tranche B working capital facility of US\$10.0 million (the "Working Capital Facility") and a Tranche C contingent facility of US\$2.0 million (the "Contingent Facility", and together with the Working Capital Facility, the "Additional Facilities"). The Working Capital Facility will consist of US\$7.1 million from Inflection and US\$2.9 million from Aterra. The Contingent Facility will consist of US\$1.42 million from Inflection and US\$0.58 million from Aterra. The Term Loan Facility, together with the Additional Facilities, are collectively referred to as the "Secured Loan Funding".

Pursuant to the Facilities Agreement, a portion of the Term Loan Facility will be used by the Company to repay the principal and accrued interest on certain outstanding promissory notes previously issued by the Company to the Lenders. The Company anticipates that the Secured Loan Funding will result in net new funding to the Company and Prognoz of approximately US\$22 million following the repayment of such outstanding promissory notes.

The Secured Loan Funding will accrue interest at a rate of 15% per annum, calculated and accrued quarterly, and will be payable on January 1, April 1, July 1 and October 1 in each calendar year and on the maturity date, being the date that is forty-eight months following the date on which the Term Loan Facility has been drawn in full. Pursuant to the terms of the Facilities Agreement, all interest accrued before July 1, 2017 will be capitalized and added to the principal amount of the Term Loan Facility such that the first interest payment under the Facilities Agreement would therefore be in respect of the quarterly period ending October 1, 2017.

The Secured Loan Funding will be secured and each of the Company, Prognoz and Silver Bear Holdings Limited (Barbados) ("SBR Barbados"), a direct wholly-owned subsidiary of the Company, will act as guarantors of each other's obligations under the Facilities Agreement and all related security documents.

It is anticipated that the Company, Prognoz and SBR Barbados will enter into the Facilities Agreement and related security documents once the Shareholder Approval (as described below) has been obtained.

TSX Approval and Disinterested Shareholder Approval

The Toronto Stock Exchange (the "TSX") provided its conditional approval for the Facilities Agreement, which conditional approval is subject to, among other things, receipt of the Shareholder Approval, as described below.

Because the Lenders are insiders (as such term is defined in the TSX Company Manual) of Silver Bear, the rules and policies of the TSX require that the Company obtain disinterested shareholder approval (the "Shareholder Approval") in connection with the Secured Loan Funding. As a result, Silver Bear intends to hold a special meeting of its shareholders on Friday, September 2, 2016 at which the Company's shareholders will be asked to approve the payment of interest to the Borrowers in connection with the Secured Loan Funding.

The proposed Secured Loan Funding remains subject to, among other things, the approval of the Company's minority shareholders and any other required regulatory approvals, as well as other customary terms and conditions. There can be no assurances that the Secured Loan Funding will be completed, or if completed, that the conditions to drawdown would be satisfied.

Standstill and Undertaking Agreement

Silver Bear also announces that it has obtained waivers from Inflection and Aterra in respect of the default caused by the

Company's failure to repay on the March 31, 2016 maturity date the principal amounts and accrued interest on the US\$3.5 million promissory notes (the "February 2015 Notes") issued to each of Inflection and Aterra on February 27, 2015. Such waivers will terminate on the earlier of September 30, 2016 and the date on which the February 2015 Notes are repaid in full. The Company, Inflection and Aterra have also entered into a standstill and undertaking agreement pursuant to which both Inflection and Aterra have undertaken that they will not take any enforcement action against the Company in the event of an occurrence of an event of default under any of the outstanding promissory notes of the Company currently held by Inflection and Aterra.

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 km² that includes the high-grade Vertikalny deposit, 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 completed a Feasibility Study in Q2 2016. The Company is implementing a fast-track execution plan to complete major construction of the Mangazeisky Silver Project by the end of 2016, with steady state production planned to start in Q1 2017. Other information relating to Silver Bear is available on SEDAR at www.sedar.com as well as on the Company's website at 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. 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 satisfaction of each party's obligations in accordance with the terms of the definitive agreements for the Secured Loan Funding; failure to receive any required regulatory approvals (including stock exchange), shareholder approval or other approvals; the possibility that the amount of net new funding to the Company following the repayment of certain outstanding promissory notes held by the Lenders may be less than anticipated; and 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.

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