TORONTO, ONTARIO--(Marketwired - Oct. 4, 2016) - Silver Bear Resources Inc. ("Silver Bear" or the "Company") (TSX:SBR) is pleased to announce a 66% increase in pre-tax NPV to US$132.6 million for the Vertikalny Central deposit of its Mangazeisky Silver Project (the "Project") in the Republic of Sakha (Yakutia), Russia following the results of an updated National Instrument 43-101 ("NI 43-101") feasibility study (the Updated Feasibility Study"). The NI 43-101 Updated Feasibility Study will be filed on SEDAR within 45 days of this release.

Graham Hill, President and Chief Executive Officer, commented: "The Updated Feasibility Study demonstrates that we are able to realise the increased value in the recently updated Vertikalny mineral resource estimate, and highlights our project's extremely robust economics. The better defined and even higher grade ore zones have allowed us to refine the open pit and underground designs to maximise operating cash flow, particularly in the first half of the mine life. The outcome of this effort is reflected in a 97% increase in pre-tax IRR from 43.6% to 86.1% and the pre-tax NPV (5%) from US$ 79.7 million to US$ 132.6 million, with only a nominal increase in initial capital costs.

The updated mine plan requires no change to the process facility design and associated infrastructure and we continue to drive construction to start commissioning by the end of 2016. During this month, the process plant weather-shield and mill foundations were completed allowing us to continue construction and installation of mechanical and electrical equipment during the remainder of the year. We anticipate starting commissioning work on the boiler heating system for the process plant building and the main power generating plant during October. In addition, we have started the mechanical erection of the ball mill and plan to complete that work by the end of October."

Updated Feasibility Study Highlights

- Pre-tax NPV at a 5% discount rate is US$132.6 million, the pre-tax IRR is 86.1% and the payback period is 1.3 years.
- With Far East Tax incentives, the post-tax NPV at 5% discount rate is US$123.1 million, the post-tax IRR is 81.9% and the payback period remains 1.3 years.
- Initial capital costs increased nominally to US$49.9 million from US$48.6 million; Cash Cost are lower now US$7.49/oz compared to US$7.97; Total Cost now at US$10.98/oz compared to US$11.32/oz.
- Assumptions include a variable silver price of US$19.65/oz, US$18.57/oz, US$19.62/oz, US$19.79/oz, US$19.72/oz and US$19.92/oz during Q1 2017, Q2 2017, Q3/4 2017, 2018, 2019 and 2020 as well as the remaining project life, respectively, with a life-of-mine ("LOM") weighted average silver price of US$19.76/oz. Exchange rate applied in the base case is RUB66.00/USD.
- Total Proven and Probable Mineral Reserves of 822,000 tonnes at a diluted average grade of 852 g/t Ag for 22.5 million troy ounces of silver.
- Total Vertikalny Central Indicated mineral resources of 27.7 million troy ounces of silver at an average grade of 1,227 g/t Ag, in addition to Inferred mineral resources of 8.9 million ounces of silver at an average grade of 786 g/t Ag.
- At full production, processing of 110,000 tonnes of ore per annum.
- Production of 18,875,000 ounces of silver over a 7.3-year LOM with average of 2.5 million ounces per annum.
- Average metallurgical recovery of 84% silver.

Project Execution

The Company is on track to commence steady state production starting in Q1 2017. A licensed Russian design institute (EMC Mining LLC ("EMC") in St Petersburg) continues to provide engineering services for the processing facility and associated mine site infrastructure. Note that the Updated Feasibility Study showed that no change is required to the process design as a result of the updated geology and mine plan. The Company has proceeded with construction in advance of regulatory approval for the project and expects that all of the permits needed for construction and operation will be in place prior to the start of production. The Company will commence production only once all necessary permits and approvals are in place.

Major infrastructure such as the buildings to provide shelter during mechanical and electrical installation have been erected and mechanical and electrical installation can start in October 2016.

More detailed Updated Feasibility Study results can be found in Appendix A The Updated Feasibility Study consultants were led by Tetra Tech WEI Inc. ("Tetra Tech") and comprised an independent, multidisciplinary team including SRK Consulting (UK) Limited ("SRK") and Environmental Resource Management Consultants Inc. ("ERM").

Filing of Technical Report - Vertikalny Mineral Resource Update

The Company is also pleased to announce that on September 21, 2016 it filed the NI 43-101 Technical Report ("Technical Report") for the mineral resource estimate update of its Vertikalny deposits, located within its wholly-owned Mangazeisky Project. Tetra Tech prepared the Technical Report and it supports the Company's announcement of August 8, 2016.

To view and download the Technical Report, please visit www.sedar.com under the Company's profile. The report will also be available on the Company's website at www.silverbearresources.com.

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^2 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 recently updated its Feasibility Study in Q4 2016. 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 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.

Appendix A

Table 1 Project Performance Summary

Item	Units	June 2016 Study	October 2016 Study	Difference (%)
Silver Price (LOM Weighted Average)	US$/troy oz	17.74	19.76	+11
Exchange Rate	RUB/$	66.00	66.00	-
Production Summary				
Capital Cost	US$ million	48.6	49.9	+3
Quantity of Ore (LOM)	kt	801.01	821.80	+3
Silver Head Grade	g/t	772	852	+10
Recovered Silver	koz (troy)	16,787	18,875	+12
Unit Operating Costs	$/t processed	154.38	158.84	+3
Key Financial Results				
Pre-tax Results				
Pre-tax Net Cash Flow	US$ million	107.7	166.0	+54
Pre-tax NPV at a 5% Discount Rate	US$ million	79.7	132.6	+66
Pre-tax IRR	%	43.6	86.1	+97
Pre-tax Payback	Years	2.1	1.3	-38
Without the Far East Tax Incentives				
Post-tax Net Cash Flow	US$ million	65.9	107.0	+62
Post-tax NPV at a 5% Discount Rate	US$ million	54.5	82.8	+52
Post-tax IRR	%	28.3	56.1	+98
Post-tax Payback	Years	2.6	1.7	-35
With the Far East Tax Incentives				
Post-tax Net Cash Flow	US$ million	96.2	154.0	+60
Post-tax NPV at a 5% Discount Rate	US$ million	70.7	123.1	+74
Post-tax IRR	%	40.2	81.9	+104
Post-tax Payback	Years	2.2	1.3	-41
Production Cost				
Cash Cost	US$/troy oz Ag recovered	7.97	7.49	-6
Capital cost (excluding contingency)	US$/troy oz Ag recovered	3.35	3.49	+4
Total Cost	US$/troy oz Ag recovered	11.32	10.98	-3

Geology & Mineral Resource

The Vertikalny Central deposit is a steeply dipping structurally controlled epithermal vein system that cross cuts the sedimentary host rocks. The mineralisation is expressed as breccias comprising siderite-sphalerite-galena and silver sulphosalts. Mineralisation is usually associated with the presence of vertical dykes of intermediate to basic composition.

At Vertikalny Central a total of 256 holes have been drilled and 65 trenches excavated over a strike length of 2 km since 2007. In total, 37,130 m have been drilled, and trench excavations extend to 2,180 m.

Mineral Resources for a series of satellite deposits included in the Property are summarised in Table 1 below. The satellite deposits include Vertikalny Northwest located 1 km to the north of Vertikalny Central, Nizhny Endybal situated approximately 2.5 km east of Vertikalny Central, and the Mangazeisky North deposits located 7 km to the north of Vertikalny Central.

Table 2 provides a summary of all of the Current Mineral Resources within the Mangazeisky property.

Table 2 Total Resources for the Mangazeisky Property

			Indicated Resources			Inferre
Zone	Assumed Mining Method	Cut-off Grade Ag (g/t)	Tonnes	Grade Ag (g/t)	Contained Metal Ag (troy oz)	Tonne
Vertikalny Central	Open Pit	200	360,000	1,482	17,100,000	4,000
	Underground	350	340,000	959	10,600,000	350,00
Vertikalny Northwest	Open Pit	200				110,00
	Underground	350				90,000
Nizhny Endybal	Open Pit	150				710,00
Mangazeisky North	Open Pit	150	304,000	626	6,100,000	98,000
Mangazeisky South	Open Pit	150				60,000
Total	All	-	1,004,000	1,046	33,800,000	1,422,

Notes:

The effective date of the original Nizhny Endybal Resource estimate was 11th of September 2012, this resource was re-stated with a higher cut-off grade on the 10th of June 2015. The effective date of the Mangazeisky South resource is 10th of June 2015. The effective date of the Mangazeisky North Resource is 31st of March 2016. The effective date of the Vertikalny Central Resource estimate was 8th July 2016.Mineral Resource estimation parameters:

- Resource estimates were completed in Geovia Surpac version 6.7, using 3D block models.
- Silver grades were estimated using ordinary kriging.
- Density was estimated using inverse distance weighting. The density at Nizhny Endybal, Vertikalny Northwest, and Mangazeisky South was assigned based upon arithmetic mean sample results for relevant domains.
- Grade interpolations were constrained within appropriate wireframe modesl representing minereaization and lithologies.
- Overall silver recoveries of 90% were assumed at Vertikalny Central and Northwest, and 80% recoveries were assumed at satellite deposits.

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.

Mineral Reserve

The ore body will be extracted in an open pit, followed by underground mine. The open pit (the first four years of production) will consist of a conventional drill, blast, load, and haul operation, using the current fleet on site, supplemented with leased equipment. Most of the capital for the open pit will only be limited to trucks, lighting units, pumps, site office facility, and light vehicles. The open pit consists of the North and South pits that are sequenced in the mining schedule. The open pit design is optimised to integrate the underground portal designs where needed. A 30% mining dilution and 95% mining recovery was applied to the scheduled tonnes and grades.

As Vertikalny is a steeply dipping ore body in the range of 60 to 90° with orebody thicknesses (below the designed open pit perimeters) ranging between 0.5 and 4m, mechanized sub level open stoping was selected as the underground mining method. Two distinct underground areas in the north and the south will be developed. The Northern section, which contains the higher ore grades, will be exploited first via a decline from the top bench of the open pit. The southern section will be accessed through a number of ore drive portals, developed from within the South pit and linked together with a decline system; providing access to the deeper stoping areas.

The underground mineable areas was optimised using Datamine's MSO software. An MSO cut-off of 300g/t diluted Ag

(approximately 450g/t in-situ cut-off in stope shapes) was considered for the final mine design with typical stope dimensions of 25m height, 20m wide and average stope widths of around 1.85m. Stopes located near the crown pillars assumed a 5% mining loss and a further 10% unforeseen ore extraction loss whilst the average stopes assumed a 5% mining loss and a further 5% unforeseen ore extraction loss. The stope designs also considered the appropriate hydraulic radius recommendations and in-situ pillars were left in the lower grade areas where plausible. Dilution was modelled for each stope: the calculated minimum overbreak were 0.25 m on each side which equates to 0.5 m total. This resulted in a dilution range of 15% to 38% with an average of 30% which, along with the assumed 95% mining recovery, is in accordance with Russian standard practice. The open pit and underground cut-off grades are 250 g/t and 450 g/t, respectively. The Mineral Reserve statement is as of September 23rd, 2016 and is shown in Table 3.

Table 3 Total Reserves for Vertikalny Central Deposit

Category	Cut-off Grade (g/t Ag)	Quantity (kt)	Ag Grade (g/t)	Ag Metal Content (koz)
Proven - Open Pit	-	-	-	-
Proven - Underground	-	-	-	-
Probable - Open Pit	250	364	1,209	14,144
Probable - Underground	450	458	569	8,375
Total Mineral Reserves	-	822	852	22,519

Processing

The feasibility study process plant design is based on 110,000 t/a capacity, with a LOM average silver grade of 772 g/t, and is expected to provide an average silver recovery from oxide ore of 85.0%. The average silver recovery of the primary ore (a small portion of the plant feed scheduled at the end of mine life) is expected to be 69.7%.

The process flowsheet consists of a standard crushing and grinding circuit, followed by gravity concentration and cyanide tank leach of the gravity tails. The gravity concentrates will be processed by intensive cyanidation. The leached slurry from the tank leach and intensive cyanidation will go through a simple counter current decantation washing system and the pregnant solution will be processed by direct electrowinning to recover silver metal in powder form with a purity exceeding 99.9% Ag.

Tailings

The tailings management facility ("TMF") will consist of a dry stack facility, contained within a fully-lined pad, surrounded by a series of containment bunds. A clarification pond to store all process affected fluids before retreatment is included in the design. The TMF will be constructed 0.2 km northeast of the plant site, and will cover an area of 7.69 ha. Approximately 0.8 Mt of tailings material will require storage over the 8-year LOM.

Capital and Operating Costs

The total estimated initial capital cost for the design, construction, installation, and commissioning of all facilities and equipment is $50.4 million (Table 4).

Table 4 Capital Cost Summary

Area	Initial ($)	Sustaining ($)	Total ($)
Mining	2,657,838	12,311,588	14,969,426
Processing	14,344,727	700,000	15,044,727
Infrastructure	3,717,106	-	3,717,106
Utilities	1,639,171	-	1,639,171
TMF	1,104,096	1,325,776	2,429,872
Site Facilities	5,360,289	-	5,360,289
Off-site Facilities	101,454	-	101,454
Project Indirects	11,194,311	70,867	11,265,178
EPCM	3,525,492	20,248	3,545,740
Owner's Cost	3,850,690	100,000	3,950,690
Allowances (including contingency)	2,374,759	831,232	3,205,991
Total	49,869,933	15,359,711	65,229,644

The LOM operating cost estimate for the Project consists of mining, processing, and G&A costs (which includes TMF and site water management costs) and is estimated at $154.38/t processed (Table 5).

Table 5 LOM Averaged Operating Cost Summary

	Unit Cost	Unit Cost

Area	($/t processed)	($/oz Ag recovered)
Mining	59.61	2.60
Processing	57.06	2.48
G&A	42.16	1.84
Total	158.84	6.92

Tetra Tech investigated the sensitivity of NPV and IRR to the key project variables of silver price, exchange rate, capital costs and operating costs.

Sensitivities

The Project's pre-tax NPV, calculated at a 5% discount rate, is most sensitive to silver price followed by exchange rate, on-site operating costs, and capital costs, as shown in Figure 1.

Figure 1 Pre-tax NPV Sensitivity Analysis: http://media3.marketwire.com/docs/Silver_Bear_oct3_2016_figure1.pdf

The Project's pre-tax IRR is most sensitive to silver price followed by exchange rate, capital costs, and on-site operating costs (Figure 2).

Figure 2 Pre-tax IRR Sensitivity Analysis: http://media3.marketwire.com/docs/Silver_Bear_oct3_2016_figure2.pdf

Approval Process

The Company has completed the Russian design documentation required for the State review in Q3 2016. Following regulatory review and approval of the project, which the Company estimates could be granted in Q4 2016, the Company will be in a position to apply for a Permit for Construction, followed by the balance of construction and operating permits shortly thereafter.

The Company acknowledges that there is a risk associated with undertaking construction in advance of obtaining the necessary regulatory approvals. It is possible that the regulatory approvals process may result in production delays and /or mandated design changes that may lead to modification of constructed site components. To mitigate the impact and likelihood of these risks, the approvals process is being managed by dedicated teams in Yakutsk and St Petersburg. The Company has also engaged an experienced, licensed Russian institute, EMC, to complete the design and assist with the submission and defence of the design documentation, as well as assist with permit applications. The Company is of the view that this risk caused by regulatory non-conformance is outweighed by the opportunity to maintain project momentum and investor interest, both essential for the successful completion of the project, as well as the earliest production of silver.

Qualified Persons

Tetra Tech	Arunasalam Vathavooran, PhD, CEng, MIMMM Damian Hicks, MIEAust CPEng Guy Roemer, PE Jacques du Toit, CEng, PrEng, MScEng, PMP Laszlo Bodi, MSc, CEng, PEng Robert Davies, BSc (Hons), CGeol, EurGeol, FGS Sabry Abdel Hafez, PhD, PEng Saunjay Duggal, MSc, PEng
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