

SILVER BULL RESOURCES, INC.
Form S-1
October 24, 2016

As filed with the Securities and Exchange Commission on October 24, 2016

Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

SILVER BULL RESOURCES, INC.
(Exact name of registrant as specified in its charter)

Nevada	1000	91-1766677
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

777 Dunsmuir Street, Suite 1610
Vancouver, B.C.
V7Y 1K4 Canada
(604) 687-5800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Sean Fallis
Chief Financial Officer
777 Dunsmuir Street, Suite 1610
Vancouver, B.C.
V7Y 1K4 Canada
(604) 687-5800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:
Brian Boonstra
Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
(303) 892-9400

From time to time after the effective date of this registration statement.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective

registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
 Accelerated filer
 Non-accelerated filer
 (Do not check if a smaller reporting company)
 Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (3)
Common stock, \$0.01 par value per share (4)	23,362,710	\$0.12	\$2,895,808	\$335.62

Pursuant to Rule 416(b) under the Securities Act of 1933, as amended (the "Securities Act"), the shares of common (1) stock offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits or stock dividends.

Estimated solely for the purpose of calculating the registration fee and based upon the average bid and ask price of (2) the registrant's common stock as reported on the OTCQB Venture Marketplace on October 21, 2016, in accordance with Rule 457(c) under the Securities Act.

(3) Pursuant to Rule 457(o) under the Securities Act, the registration fee has been calculated on the basis of the maximum aggregate offering price.

The shares of common stock will be offered under the secondary offering prospectus relating to resales by the selling stockholders of the shares of common stock issued to such selling stockholders. The shares consist of (4) (i) 15,702,310 shares issued to the selling stockholders in the May, June and July 2016 private placements; (ii) 3,120,000 shares issued upon exercise of the warrants issued to the selling stockholders in the June 2016 private placements; and (iii) 4,540,400 shares issuable upon exercise of warrants issued to selling stockholders in the July 2016 private placement.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SELLING STOCKHOLDER MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED. SUBJECT TO COMPLETION, DATED OCTOBER 24, 2016
PROSPECTUS

23,362,710 Shares

SILVER BULL RESOURCES, INC.

Common Stock

This prospectus relates to the sale by the selling stockholders identified in this prospectus of up to 23,362,710 shares of common stock, par value \$0.01 per share, of which (i) 15,702,310 shares were issued to the selling stockholders in connection with the private placements completed on May 19, 2016, June 3, 2016, June 29, 2016, and July 20, 2016; (ii) 3,120,000 shares were issued upon exercise of the warrants issued to the selling stockholders in the June 2016 private placements and (iii) 4,540,400 shares are issuable upon exercise of warrants issued to selling stockholders in the July 2016 private placement. In the May, June and July 2016 private placements, we issued (A) to certain accredited investors, 11,362,310 units of the Company, with each unit consisting of one share of common stock and a warrant to purchase one share of common stock at CDN\$0.16 per share; (B) to certain other accredited investors, 4,340,000 units of the Company, with each unit consisting of one share of common stock and a warrant to purchase one share of common stock at CDN\$0.16 per share; and (C) to a placement agent, warrants to purchase 200,400 shares of common stock of the Company at CDN\$0.205 per share.

All of the shares of common stock offered by this prospectus are being sold by the selling stockholders. It is anticipated that the selling stockholders will sell these shares of common stock from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or at prices otherwise negotiated (see the section entitled "Plan of Distribution" beginning on page 22 of this prospectus). We will not receive any proceeds from the sale of these shares by the selling stockholders. All expenses of registration incurred in connection with this offering are being borne by us, but all selling and other expenses incurred by the selling stockholders will be borne by the selling stockholders.

The shares of common stock being offered by the selling stockholders pursuant to this prospectus are "restricted securities" under the Securities Act of 1933, as amended (the "Securities Act"), before their sale under this prospectus. This prospectus has been prepared for the purpose of registering these shares of common stock under the Securities Act to allow for the sale by the selling stockholders to the public without restriction.

Our common stock is quoted on the Toronto Stock Exchange under the symbol "SVB" and is traded on the OTCQB Venture Marketplace under the symbol "SVBL." On October 21, 2016, the closing price of our common stock was CDN\$0.17 per share on the Toronto Stock Exchange and \$0.13 per share on the OTCQB Venture Marketplace. The securities offered in this prospectus involve a high degree of risk. You should carefully consider the matters set forth in "Risk Factors" on page 5 of this prospectus or incorporated by reference herein in determining whether to purchase our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is [], 2016.

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You should rely only on the information contained in this prospectus. We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You should not rely on any unauthorized information. This prospectus does not offer to sell or buy any shares in any jurisdiction in which it is unlawful. The information in this prospectus is current as of the date of this prospectus even though this prospectus may be delivered on a later date. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It may not contain all the information that may be important to you. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and our historical financial statements and related notes included or incorporated by reference in this prospectus. As used in this prospectus, unless otherwise specified, references to "Silver Bull," the "Company," "we," "our" and "us" refer to Silver Bull Resources, Inc. and, unless otherwise specified, its subsidiaries. All currency amounts in this prospectus are expressed in United States ("U.S.") dollars, unless otherwise indicated.

Overview

Silver Bull Resources, Inc. was incorporated in the State of Nevada on November 8, 1993 as the Cadgie Company for the purpose of acquiring and developing mineral properties. The Cadgie Company was a spin-off from its predecessor, Precious Metal Mines, Inc. On June 28, 1996, our name was changed to Metalline Mining Company ("Metalline"). On April 21, 2011, we changed our name to Silver Bull Resources, Inc. We have not realized any revenues from our planned operations, and we are considered an exploration stage company. We have not established any reserves with respect to our exploration projects and may never enter into the development with respect to any of our projects.

We engage in the business of mineral exploration. We currently own or have the option to acquire a number of property concessions in Mexico within a mining district known as the Sierra Mojada District, located in the west-central part of the state of Coahuila, Mexico. We conduct our operations in Mexico through our wholly-owned subsidiary corporations, Minera Metalin S.A. de C.V. ("Minera Metalin") and Contratistas de Sierra Mojada S.A. de C.V. ("Contratistas") and through Minera Metalin's wholly-owned subsidiary Minas de Coahuila SBR S.A. de C.V. ("Minas").

On April 16, 2010, Metalline Mining Delaware, Inc., our wholly-owned subsidiary, was merged with and into Dome Ventures Corporation ("Dome"). As a result, Dome became a wholly-owned subsidiary of Silver Bull. Dome has a wholly-owned subsidiary, Dome Asia Inc. ("Dome Asia"), which is incorporated in the British Virgin Islands. Dome Asia has a wholly-owned subsidiary incorporated in Gabon, African Resources SARL Gabon ("African Resources"), as well as a 99.99%-owned subsidiary, Dome Minerals Nigeria Limited, incorporated in Nigeria. On January 23, 2015, we completed the sale of our subsidiary Dome International Global Inc. ("Dome International"), including Dome International's wholly-owned subsidiary Dome Ventures SARL Gabon ("Dome Gabon"), which held the Ndjole Prospect in Gabon.

Our efforts have been concentrated in expenditures related to exploration properties, principally in the Sierra Mojada property located in Coahuila, Mexico (the "Sierra Mojada Property"). We have not determined whether the exploration properties contain ore reserves that are economically recoverable. The ultimate realization of our investment in exploration properties is dependent upon the success of future property sales, the existence of economically recoverable reserves, our ability to obtain financing or make other arrangements for exploration, development and future profitable production activities. The ultimate realization of our investment in exploration properties cannot be determined at this time.

Our principal office is located at 777 Dunsmuir Street, Suite 1610, Vancouver, British Columbia, V7Y 1K4, Canada, and our telephone number is (604) 687-5800. We are a Nevada corporation.

We maintain a website at www.silverbullresources.com, which contains information about us. Our website and the information contained in and connected to it are not a part of this prospectus.

The Offering

The following summary describes the principal terms of the offering, but is not intended to be complete. See "Selling Stockholders" and "Plan of Distribution" in this prospectus for a more detailed description of the selling stockholders, the terms and conditions of the distribution of the shares of common stock and the shares of common stock issuable upon the exercise of warrants, and the offering. For a more detailed description of our common stock and warrants to purchase our common stock, see "Description of Securities."

Common stock offered by the selling stockholders: 23,362,710 shares of common stock, consisting of (i) 15,702,310 shares issued to the selling stockholders in the May, June and July 2016 private placements; (ii) 3,120,000 shares issued upon exercise of the warrants issued to the selling stockholders in the June 2016 private placements; and (iii) 4,540,400 shares issuable upon exercise of warrants issued to selling stockholders in the July 2016 private placement.

Common stock outstanding on October 21, 2016: 177,894,967 shares (1)

Common stock outstanding after this offering: 182,435,367 shares (2)

Use of proceeds: We will not receive any proceeds from the sale of shares in this offering by the selling stockholders.

Ticker symbol: SVB (Toronto Stock Exchange); SVBL (OTCQB Venture Marketplace)

Risk factors: You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the "Risk Factors" section beginning on page 5 of this prospectus before deciding whether or not to invest in shares of our common stock

(1) Excludes (a) 4,540,400 shares issuable upon the exercise of warrants issued to the selling stockholders in the July 2016 private placement and (b) 11,417,858 shares of common stock issuable upon the exercise of outstanding options, which are not being offered by this prospectus.

(2) Includes 4,540,400 shares issuable upon the exercise of warrants issued to the selling stockholders in the July 2016 private placement, and excludes 11,417,858 shares of common stock issuable upon the exercise of outstanding options, which are not being offered by this prospectus

FORWARD-LOOKING STATEMENTS

This registration statement on Form S-1 includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the U.S. Private Securities Litigation Reform Act of 1995, and "forward-looking information" within the meaning of applicable Canadian securities legislation. We use words such as "anticipate," "continue," "likely," "estimate," "expect," "may," "will," "projection," "should," "believe," "potential," "could," or similar words suggesting future outcomes (including negative and grammatical variations) to identify forward-looking statements.

These statements concern the following, among other things:

The sufficiency of our existing cash resources and working capital to enable us to continue our operations for the next 12 months as a going concern;

- Our planned activities at the Sierra Mojada project in 2016, including continuing to progress in securing additional surface rights, maintaining our property concessions, drilling activities, and continuing to internally investigate the potential for a high grade underground zinc oxide mine and a small silver open pit;
- Prospects of entering the development or production stage with respect to any of our projects;
- Whether any part of the Sierra Mojada project will ever be confirmed or converted into SEC Industry Guide 7 – compliant "reserves";
- Our planned drilling program targeting sulfide mineralization targets, including target areas identified by a high resolution magnetic survey;
- Our ability to obtain permits required for drilling;
- The impact of the fine bubble flotation test work on the recovery of minerals and initial rough concentrate grade;
- The possible extension to the Sierra Mojada project of existing nearby gas pipeline;
- The impact of recent accounting pronouncements on our financial position, results of operations or cash flows and disclosures;
- The impact of changes to current state or federal laws and regulations in Mexico on estimated capital expenditures and operating and/or reclamation costs;
- Our ability to raise additional capital and the potential impact on our business, financial condition and results of operations of doing so or not;
- The impact of changing foreign currency exchange rates on our financial condition;
- Our efforts to monitor and evaluate the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis;
- Our expectations regarding future recovery of value-added tax paid in Mexico;

- The merits of any claims in connection with, and the expected timing of any, ongoing legal proceedings; and
- The period during which costs related to non-vested share-based compensation arrangements is expected to be recognized.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, and our actual results could differ from those expressed or implied in these forward-looking statements as a result of the factors described under "Risk Factors" in our annual report on Form 10-K for the fiscal year ended October 31, 2015, including without limitation, risks associated with the following:

- Our ability to obtain additional financial resources on acceptable terms to (i) conduct our exploration activities and (ii) maintain our general and administrative expenditures at acceptable levels;
- Results of future exploration at our Sierra Mojada project;
- Worldwide economic and political events affecting (i) the market prices for silver, zinc, lead, copper and other minerals that may be found on our exploration properties (ii) interest rates and (iii) currency exchange rates;
- The amount and nature of future capital and exploration expenditures;
- Volatility in our stock price;
- Our inability to obtain required permits;
- Competitive factors, includes exploration-related competition;
- Timing of receipt and maintenance of government approvals;
- Unanticipated title issues;
- Changes in tax laws;
- Changes in regulatory frameworks or regulations affecting our activities;
- Our ability to retain key management and consultants and experts necessary to successfully operate and grow our business; and
- Political and economic instability in Mexico and other countries in which we conduct our business, and future potential actions of the governments in such countries with respect to nationalization of natural resources or other changes in mining or taxation policies.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. You should not place undue reliance on these forward-looking statements.

RISK FACTORS

A purchase of our securities involves a high degree of risk. Our business, operating or financial condition could be harmed due to any of the following risks. Accordingly, investors should carefully consider these risks in making a decision as to whether to purchase, sell or hold our securities. In addition, investors should note that the risks described below are not the only risks facing us. Additional risks not presently known to us, or risks that do not seem significant today, may also impair our business operations in the future.

Risks Related to Our Business

There is substantial doubt about whether we can continue as a going concern.

We have earned no revenues to date and have incurred net losses of \$1,856,726, \$18,745,829 and \$4,914,251 during the nine months ended July 31, 2016 and fiscal years ended October 31, 2015 and October 31, 2014, respectively. In addition, we have limited financial resources. As of July 31, 2016, we had cash and cash equivalents of \$1,511,172 and working capital of \$1,244,090. Therefore, our continuation as a going concern is dependent upon our achieving a future financing or strategic transaction such as obtaining adequate equity financing, which we have successfully secured periodically since our inception, joint venture opportunities on the Sierra Mojada Property, asset divestitures or some other strategic transaction. However, there is no assurance that we will be successful pursuing these financing and strategic options and accordingly, there is substantial doubt as to whether our existing cash resources and working capital are sufficient to enable us to continue our operations for the next 12 months as a going concern. Ultimately, in the event that we cannot obtain additional financial resources or achieve profitable operations, we may have to liquidate our business interests, and investors may lose their investment. The accompanying financial statements have been prepared assuming that our company will continue as a going concern. Continued operations are dependent on our ability to obtain additional financial resources or generate profitable operations. Such additional financial resources may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty.

We may have difficulty meeting our current and future capital requirements.

Our management and our board of directors monitor our overall costs and expenses and, if necessary, adjust our programs and planned expenditures in an attempt to ensure we have sufficient operating capital. We continue to evaluate our costs and planned expenditures for our ongoing exploration efforts at our Sierra Mojada project (the "Sierra Mojada Project"). As of July 31, 2016 and October 31, 2015, we had working capital of \$1.24 million and \$0.83 million and cash and cash equivalents of \$1.51 million and \$0.95 million, respectively. The continued exploration and possible development of the Sierra Mojada Project will require significant amounts of additional capital. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, we will need to significantly reduce operations, which will result in an adverse impact on our business, financial condition and exploration activities. We do not have a credit, off-take or other commercial financing arrangement in place that would finance continued evaluation or development of the Sierra Mojada Project and we believe that securing credit for these projects may be difficult due to continuing volatility in global credit markets. Moreover, equity financing may not be available on attractive terms and if available, will likely result in significant dilution to existing stockholders.

We are an exploration stage mining company with no history of operations.

We are an exploration stage enterprise engaged in mineral exploration in Mexico. We have a very limited operating history and are subject to all the risks inherent in a new business enterprise. As an exploration stage company, we may never enter the development and production stages. To date we have had no revenues and have relied upon equity financing to fund our operations. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with an exploration stage business, and the competitive and regulatory environment in which we operate and will operate, such as under-capitalization, personnel limitations, and limited financing sources.

We have no commercially mineable ore body.

No commercially mineable ore body has been delineated on our Sierra Mojada Project, nor have our properties been shown to contain proven or probable mineral reserves. Investors should not assume that the projections contained in the report on our Sierra Mojada Project will ever be realized. We cannot assure you that any mineral deposits we identify on the Sierra Mojada Project, or on another property will qualify as an ore body that can be legally and economically exploited or that any particular level of recovery of silver, zinc or other minerals from discovered mineralization will in fact be realized. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Even if the presence of reserves is established at a project, the legal and economic viability of the project may not justify exploitation.

Mineral resource estimates may not be reliable.

There are numerous uncertainties inherent in estimating quantities of mineralized material such as silver, zinc, lead, and copper, including many factors beyond our control, and no assurance can be given that the recovery of mineralized material will be realized. In general, estimates of mineralized material are based upon a number of factors and assumptions made as of the date on which the estimates were determined, including:

- geological and engineering estimates that have inherent uncertainties and the assumed effects of regulation by governmental agencies;
- the judgment of the engineers preparing the estimate;
- estimates of future metals prices and operating costs;
- the quality and quantity of available data;
- the interpretation of that data; and
- the accuracy of various mandated economic assumptions, all of which may vary considerably from actual results.

All estimates are, to some degree, uncertain. For these reasons, estimates of the recoverable mineral resources prepared by different engineers or by the same engineers at different times, may vary substantially. As such, there is significant uncertainty in any mineralized material estimate and actual deposits encountered and the economic viability of a deposit may differ materially from our estimates.

Our business plan is highly speculative, and its success largely depends on the successful exploration of our Sierra Mojada concessions.

Our business plan is focused on exploring the Sierra Mojada concessions to identify reserves, and if appropriate, to ultimately develop this property. Further, although we have reported mineralized material on our Sierra Mojada Project, we have not established any reserves and remain in the exploration stage. We may never enter the development or production stage. Exploration of mineralization and determination of whether the mineralization might be extracted profitably is highly speculative, and it may take a number of years until production is possible, during which time the economic viability of the project may change. Substantial expenditures are required to establish reserves, extract metals from ore and construct mining and processing facilities.

The Sierra Mojada Project is subject to all of the risks inherent in mineral exploration and development. The economic feasibility of any mineral exploration and/or development project is based upon, among other things, estimates of the size and grade of mineral reserves, proximity to infrastructures and other resources (such as water and power), anticipated production rates, capital and operating costs, and metals prices. To advance from an exploration project to a development project, we will need to overcome various hurdles, including the completion of favorable feasibility studies, issuance of necessary permits, and the ability to raise significant further capital to fund activities. There can be no assurance that we will be successful in overcoming these risks. Because of our focus on the Sierra Mojada Project, the success of our operations and our profitability may be disproportionately exposed to the impact of adverse conditions unique to the Torreon, Mexico region, as the Sierra Mojada Project is located 250 kilometers north of this area.

Due to our history of operating losses, we are uncertain that we will be able to maintain sufficient cash to accomplish our business objectives.

During the nine months ended July 31, 2016 and the fiscal years ended October 31, 2015 and October 31, 2014, we suffered net losses of \$1,856,726, \$18,745,829 and \$4,914,251, respectively. At July 31, 2016 and October 31, 2015, we had stockholders' equity of \$8,538,920 and \$8,788,670 and working capital of \$1,244,090 and \$831,762, respectively. Significant amounts of capital will be required to continue to explore and potentially develop the Sierra Mojada concessions. We are not engaged in any revenue producing activities, and we do not expect to be in the near future. Currently, our potential sources of funding consist of the sale of additional equity securities, entering into joint venture agreements or selling a portion of our interests in our assets. There is no assurance that any additional capital that we will require will be obtainable on terms acceptable to us, if at all. Failure to obtain such additional financing could result in delays or indefinite postponement of further exploration of our projects. Additional financing, if available, will likely result in substantial dilution to existing stockholders.

Our exploration activities require significant amounts of capital that may not be recovered.

Mineral exploration activities are subject to many risks, including the risk that no commercially productive or extractable resources will be encountered. There can be no assurance that our activities will ultimately lead to an economically feasible project or that we will recover all or any portion of our investment. Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further our exploration efforts. The cost of minerals exploration is often uncertain and cost overruns are common. Our drilling and exploration operations may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond our control, including title problems, weather conditions, compliance with governmental requirements, including permitting issues, and shortages or delays in the delivery of equipment and services.

Our financial condition could be adversely affected by changes in currency exchange rates, especially between the U.S. dollar and the Mexican peso ("MXN\$") and the U.S. dollar and the Canadian dollar ("CDN\$") given our focus on the Sierra Mojada Project and our corporate office in Vancouver, Canada.

Our financial condition is affected in part by currency exchange rates, as portions of our exploration costs in Mexico and general and administration costs in Canada are denominated in the local currency. A weakening U.S. dollar relative to the MXN\$ and CDN\$ will have the effect of increasing exploration costs and general and administration costs while a strengthening U.S. dollar will have the effect of reducing exploration costs and general and administration costs. The exchange rates between the CDN\$ and the U.S. dollar and between the MXN\$ and U.S. dollar have fluctuated widely in response to international political conditions, general economic conditions and other factors beyond our control.

Risks Related to the Mineral Exploration Industry

There are inherent risks in the mineral exploration industry

We are subject to all of the risks inherent in the minerals exploration industry including, without limitation, the following:

- we are subject to competition from a large number of companies, many of which are significantly larger than we are, in the acquisition, exploration, and development of mining properties;
- we might not be able raise enough money to pay the fees and taxes and perform the labor necessary to maintain our concessions in good status;
- exploration for minerals is highly speculative and involves substantial risks and is frequently unproductive, even when conducted on properties known to contain significant quantities of mineralization, and our exploration projects may not result in the discovery of commercially mineable deposits of ore;
- the probability of an individual prospect ever having reserves that meet the requirements for reporting under SEC Industry Guide 7 is remote and any funds spent on exploration may be lost;
- our operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls and we may not be able to comply with these regulations and controls; and
- a large number of factors beyond our control, including fluctuations in metal prices, inflation, and other economic conditions, will affect the economic feasibility of mining.

Metals prices are subject to extreme fluctuation.

Our activities are influenced by the prices of commodities, including silver, zinc, lead, copper and other metals. These prices fluctuate widely and are affected by numerous factors beyond our control, including interest rates, expectations for inflation, speculation, currency values (in particular the strength of the U.S. dollar), global and regional demand, political and economic conditions and production costs in major metal-producing regions of the world.

Our ability to establish reserves through our exploration activities, our future profitability and our long-term viability, depend, in large part, on the market prices of silver, zinc, lead, copper and other metals. The market prices for these metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- supply of, and demand for, silver, zinc, lead, copper and other metals;
- speculative activities and producer hedging activities;
- expectations for inflation;
- political and economic conditions; and
- supply of, and demand for, consumables required for production.

Future weakness in the global economy could increase volatility in metals prices or depress metals prices, which could in turn reduce the value of our properties, make it more difficult to raise additional capital, and make it uneconomical for us to continue our exploration activities.

There are inherent risks with foreign operations.

Our business activities are primarily conducted in Mexico, and as such, our activities are exposed to various levels of foreign political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labor unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, changing political conditions, currency controls and governmental regulations that favor or require the rewarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Mexico may adversely affect our exploration and possible future development activities. We may also be affected in varying degrees by government regulations with respect to, but not limited to, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our operations. In addition, legislation in the United States, Canada or Mexico regulating foreign trade, investment and taxation could have a material adverse effect on our financial condition.

Our Sierra Mojada Project is located in Mexico and is subject to various levels of political, economic, legal and other risks.

The Sierra Mojada Project, our primary focus, is in Mexico. In the past, Mexico has been subject to political instability, changes and uncertainties, which have resulted in changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for us to obtain any required financing for the Sierra Mojada Project or other projects in Mexico in the future. Our Sierra Mojada Project is also subject to a variety of governmental regulations governing health and worker safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

Our exploration activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Sierra Mojada Project. Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect our financial condition. Expansion of our activities will be subject to the need to obtain sufficient access to adequate supplies of water, assure the availability of sufficient power, as well as sufficient surface rights which could be affected by government policy and competing operations in the area.

We also have litigation risk with respect to our operations. In particular, on May 20, 2014, a local cooperative named Sociedad Cooperativa de Exploración Minera Mineros Nortesños, S.C.L. ("Mineros Nortesños") filed an action in the Local First Civil Court in the District of Morelos, State of Chihuahua, Mexico, against our Mexican subsidiary, Minera Metalin, claiming that we breached an agreement regarding the development of the Sierra Mojada Project. On January 19, 2015, the case was moved to the Second District Court (of federal jurisdiction). Mineros Nortesños is seeking payment of a royalty, including interest at a rate of 6% per annum since August 30, 2004, notwithstanding that no revenue has been produced from the applicable mining concessions, and it is also seeking payment of wages to the cooperative's members since August 30, 2004, notwithstanding that none of the individuals were ever hired or performed work for Minera Metalin under this agreement and Minera Metalin never committed to hiring them. Although we believe the claim is without merit, there is no assurance that we will be successful in defending this claim.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our financial condition. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration activities with the Sierra Mojada Project or in respect to any other projects in which we become involved in Mexico. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in the interruption of exploration operations or material fines, penalties or other liabilities.

Title to our properties may be challenged or defective.

Our future operations, including our activities at the Sierra Mojada Project and other exploration activities, will require additional permits from various governmental authorities. Our operations are and will continue to be governed by laws and regulations governing prospecting, mineral exploration, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, mining royalties and other matters. There can be no assurance that we will be able to acquire all required licenses, permits or property rights on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties.

We attempt to confirm the validity of our rights of title to, or contract rights with respect to, each mineral property in which we have a material interest. However, we cannot guarantee that title to our properties will not be challenged. The Sierra Mojada Property may be subject to prior unregistered agreements, interests or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of any of the claims comprising the Sierra Mojada Property that, if successful, could impair possible development and/or operations with respect to such properties in the future. Challenges to permits or property rights, whether successful or unsuccessful; changes to the terms of permits or property rights; or a failure to comply with the terms of any permits or property rights that have been obtained, could have a material adverse effect on our business by delaying or preventing or making continued operations economically unfeasible.

A title defect could result in Silver Bull losing all or a portion of its right, title, and interest to and in the properties to which the title defect relates. Title insurance generally is not available, and our ability to ensure that we have obtained secure title to individual mineral properties or mining concessions may be severely constrained. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties. We annually monitor the official mining records in Mexico City to determine if there are annotations indicating the existence of a legal challenge against the validity of any of our concessions.

In addition, in connection with the purchase of certain mining concessions, Silver Bull agreed to pay a net royalty interest on revenue from future mineral sales on certain concessions at the Sierra Mojada Project, including concessions on which a significant portion of our mineralized material is located. The aggregate amount payable under this royalty is capped at \$6.875 million, an amount that will only be reached if there is significant future production from the concessions. As noted above, this royalty is currently the subject of a dispute with a local cooperative. In addition, records from prior management indicate that additional royalty interests may have been created, although the continued applicability and scope of these interests are uncertain. The existence of these royalty interests may have a material effect on the economic feasibility of potential future development of the Sierra Mojada Project.

We are subject to complex environmental and other regulatory risks, which could expose us to significant liability and delay and, potentially, the suspension or termination of our exploration efforts.

Our mineral exploration activities are subject to federal, state and local environmental regulations in the jurisdictions where our mineral properties are located. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. No assurance can be given that environmental standards imposed by these governments will not be changed, thereby possibly materially adversely affecting our proposed activities. Compliance with these environmental requirements may also necessitate significant capital outlays or may materially affect our earning power.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. As a result of recent changes in environmental laws in Mexico, for example, more legal actions supported or sponsored by non-governmental groups interested in halting projects may be filed against companies operating in all industrial sectors, including the mining sector. Mexican projects are also subject to the environmental agreements entered into by Mexico, the United States and Canada in connection with the North American Free Trade Agreement.

Future changes in environmental regulations in the jurisdictions where our projects are located may adversely affect our exploration activities, make them prohibitively expensive, or prohibit them altogether. Environmental hazards may exist on the properties in which we currently hold interests, such as the Sierra Mojada Project, or may hold interests in the future, which are unknown to us at present and that have been caused by us or previous owners or operators, or that may have occurred naturally. We may be liable for remediating any damage that we may have caused. The liability could include costs for removing or remediating the release and damage to natural resources, including ground water, as well as the payment of fines and penalties.

We may face a shortage of water.

Water is essential in all phases of the exploration and development of mineral properties. It is used in such processes as exploration, drilling, leaching, placer mining, dredging, testing, and hydraulic mining. Both the lack of available water and the cost of acquisition may make an otherwise viable project economically impossible to complete. In November 2013, Silver Bull was granted the right to exploit up to 3.5 million cubic meters of water per year from six different well sites by the water regulatory body in Mexico, Comision Nacional de Agua, but it has yet to be determined if the six well sites can produce this much water over a sustained period of time.

Our non-operating properties are subject to various hazards.

We are subject to risks and hazards, including environmental hazards, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, mineral properties or future production facilities, personal injury or death, environmental damage, delays in our exploration activities, asset write-downs, monetary losses and possible legal liability. We may not be insured against all losses or liab