

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

SILVER BULL RESOURCES, INC.

Form: 10-Q

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED April 30, 2019.**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____.**

Commission File Number: 001-33125

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

Nevada

State or other jurisdiction of incorporation or organization

91-1766677

(I.R.S. Employer Identification No.)

777 Dunsmuir Street, Suite 1610

Vancouver, B.C. V7Y 1K4

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 604-687-5800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of June 14, 2019, there were 236,328,214 shares of the registrant's \$0.01 par value common stock outstanding, the registrant's only outstanding class of voting securities.

**SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)**

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>April 30,</u> <u>2019</u>	<u>October 31,</u> <u>2018</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,487,394	\$ 3,025,839
Value-added tax receivable, net of allowance for uncollectible taxes of \$126,349 and \$98,414 respectively (Note 6)	231,181	175,020
Income tax receivables	510	160
Other receivables	9,955	12,045
Prepaid expenses and deposits	188,456	237,253
Total Current Assets	<u>3,917,496</u>	<u>3,450,317</u>
Office and mining equipment, net (Note 7)	186,888	201,486
Property concessions (Note 8)	5,031,747	5,019,927
Goodwill (Note 9)	2,058,031	2,058,031
TOTAL ASSETS	<u>\$ 11,194,162</u>	<u>\$ 10,729,761</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 145,405	\$ 253,327
Accrued liabilities and expenses	233,293	439,450
Income tax payable	1,500	4,700
Stock option liability (Note 11)	6,342	25,116
Warrant derivative liability (Note 12)	23,151	405,500
Total Current Liabilities	<u>409,691</u>	<u>1,128,093</u>
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDERS' EQUITY (Notes 4, 10, 11 and 12)		
Common stock, \$0.01 par value; 300,000,000 shares authorized, 236,328,214, and 234,868,214 shares issued and outstanding, respectively	2,363,282	2,348,682
Additional paid-in capital	135,499,681	133,015,768
Accumulated deficit	(127,170,740)	(125,855,030)
Other comprehensive income	92,248	92,248
Total Stockholders' Equity	<u>10,784,471</u>	<u>9,601,668</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 11,194,162</u>	<u>\$ 10,729,761</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

	Three Month Ended		Six Months Ended	
	April 30,		April 30,	
	2019	2018	2019	2018
REVENUES	\$ —	\$ —	\$ —	\$ —
EXPLORATION AND PROPERTY HOLDING COSTS				
Exploration and property holding costs	356,131	102,536	814,160	276,640
Depreciation	7,381	6,763	14,598	13,880
TOTAL EXPLORATION AND PROPERTY HOLDING COSTS	363,512	109,299	828,758	290,520
GENERAL AND ADMINISTRATIVE EXPENSES				
Personnel	166,160	113,045	339,367	245,342
Office and administrative	154,996	139,123	280,888	238,089
Professional services	71,397	88,289	136,278	140,199
Directors' fees	53,300	38,440	107,765	80,454
Provision for uncollectible value-added taxes (Note 6)	11,639	5,800	20,955	25,202
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	457,492	384,697	885,253	729,286
LOSS FROM OPERATIONS	(821,004)	(493,996)	(1,714,011)	(1,019,806)
OTHER INCOME (EXPENSES)				
Interest income	6,265	129	6,384	769
Interest and finance costs	—	(690)	—	(1,639)
Foreign currency transaction gain	2,073	5,572	7,904	2,599
Change in fair value of stock option liability (Note 11)	16,983	2,249	18,774	(5,792)
Change in fair value of warrant derivative liability (Note 12)	484,636	293,225	370,223	(1,305,119)
Miscellaneous income	—	—	—	225
TOTAL OTHER INCOME (EXPENSES)	509,957	300,485	403,285	(1,308,957)
LOSS BEFORE INCOME TAXES	(311,047)	(193,511)	(1,310,726)	(2,328,763)
INCOME TAX EXPENSE	3,312	236	4,984	1,562
NET AND COMPREHENSIVE LOSS	(314,359)	(193,747)	(1,315,710)	(2,330,325)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ —	\$ —	\$ (0.01)	\$ (0.01)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (Note 5)	236,010,911	202,514,499	235,435,436	200,944,274

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Other Comprehensive Income</u>	<u>Total Stockholder' Equity</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Six months ended April 30, 2019						
Balance, October 31, 2018	234,868,214	\$2,348,682	\$133,015,768	\$(125,855,030)	\$ 92,248	\$ 9,601,668
Issuance of common stock as follows:						
- Exercise of warrants at a price of \$CDN 0.13 per share less costs of \$210 (Note 10)	1,460,000	14,600	128,276	—	—	142,876
Earn-in option agreement (Note 4)	—	—	2,221,380	—	—	2,221,380
Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13 (Note 12)	—	—	12,126	—	—	12,126
Stock option and warrants activity as follows:						
- Stock-based compensation for options issued to directors, officers, employees and consultants (Note 11)	—	—	122,131	—	—	122,131
Net loss for the six month period ended April 30, 2019	—	—	—	(1,315,710)	—	(1,315,710)
Balance, April 30, 2019	<u>236,328,214</u>	<u>\$2,363,282</u>	<u>\$135,499,681</u>	<u>\$(127,170,740)</u>	<u>\$ 92,248</u>	<u>\$ 10,784,471</u>

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Other Comprehensive Income</u>	<u>Stockholder' Equity</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Three months ended April 30, 2019						
Balance, January 31, 2019	235,268,214	\$2,352,682	\$134,162,059	\$(126,856,381)	92,248	\$ 9,750,608
Issuance of common stock as follows:						
- Exercise of warrants at a price of \$CDN 0.13 per share less costs of \$140 (Note 10)	1,060,000	10,600	92,928	—	—	103,528
Earn-in option agreement	—	—	1,175,380	—	—	1,175,380
Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13	—	—	9,094	—	—	9,094
Stock option and warrants activity as follows:						
- Stock-based compensation for options issued to directors, officers, employees and consultants	—	—	60,220	—	—	60,220
Net loss for the three month period ended April 30, 2019	—	—	—	(314,359)	—	(314,359)
Balance, April 30, 2019	<u>236,328,214</u>	<u>\$2,363,282</u>	<u>\$135,499,681</u>	<u>\$(127,170,740)</u>	<u>\$ 92,248</u>	<u>\$ 10,784,471</u>

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited) (continued)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Other Comprehensive Income</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Six months ended April 30, 2018						
Balance, October 31, 2017	199,259,967	\$1,992,599	\$127,679,664	\$ (122,335,364)	\$ 92,248	\$ 7,429,147
Issuance of common stock as follows:						
- exercise of warrants at a price of \$CDN 0.13 per share less costs of \$750 (Note 10)	5,440,000	54,400	497,352	—	—	551,752
- exercise of agent warrants at a price of \$CDN 0.10 per share less costs of \$165 (Note 10)	39,375	394	2,586	—	—	2,980
Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13 (Note 12)	—	—	379,908	—	—	379,908
Reclassification to additional paid-up capital upon exercise of warrants at price of \$CDN 0.10 (Note 12)	—	—	3,615	—	—	3,615
Stock option activity as follows:						
- Stock-based compensation for options issued to officers, employees and consultants	—	—	51,634	—	—	51,634
Net loss for the six month period ended April 30, 2018	—	—	—	(2,330,325)	—	(2,330,325)
Balance, April 30, 2018	<u>204,739,342</u>	<u>\$2,047,393</u>	<u>\$128,614,759</u>	<u>\$ (124,665,689)</u>	<u>\$ 92,248</u>	<u>\$ 6,088,711</u>

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Other Comprehensive Income</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Three months ended April 30, 2018						
Balance, January 31, 2018	200,169,342	\$2,001,693	\$127,877,925	\$(124,471,942)	\$ 92,248	\$5,499,924
Issuance of common stock as follows:						
- exercise of warrants at a price of \$CDN 0.13 per share less costs of \$585 (Note 10)	4,552,500	45,525	413,531	—	—	459,056
- exercise of agent warrants at a price of \$CDN 0.10 per share less costs of \$110 (Note 10)	17,500	175	1,086	—	—	1,261
Reclassification to additional paid-in capital upon exercise of warrants at price of \$CDN 0.13	—	—	300,627	—	—	300,627
Reclassification to additional paid-up capital upon exercise of warrants at price of \$CDN 0.10	—	—	1,576	—	—	1,576
Stock option activity as follows:						
- Stock-based compensation for options issued to officers, employees and consultants	—	—	20,014	—	—	20,014
Net loss for the three month period ended April 30, 2018	—	—	—	(193,747)	—	(193,747)
Balance, April 30, 2018	<u>204,739,342</u>	<u>\$2,047,393</u>	<u>\$128,614,759</u>	<u>\$(124,665,689)</u>	<u>\$ 92,248</u>	<u>\$6,088,711</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended	
	April 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,315,710)	\$ (2,330,325)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	14,598	13,880
Provision for uncollectible value-added taxes	20,955	25,202
Foreign currency transaction loss (gain)	3,157	(2,411)
Change in fair value of warrant derivative liability (Note 12)	(370,223)	1,305,119
Change in fair value of stock option liability (Note 11)	(18,774)	5,792
Stock options issued for compensation	122,131	72,565
Changes in operating assets and liabilities:		
Value-added tax receivable	(65,670)	(28,986)
Income tax receivable	(337)	—
Other receivables	2,171	(7,401)
Prepaid expenses and deposits	47,517	30,848
Accounts payable	(108,467)	37,135
Accrued liabilities and expenses	(220,096)	(95,273)
Income tax payable	(3,200)	(2,780)
Net cash used in operating activities	<u>(1,891,948)</u>	<u>(976,635)</u>
CASH FLOWS FROM INVESTING ACTIVITY:		
Acquisition of property concessions (Note 8)	(11,820)	(15,541)
Net cash used in investing activity	<u>(11,820)</u>	<u>(15,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Property concessions funding (Note 4)	2,221,380	—
Proceeds from exercise of warrants, net of costs (Note 10)	142,876	555,207
Net cash provided by financing activities	<u>2,364,256</u>	<u>555,207</u>
Effect of exchange rates on cash and cash equivalents	1,067	1,766
Net increase (decrease) in cash and cash equivalents	461,555	(435,203)
Cash and cash equivalents beginning of period	<u>3,025,839</u>	<u>681,776</u>
Cash and cash equivalents end of period	<u>\$ 3,487,394</u>	<u>\$ 246,573</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SILVER BULL RESOURCES, INC.
(AN EXPLORATION STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (CONTINUED)

	Six Months Ended	
	April 30,	
	2019	2018
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Income taxes paid	\$ 3,192	\$ 4,599
Interest paid	—	1,639
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issuance costs included in accounts payable and accrued liability	\$ —	\$ 475

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Silver Bull Resources, Inc. (the “Company”) 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, the Company’s name was changed to Metalline Mining Company. On April 21, 2011, the Company’s name was changed to Silver Bull Resources, Inc. The Company’s fiscal year-end is October 31. The Company has not realized any revenues from its planned operations and is considered an exploration stage company. The Company has not established any reserves with respect to its exploration projects and may never enter into the development stage with respect to any of its projects.

The Company engages in the business of mineral exploration. The Company currently owns a number of property concessions in Mexico (collectively known as the “Sierra Mojada Property”). The Company conducts its operations in Mexico through its 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., a wholly-owned subsidiary of the Company, was merged with and into Dome Ventures Corporation (“Dome”). As a result, Dome became a wholly-owned subsidiary of the Company. 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, Dome Minerals Nigeria Limited, incorporated in Nigeria.

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

NOTE 2 – BASIS OF PRESENTATION

The Company’s interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules of the U.S. Securities and Exchange Commission (the “SEC”) regarding interim reporting. All intercompany transactions and balances have been eliminated during consolidation. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The interim condensed consolidated balance sheet at October 31, 2018 was derived from the audited consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended October 31, 2018.

All figures are in United States dollars unless otherwise noted.

The interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, except as disclosed in Note 3. In the opinion of management, the interim condensed consolidated financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods presented. Uncertainties with respect to estimates and assumptions are inherent in the preparation of the Company’s interim condensed consolidated financial statements. Accordingly, operating results for the six months ended April 30, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 2019.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are defined in the Company's Annual Report on Form 10-K for the year ended October 31, 2018 filed on January 16, 2019, except as follows.

Recent Accounting Pronouncements Adopted in the Six-Month Period Ended April 30, 2019

Effective November 1, 2018, the Company adopted the Financial Accounting Standards Board's (the "FASB's") Accounting Standards Update ("ASU") 2017-05, "Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets," which addresses the transfer to noncustomers of nonfinancial assets or ownership interests in consolidated subsidiaries that do not constitute a business and the contribution of nonfinancial assets that are not a business to a joint venture or other noncontrolled investee. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which required entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance on the presentation and classification of certain cash receipts and payments in the statement of cash flows. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which (i) requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, (ii) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (iii) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and (iv) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, the Company adopted the FASB's 2014-09, "Revenue from Contracts with Customers (Topic 606)," which has subsequently been amended to update revenue guidance under the newly-created ASC 606. The new standard provides a five-step approach to be applied to all contracts with customers and requires expanded disclosures about revenue recognition. The adoption of this update did not have a material impact on the Company's financial position, results of operations or cash flows and disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting," to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 simplifies the accounting for nonemployee share-based payments, aligning it more closely with the accounting for employee awards. These changes become effective for the Company's fiscal year beginning November 1, 2019. Early application is permitted. At this time, the Company has not determined the effects of this update on the Company's financial position, results of operations or cash flows and disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes become effective for the Company's fiscal year beginning November 1, 2019. Modified retrospective adoption for all leases existing at, or entered into after, the date of initial application, is required with an option to use certain transition relief. At this time, the Company has not determined the effects of this update on the Company's financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncement issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not expected to have a material impact on the Company's present or future consolidated financial statements.

NOTE 4 – EARN-IN OPTION AGREEMENT

On June 1, 2018, the Company and its subsidiaries Minera Metalin and Contratistas entered into an Earn-In Option Agreement (the "Option Agreement") with South32 International Investment Holdings Pty Ltd ("South32"), a wholly-owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), whereby South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin and Contratistas (the "Option"). Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico (the "Sierra Mojada Project"), and Contratistas supplies labor for the Sierra Mojada Project. Under the Option Agreement, South32 earns into the Option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to earn and maintain its four-year Option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4 (the "Initial Funding"). Funding is made on a quarterly basis based on the subsequent quarter's exploration budget. South32 may exercise the Option by contributing \$100 million to Minera Metalin (the "Subscription Payment"), less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the Option becomes exercisable and is exercised, the Company and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by the Company. The exploration program will be initially managed by the Company, with South32 being able to approve the exploration program funded by it. The Company received funding of \$3,144,163 from South32 for Year 1 of the Option Agreement, of which \$1,246,768 remains unspent as of April 30, 2019. In April 2019, the Company received a notice from South32 to maintain the Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. In May 2019 the Company received the initial payment of \$319,430 for Year 2 of the Option Agreement from South32. If the Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, the Company is under no obligation to reimburse South32 for amounts contributed under the Option Agreement.

Upon exercise of the Option, Minera Metalin and Contratistas are required to issue common shares to South32. Pursuant to the Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

The Company has determined that Minera Metalin and Contratistas are variable interest entities and that the Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32. The Company has also determined that the Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of the cash consideration received, as it is more reliably measurable than the fair value of the equity interest. If the Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances that are not wholly in control of the Company or South32 and are not currently probable.

No portion of the equity value has been classified as temporary equity as the option has no intrinsic value.

The combined approximate carrying amount of the assets and liabilities of Contratistas and Minera Metalin (consolidated with Minera Metalin's wholly-owned subsidiary) are as follows at April 30, 2019:

Assets:	Mexico
Cash and cash equivalents	\$ 104,000
Value-added tax receivable, net	231,000
Other receivables	1,000
Income tax receivable	1,000
Prepaid expenses and deposits	109,000
Office and mining equipment, net	187,000
Property concessions	5,032,000
Total assets	\$ 5,665,000
Liabilities:	
Accounts payable	47,000
Accrued liabilities and expenses	148,000
Payable to Silver Bull Resources, Inc. to be converted to equity upon exercise of the Option	2,551,000
Total liabilities	\$ 2,746,000
Net advances and investment in the Company's Mexican subsidiaries	\$ 2,919,000

In addition, at April 30, 2019, Silver Bull Resources, Inc. held \$1,174,000 of cash received from South32, which is to be contributed to the capital of the Mexican subsidiaries as required for exploration. Cash received from South32 is required to be used to further exploration of Sierra Mojada.

The Company's maximum exposure to loss at April 30, 2019 is \$5,470,000, which includes the carrying value of the Mexican subsidiaries' net assets excluding the payable to Silver Bull Resources, Inc.

NOTE 5 – LOSS PER SHARE

The Company had stock options and warrants outstanding at April 30, 2019 and 2018 that upon exercise were issuable into 53,515,230 and 34,515,325 shares of the Company's common stock, respectively. They were not included in the calculation of loss per share because they would have been anti-dilutive.

NOTE 6 – VALUE-ADDED TAX RECEIVABLE

Value-added tax ("VAT") receivable relates to VAT paid in Mexico. The Company estimates that net VAT of \$231,181 will be received within 12 months of the balance sheet date. The allowance for uncollectible VAT was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

A summary of the changes in the allowance for uncollectible VAT for the six months ended April 30, 2019 is as follows:

Allowance for uncollectible VAT – October 31, 2018	\$ 98,414
Provision for VAT receivable allowance	20,955
Foreign currency translation adjustment	6,218
Write-off of VAT receivable	762
Allowance for uncollectible VAT – April 30, 2019	\$ 126,349

NOTE 7 – OFFICE AND MINING EQUIPMENT

The following is a summary of the Company's office and mining equipment at April 30, 2019 and October 31, 2018, respectively:

	<u>April 30, 2019</u>	<u>October 31, 2018</u>
Mining equipment	\$ 358,513	\$ 358,513
Vehicles	73,287	73,287
Buildings and structures	185,724	185,724
Computer equipment and software	74,236	74,236
Well equipment	39,637	39,637
Office equipment	47,597	47,597
	<u>778,994</u>	<u>778,994</u>
Less: Accumulated depreciation	(592,106)	(577,508)
Office and mining equipment, net	<u>\$ 186,888</u>	<u>\$ 201,486</u>

NOTE 8 – PROPERTY CONCESSIONS

The following is a summary of the Company's property concessions for the Sierra Mojada Property as at April 30, 2019 and October 31, 2018:

Property concessions –October 31, 2018	\$ 5,019,927
Acquisitions	11,820
Property concessions – April 30, 2019	<u>\$ 5,031,747</u>

NOTE 9 – GOODWILL

Goodwill represents the excess, at the date of acquisition, of the purchase price of the business acquired over the fair value of the net tangible and intangible assets acquired. On April 30, 2019, the Company elected to perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. Based on this assessment, management determined it is not more likely than not that the fair value of the reporting unit is less than its carrying amount.

The following is a summary of the Company's goodwill balance as at April 30, 2019 and October 31, 2018:

Goodwill – April 30, 2019 and October 31, 2018	\$ 2,058,031
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NOTE 10 – COMMON STOCK

On March 6, 2019, 460,000 warrants to acquire 460,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$44,560 (\$CDN 59,800).

On February 21, 2019, 600,000 warrants to acquire 600,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$59,109 (\$CDN 78,000).

On January 30, 2019, 400,000 warrants to acquire 400,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$39,418 (\$CDN 52,000).

The Company incurred costs of \$210 related to warrant exercises in the six months ended April 30, 2019.

On April 4, 2018, 625,000 warrants to acquire 625,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$63,432 (\$CDN 81,250).

On March 29, 2018, 1,000,000 warrants to acquire 1,000,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$100,822 (\$CDN 130,000).

On March 28, 2018, 8,750 warrants to acquire 8,750 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$678 (\$CDN 875).

On March 15, 2018, 1,025,000 warrants to acquire 1,025,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$102,248 (\$CDN 133,250).

On March 14, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,108 (\$CDN 32,500).

On March 8, 2018, 974,500 warrants to acquire 974,500 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$98,000 (\$CDN 126,685).

On February 20, 2018, 8,750 warrants to acquire 8,750 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$693 (\$CDN 875).

On February 20, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,749 (\$CDN 32,500).

On February 16, 2018, 250,000 warrants to acquire 250,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$25,917 (\$CDN 32,500).

On February 13, 2018, 178,000 warrants to acquire 178,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$18,365 (\$CDN 23,140).

On January 29, 2018, 21,875 warrants to acquire 21,875 shares of common stock were exercised at an exercise price of \$CDN 0.10 per share of common stock for aggregate gross proceeds of \$1,773 (\$CDN 2,188).

On January 22, 2018, 62,500 warrants to acquire 62,500 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$6,522 (\$CDN 8,125).

On January 15, 2018, 625,000 warrants to acquire 625,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$65,408 (\$CDN 81,250).

On January 8, 2018, 200,000 warrants to acquire 200,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share of common stock for aggregate gross proceeds of \$20,931 (\$CDN 26,000).

The Company incurred costs of \$915 related to warrant exercises in the six months ended April 30, 2018.

NOTE 11 – STOCK OPTIONS

The Company has two stock option plans, the 2010 Stock Option and Stock Bonus Plan, as amended (the “2010 Plan”) and the 2019 Stock Option and Stock Bonus Plan (the “2019 Plan”). Under each of the 2010 Plan and the 2019 Plan, the lesser of (i) 30,000,000 shares or (ii) 10% of the total shares outstanding are reserved for issuance upon the exercise of options or the grant of stock bonuses.

Options are typically granted with an exercise price equal to the closing market price of the Company’s stock at the date of grant, have a graded vesting schedule over approximately one to two years and have a contractual term of five years.

A summary of the range of assumptions used to value stock options granted for the six months ended April 30, 2019 and 2018 are as follows:

Options	Six Months Ended April 30,	
	2019	2018
Expected volatility	—	40%
Risk-free interest rate	—	1.94%
Dividend yield	—	—
Expected term (in years)	—	5.0

No options were granted or exercised during the six months ended April 30, 2019. No options were exercised during the six months ended April 30, 2018.

During the six months ended April 30, 2018, the Company granted to a consultant options that vested immediately to acquire 350,000 shares of common stock with a weighted-average grant-date fair value of \$0.06 per share and an exercise price of Canadian dollar (“\$CDN”) 0.215 per share. No options were exercised during the six months ended April 30, 2018.

The following is a summary of stock option activity for the six months ended April 30, 2019:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at October 31, 2018	18,950,000	\$ 0.11	3.48	\$ 429,158
Cancelled and expired	(275,000)	0.10		
Outstanding at April 30, 2019	18,675,000	\$ 0.11	2.96	\$ 91,075
Exercisable at April 30, 2019	13,641,667	\$ 0.12	2.44	\$ 91,075

The Company recognized stock-based compensation costs for stock options of \$122,131 and \$72,565 for the six months ended April 30, 2019 and 2018, respectively. As of April 30, 2019, there was \$147,151 of total unrecognized compensation expense, which is expected to be recognized over a weighted average period of 0.55 years.

Summarized information about stock options outstanding and exercisable at April 30, 2019 is as follows:

Options Outstanding			Options Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.06	4,075,000	1.82	\$ 0.06	4,075,000	\$ 0.06
0.10	11,625,000	3.88	0.10	6,591,667	0.10
0.16	350,000	3.81	0.16	350,000	0.16
0.19 – 0.26	2,625,000	0.56	0.26	2,625,000	0.26
\$ 0.06 – 0.26	18,675,000	2.96	\$ 0.11	13,641,667	\$ 0.12

Stock options granted to consultants with a \$CDN exercise price are classified as stock option liability on the Company's interim condensed consolidated balance sheets upon vesting. The following is a summary of the Company's stock option liability at April 30, 2019 and October 31, 2018:

Stock option liability at October 31, 2018:	\$ 25,116
Change in fair value of stock option liability	(18,774)
Stock option liability at April 30, 2019	<u>\$ 6,342</u>

NOTE 12 – WARRANTS

A summary of warrant activity for the six months ended April 30, 2019 is as follows:

Warrants	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding and exercisable at October 31, 2019	36,300,230	\$ 0.13	1.16	\$ 254,068
Exercised	(1,460,000)	\$ 0.10		
Outstanding and exercisable at April 30, 2019	<u>34,840,230</u>	<u>\$ 0.13</u>	<u>0.68</u>	<u>\$ 1,333</u>

Warrants exercised during the six months ended April 30, 2019 and 2018 are discussed in Note 10.

The warrants exercised during the six months ended April 30, 2019 and 2018 had an intrinsic value of \$12,126 and \$383,523, respectively.

Summarized information about warrants outstanding and exercisable at April 30, 2019 is as follows:

Warrants Outstanding and Exercisable			
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$ 0.08	357,925	0.19	\$ 0.08
0.10	14,340,000	0.21	0.10
0.12	4,340,000	0.22	0.12
0.14	1,231,374	1.25	0.14
0.16	14,570,931	1.25	0.16
\$ 0.08 – 0.16	34,840,230	0.68	\$ 0.13

If the closing price of the Company's common stock on the TSX is higher than \$CDN 0.30 for 20 consecutive trading days, then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the above \$0.12 warrants may be accelerated to the 20th trading day after the Acceleration Trigger Date by the issuance, within three trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.

The Company's warrants with a \$CDN exercise price have been recognized as a derivative liability. The following is a summary of the Company's warrant derivative liability at April 30, 2019 and October 31, 2018:

Warrant derivative liability at October 31, 2018:	\$ 405,500
Change in fair value of warrant derivative liability	(370,223)
Reclassification to additional paid-in capital upon exercise of warrants	(12,126)
Warrant derivative liability at April 30, 2019	<u>\$ 23,151</u>

NOTE 13 – FINANCIAL INSTRUMENTS

Fair Value Measurements

All financial assets and financial liabilities are recorded at fair value on initial recognition. Transaction costs are expensed when they are incurred, unless they are directly attributable to the acquisition of financial assets or the assumption of liabilities carried at amortized cost, in which case the transaction costs adjust the carrying amount.

The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's financial instruments consist of cash and cash equivalents, accounts payable, stock option liability and warrant derivative liability.

The carrying amounts of cash and cash equivalents and accounts payable approximate fair value at April 30, 2019 and October 31, 2018 due to the short maturities of these financial instruments.

Derivative liability

The Company classifies warrants with a \$CDN exercise price on its interim condensed consolidated balance sheets as a derivative liability, which is fair valued at each reporting period subsequent to the initial issuance as the functional currency of Silver Bull is the U.S. dollar. The Company has used the Black-Scholes pricing model to determine the fair value of the warrants that do not have an acceleration feature and has used the Monte Carlo valuation model to determine the fair value of the warrants that do have an acceleration feature (Note 12). Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility adjusted to reflect the implicit discount to historical volatilities observed in the prices of traded warrants. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend yield is expected to be none as the Company has not paid dividends nor does the Company anticipate paying a dividend in the foreseeable future.

The Company reclassifies stock options granted to consultants with a \$CDN exercise price on its interim condensed consolidated balance sheets upon vesting as a stock option liability that is fair valued at each reporting period subsequent to reclassification as the functional currency of Silver Bull is the U.S. dollar. The Company has used the Black-Scholes pricing model to fair value these stock options. Determining the appropriate fair-value model and calculating the fair value of these stock options requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of reclassification, and at each subsequent reporting period, is based on the historical volatility of the Company's common stock and adjusted if future volatility is expected to vary from historical experience. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. The expected life of the options is based upon historical and expected future exercise behavior. The dividend yield is expected to be none as the Company has not paid dividends nor does the Company anticipate paying any dividend in the foreseeable future.

The derivative warrants are not traded in an active market, and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the interim condensed consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in fair value are recorded in the interim condensed consolidated statement of operations and comprehensive loss each reporting period. These are considered to be a Level 3 financial instrument.

The Company has the following liabilities under the fair value hierarchy:

<u>Liability</u>	<u>April 30, 2019</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Stock option liability	\$ —	\$ —	\$ 6,342
Warrant derivative liability	\$ —	\$ —	\$ 23,151

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. To mitigate exposure to credit risk on financial assets, the Company has established policies to ensure liquidity of funds and ensure that counterparties demonstrate acceptable levels of creditworthiness.

The Company maintains its U.S. dollar and Canadian dollar cash and cash equivalents in bank and demand deposit accounts with major financial institutions with high credit standings. Cash deposits held in Canada are insured by the Canada Deposit Insurance Corporation (“CDIC”) for up to \$CDN 100,000. Certain Canadian bank accounts held by the Company exceed these federally insured limits or are uninsured as they relate to U.S. dollar deposits held in Canadian financial institutions. As of April 30, 2019, and October 31, 2018, the Company’s cash and cash equivalent balances held in Canadian financial institutions included \$3,325,066 and \$2,919,461, respectively, which was not insured by the CDIC. The Company has not experienced any losses on such accounts, and management believes that using major financial institutions with high credit ratings mitigates the credit risk to cash and cash equivalents.

The Company also maintains cash in bank accounts in Mexico. These accounts are denominated in the local currency and are considered uninsured. As of April 30, 2019, and October 31, 2018, the U.S. dollar equivalent balance for these accounts was \$104,485 and \$32,668, respectively.

Interest Rate Risk

The Company holds substantially all of its cash and cash equivalents in bank and demand deposit accounts with major financial institutions. The interest rates received on these balances may fluctuate with changes in economic conditions. Based on the average cash and cash equivalent balances during the six months ended April 30, 2019, a 1% decrease in interest rates would have resulted in a reduction of approximately \$3,192 in interest income for the period.

Foreign Currency Exchange Risk

The Company is not subject to any significant market risk related to foreign currency exchange rate fluctuations.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Compliance with Environmental Regulations

The Company’s exploration activities are subject to laws and regulations controlling not only the exploration and mining of mineral properties but also the effect of such activities on the environment. Compliance with such laws and regulations may necessitate additional capital outlays or affect the economics of a project, and cause changes or delays in the Company’s activities.

Property Concessions in Mexico

To properly maintain property concessions in Mexico, the Company is required to pay a semi-annual fee to the Mexican government and complete annual assessment work.

Royalty

The Company has agreed to pay a 2% net smelter return royalty on certain property concessions within the Sierra Mojada Property based on the revenue generated from production. Total payments under this royalty are limited to \$6.875 million (the “Royalty”).

Litigation and Claims

On May 20, 2014, a cooperative named Sociedad Cooperativa de Exploración Minera Mineros Norteños, S.C.L. (“Mineros Norteños”) filed an action in the Local First Civil Court in the District of Morelos, State of Chihuahua, Mexico, against the Company’s subsidiary, Minera Metalin, claiming that Minera Metalin breached an agreement regarding the development of the Sierra Mojada Property. Mineros Norteños sought payment of the Royalty, including interest at a rate of 6% per annum since August 30, 2004, even though no revenue has been produced from the applicable mining concessions. It also sought payment of wages to the cooperative’s members since August 30, 2004, even though none of the individuals were hired or performed work for Minera Metalin under this agreement and Minera Metalin did not commit to hiring them. On January 19, 2015, the case was moved to the Third District Court (of federal jurisdiction). On October 4, 2017, the court ruled that Mineros Norteños was time barred from bringing the case. On October 19, 2017, Mineros Norteños appealed this ruling. The Company and the Company’s Mexican legal counsel believe that it is unlikely that the court’s ruling will be overturned. The Company has not accrued any amounts in its interim condensed consolidated financial statements with respect to this claim.

From time to time, the Company is involved in other disputes, claims, proceedings and legal actions arising in the ordinary course of business. The Company intends to vigorously defend all claims against the Company and pursue its full legal rights in cases where the Company has been harmed. Although the ultimate outcome of these proceedings cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no other currently pending or overtly threatened proceeding is expected to have a material adverse effect on the Company’s business, financial condition or results of operations.

NOTE 15 – SEGMENT INFORMATION

The Company operates in a single reportable segment: the exploration of mineral property interests. The Company has mineral property interests in Sierra Mojada, Mexico.

Geographic information is approximately as follows:

	For the Three Months Ended April 30,		For the Six Months Ended April 30,	
	2019	2018	2019	2018
	Mexico	(377,000)	\$ (117,000)	\$ (846,000)
Canada	63,000	(77,000)	(470,000)	(2,012,000)
Net Loss	<u>(314,000)</u>	<u>\$ (194,000)</u>	<u>\$ (1,316,000)</u>	<u>\$ (2,330,000)</u>

The following table details the allocation of assets included in the accompanying balance sheet at April 30, 2019:

	Canada	Mexico	Total
Cash and cash equivalents	\$ 3,383,000	\$ 104,000	\$ 3,487,000
Value-added tax receivable, net	—	231,000	231,000
Other receivables	9,000	1,000	10,000
Prepaid expenses and deposits	79,000	110,000	189,000
Office and mining equipment, net	—	187,000	187,000
Property concessions	—	5,032,000	5,032,000
Goodwill	—	2,058,000	2,058,000
	<u>\$ 3,471,000</u>	<u>\$ 7,723,000</u>	<u>\$ 11,194,000</u>

The following table details the allocation of assets included in the accompanying balance sheet at October 31, 2018:

	Canada	Mexico	Total
Cash and cash equivalents	\$ 2,993,000	\$ 33,000	\$ 3,026,000
Value-added tax receivable, net	—	175,000	175,000
Other receivables	11,000	1,000	12,000
Prepaid expenses and deposits	226,000	11,000	237,000
Office and mining equipment, net	—	202,000	202,000
Property concessions	—	5,020,000	5,020,000
Goodwill	—	2,058,000	2,058,000
	<u>\$ 3,230,000</u>	<u>\$ 7,500,000</u>	<u>\$ 10,730,000</u>

The Company has significant assets in Coahuila, Mexico. Although Mexico is generally considered economically stable, it is always possible that unanticipated events in Mexico could disrupt the Company's operations. The Mexican government does not require foreign entities to maintain cash reserves in Mexico.

When we use the terms "Silver Bull," "we," "us," or "our," we are referring to Silver Bull Resources, Inc. and its subsidiaries, unless the context otherwise requires. We have included technical terms important to an understanding of our business under "Glossary of Common Terms" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (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. Forward-looking statements include statements we make regarding:

- Future payments that may be made by South32 under the terms of the Earn-In Option Agreement;
- Prospects of entering the development or production stage with respect to any of our projects;
- Our planned activities at the Sierra Mojada Project in 2019 and beyond, including with respect to exploration and drilling, metallurgical studies, surveys and other testing activities, and expenditures;
- Whether any part of the Sierra Mojada Project will ever be confirmed or converted into SEC Industry Guide 7-compliant "reserves";
- Testing of the impact of the fine bubble flotation test work on the recovery of minerals;
- The impact of recent accounting pronouncements on our financial position, results of operations or cash flows and disclosures;
- Our ability to raise additional capital and/or pursue additional strategic options, and the potential impact on our business, financial condition and results of operations of doing so or not;
- The impact of changes to current state or federal laws and regulations on estimated capital expenditures, the economics of a particular project and/or our activities;
- Our expectations regarding future recovery of value-added taxes ("VAT") paid in Mexico;
- The period during which unrecognized compensation expense is expected to be recognized;
- Whether using major financial institutions with high credit ratings mitigates credit risk;
- The impact of changing economic conditions on interest rates;
- The possible impact of events in Mexico on the Company's operations; and
- The merits of any claims in connection with, and the expected timing of any, ongoing legal proceedings.

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, 2018, including without limitation, risks associated with the following:

- The continued funding by South32 of amounts required under the Earn-In Option Agreement;
- 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) foreign 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, including 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.

Cautionary Note Regarding Exploration Stage Companies

We are an exploration stage company and do not currently have any known reserves and cannot be expected to have reserves unless and until a feasibility study is completed for the Sierra Mojada concessions that shows proven and probable reserves. There can be no assurance that our concessions contain proven and probable reserves, and investors may lose their entire investment. See the sections titled "Risk Factors" in this Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018.

Business Overview

Silver Bull, incorporated in Nevada, is an exploration stage company, engaged in the business of mineral exploration. Our primary objective is to define sufficient mineral reserves on the Sierra Mojada Property to justify the development of a mechanized mining operation. We conduct our operations in Mexico through our wholly-owned Mexican subsidiaries, 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"). However, as noted above, we have not established any reserves at the Sierra Mojada Property, we are in the exploration stage, and we may never enter the development or production stage.

Our principal office is located at 777 Dunsmuir Street, Suite 1610, Vancouver, BC, Canada V7Y 1K4, and our telephone number is 604-687-5800.

Current Developments

South32 Earn-In Option Agreement

On June 1, 2018, we and our subsidiaries Minera Metalin and Contratistas entered into an Earn-In Option Agreement (the "Option Agreement") with South32 International Investment Holdings Pty Ltd ("South32"), a wholly-owned subsidiary of South32 Limited (ASX/JSE/LSE: S32), whereby South32 is able to obtain an option to purchase 70% of the shares of Minera Metalin and Contratistas (the "Option"). Minera Metalin owns the Sierra Mojada Property located in Coahuila, Mexico (the "Sierra Mojada Project") and Contratistas supplies labor for the Sierra Mojada Project. Under the Option Agreement, South32 earns into the option by funding a collaborative exploration program on the Sierra Mojada Project. Upon the terms and subject to the conditions set forth in the Option Agreement, in order for South32 to earn and maintain its four-year Option, South32 must have contributed to Minera Metalin for exploration of the Sierra Mojada Project at least \$3 million by the end of Year 1, \$6 million by the end of Year 2, \$8 million by the end of Year 3 and \$10 million by the end of Year 4 (the "Initial Funding"). Funding is made on a quarterly basis based on the subsequent quarter's exploration budget. South32 may exercise the Option by contributing \$100 million to Minera Metalin (the "Subscription Payment"), less the amount of Initial Funding previously contributed by South32. The issuance of shares upon notice of exercise of the Option by South32 is subject to antitrust approval by the Mexican government. If the full amount of the Subscription Payment is advanced by South32 and the Option becomes exercisable and is exercised, we and South32 will be obligated to contribute funding to Minera Metalin on a 30/70 pro rata basis. If South32 elects not to continue with the Option during the four-year option period, the Sierra Mojada Project will remain 100% owned by us. The exploration program will be initially managed by us, with South32 being able to approve the exploration program funded by it. We received funding of \$3,144,163 from South32 for Year 1 of the Option Agreement, of which \$1,246,768 remains unspent as of April 30, 2019. In April 2019, we received a notice from South32 to maintain the Option Agreement for Year 2 by providing cumulative funding of \$6 million by the end of such period. In May 2019, we received the initial payment of \$319,430 for Year 2 of the Option Agreement from South32. If the Option Agreement is terminated by South32 without cause or if South32 is unable to obtain antitrust authorization from the Mexican government, we are under no obligation to reimburse South32 for amounts contributed under the Option Agreement.

Upon exercise of the Option, Minera Metalin and Contratistas are required to issue common shares to South32. Pursuant to the Option Agreement, following exercise and until a decision has been made by the board of directors of Minera Metalin to develop and construct a mine on the Sierra Mojada Project, each shareholder holding greater than or equal to 10% of the shares may withdraw as an owner in exchange for a 2% net smelter royalty on products produced and sold from the Sierra Mojada Project. Any shareholder whose holdings are reduced to less than 10% must surrender its interest in exchange for a 2% net smelter royalty.

We have determined that Minera Metalin and Contratistas are variable interest entities and that the Option Agreement has not resulted in the transfer of control of the Sierra Mojada Project to South32. We have also determined the Option Agreement represents non-employee share-based compensation associated with the collaborative exploration program undertaken by the parties. The compensation cost is expensed when the associated exploration activity occurs. The share-based payments have been classified as equity instruments and valued based on the fair value of the cash consideration received, as it is more reliably measurable than the fair value of the equity interest. If the Option is exercised and shares are issued prior to a decision to develop a mine, such shares would be classified as temporary equity as they would be contingently redeemable in exchange for a net smelter royalty under circumstances that are not wholly in control of the Company or South32 and are not currently probable.

2019 Warrants Exercised

In the six months ended April 30, 2019, we received net proceeds of approximately \$143,000 from the exercise of share purchase warrants as described in the “Material Changes in Financial Condition; Liquidity and Capital Resources” section.

Property Concessions and Outlook

Sierra Mojada Property

In January 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$1.8 million for the period from January 2019 through May 2019 and \$1.1 million for general and administrative expenses for calendar year 2019. In June 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$3.5 million for the period from June 2019 through May 2020. The focus of our 2019 and 2020 calendar year exploration program will be the drill program described below and a follow-up drill program based on the results of the current drill program.

Airborne Geophysics

Between September 2018 and November 2018, we completed a 5,297-line-kilometer helicopter-borne Versatile Time Domain Electro Magnetic (“VTEM”) and Magnetic Geophysical Survey over the Sierra Mojada Property. The VTEM survey was conducted as part of the work program under the Option Agreement with South32. The results of this survey aided in refining the design the drill program.

Drilling

We commenced an 8,000-meter drill program in April 2019 under the Option Agreement with South32, and we completed 1,045 meters of drilling as of April 30, 2019.

Metallurgical Studies

In May 2015, we selected and shipped samples of high grade zinc material to a lab in Denver, Colorado for “fine bubble” flotation test work and to a group in Australia to assess their proprietary hydrometallurgy process. Previous test work completed by Silver Bull using mechanical flotation has shown an 87% recovery of zinc from the white zinc zone to produce a rough concentrate of 43% zinc, and a 72.5% recovery of zinc from the red zinc zone to produce a rough concentrate of 30% zinc. The “fine bubble” flotation test work that was performed did not improve recovery, but based on analysis of the results, it was determined that the “fine bubble” flotation test process may be able to be adjusted to improve recovery. Further testing is not planned at this time.

In addition, we previously conducted a metallurgical program to test the recovery of (i) the silver mineralization using the agitation cyanide leach method and (ii) the zinc mineralization using the SART process (sulfidization, acidification, recycling, and thickening). The test work on the silver-rich zone (the “Silver Zone”) focused on cyanide leach recovery of the silver using “Bottle Roll” tests to simulate an agitation leach system and to determine the recovery of (A) low-grade zinc that occurs in the Silver Zone and (B) high-grade zinc from the zinc-rich zone that had been blended with mineralization from the Silver Zone to the leach solution. The silver was recovered from the cyanide leach solution using the Merrill Crowe technique, and the zinc was recovered from the leach solution using the SART process. The SART process is a metallurgical process that regenerates and recycles the cyanide used in the leaching process of the silver and zinc and allows for the recovery of zinc that has been leached by the cyanide solution. The results showed an overall average silver recovery of 73.2% with peak values of 89.0% and an overall average zinc recovery of 44% in the Silver Zone.

Results of Operations

Three Months Ended April 30, 2019 and April 30, 2018

For the three months ended April 30, 2019, we experienced a net loss of \$314,000, or approximately \$nil per share, compared to a net loss of \$194,000, or approximately \$nil per share, during the comparable period last year. The \$120,000 increase in net loss was primarily due to a \$255,000 increase in exploration and property holding costs and a \$72,000 increase in general and administrative expenses, which was partially offset by a \$210,000 increase in other income compared to the comparable period last year as described below.

Exploration and Property Holding Costs

Exploration and property holding costs increased \$255,000 to \$364,000 for the three months ended April 30, 2019, compared to \$109,000 for the comparable period last year. This increase was mainly the result of our drilling program in the three months ended April 30, 2019.

General and Administrative Expenses

We recorded general and administrative expenses of \$457,000 for the three months ended April 30, 2019 as compared to \$385,000 for the comparable period last year. The \$72,000 increase was mainly the result of a \$53,000 increase in personnel costs, a \$16,000 increase in office and administrative costs, a \$15,000 increase in directors' fees and a \$6,000 increase in the provision for uncollectible VAT, which was partially offset by a \$17,000 decrease in professional services as described below.

Personnel costs increased \$53,000 to \$166,000 for the three months ended April 30, 2019 as compared to \$113,000 for the comparable period last year. This increase was mainly due to an increase in employees' salaries and a \$24,000 increase in stock-based compensation expense as a result of stock options vesting in the three months ended April 30, 2019 having a higher fair value than stock options vesting in the comparable period last year.

Office and administrative costs increased \$16,000 to \$155,000 for the three months ended April 30, 2019 as compared to \$139,000 for the same period last year. This increase was mainly due to an increase in investor relations activities and travel costs.

Professional fees decreased \$17,000 to \$71,000 for the three months ended April 30, 2019 compared to \$88,000 for the comparable period last year. This decrease is mainly due to a decrease in accounting fees and legal fees.

Directors' fees increased \$15,000 to \$53,000 for the three months ended April 30, 2019 as compared to \$38,000 for the comparable period last year. This increase was primarily due to the increase in stock-based compensation expense to \$23,000 in the three months ended April 30, 2019 from \$7,000 in the comparable period last year as a result of stock options vesting in the three months ended April 30, 2019 having a higher fair value than stock options vesting in the comparable period last year.

We recorded a \$12,000 provision of uncollectible VAT for the three months ended April 30, 2019 as compared to a \$6,000 provision of uncollectible VAT in the comparable period last year. The allowance for uncollectible taxes was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

Other Income (Expenses)

We recorded other income of \$510,000 for the three months ended April 30, 2019 as compared to other income of \$300,000 for the comparable period last year. The significant factor contributing to other income in the three months ended April 30, 2019 was \$485,000 in income from a change in fair value of warrant derivative liability due to a decrease in fair value of warrants with a \$CDN exercise price from February 1, 2019 to April 30, 2019. The significant factor contributing to other income in the three months ended April 30, 2018 was \$293,000 in income from a change in fair value of warrant derivative liability due to a decrease in fair value of warrants with a \$CDN exercise price from February 1, 2018 to April 30, 2018.

Six Months Ended April 30, 2019 and April 30, 2018

For the six months ended April 30, 2019, we experienced a net loss of \$1,316,000, or approximately \$0.01 per share, compared to a net loss of \$2,330,000, or approximately \$0.01 per share, during the comparable period last year. The \$1,014,000 decrease in net loss was primarily due to \$403,000 in other income for the six months ended April 30, 2019 compared to \$1,309,000 in other expenses in the comparable period last year, which was partially offset by a \$538,000 increase in exploration and property holding costs and a \$156,000 increase in general and administrative expenses, compared to the comparable period last year as described below.

Exploration and Property Holding Costs

Exploration and property holding costs increased \$538,000 to \$829,000 for the six months ended April 30, 2019, compared to \$291,000 for the comparable period last year. This increase was mainly due to an increase in exploration activities under the Option Agreement, including our drill program and the airborne geophysics survey in the six months ended April 30, 2019 compared to underground drilling in the comparable period last year.

General and Administrative Expenses

We recorded general and administrative expenses of \$885,000 for the six months ended April 30, 2019 as compared to \$729,000 for the comparable period last year. The \$156,000 increase was mainly the result of a \$94,000 increase in personnel costs, a \$43,000 increase in office and administrative costs, and a \$28,000 increase in directors' fees, which was partially offset by a \$4,000 decrease in professional services and a \$4,000 decrease in the provision for uncollectible VAT as described below.

Personnel costs increased \$94,000 to \$339,000 for the six months ended April 30, 2019 as compared to \$245,000 for the same period last year. This increase was mainly due to an increase in employees' salaries and a \$44,000 increase in stock-based compensation expense as a result of stock options vesting in the six months ended April 30, 2019 having a higher fair value than stock options vesting in the comparable period last year.

Office and administrative costs increased \$43,000 to \$281,000 for the six months ended April 30, 2019 as compared to \$238,000 for the comparable period last year. This increase was mainly due to an increase in investor relations activities.

Professional fees decreased \$4,000 to \$136,000 for the six months ended April 30, 2019 compared to \$140,000 for the comparable period last year. This decrease is mainly due to a decrease in accounting fees.

Directors' fees increased \$28,000 to \$108,000 for the six months ended April 30, 2019 as compared to \$80,000 for the comparable period last year. This increase was primarily due to an increase in stock-based compensation expense to \$47,000 in the six months ended April 30, 2019 from \$18,000 in the comparable period last year as a result of stock options vesting in the six months ended April 30, 2019 having a higher fair value than stock options vesting in the comparable period last year.

We recorded a \$21,000 provision for uncollectible VAT for the six months ended April 30, 2019 as compared to a \$25,000 provision for uncollectible VAT in the comparable period last year. The allowance for uncollectible taxes was estimated by management based upon a number of factors, including the length of time the returns have been outstanding, responses received from tax authorities, general economic conditions in Mexico and estimated net recovery after commissions.

Other Income (Expenses)

We recorded other income of \$403,000 for the six months ended April 30, 2019 as compared to other expenses of \$1,309,000 for the comparable period last year. The significant factor contributing to other income in the six months ended April 30, 2019 was \$370,000 in income from a change in fair value of warrant derivative liability due to a decrease in fair value of warrants with a \$CDN exercise price from October 31, 2018 to April 30, 2019. The significant factor contributing to other expenses in the six months ended April 30, 2018 was a \$1,305,000 expense from a change in fair value of warrant derivative liability due to an increase in fair value of warrants with a \$CDN exercise price from October 31, 2017 to April 30, 2018.

Material Changes in Financial Condition; Liquidity and Capital Resources

Warrants Exercised

During the six months ended April 30, 2019, 1,460,000 warrants to acquire 1,460,000 shares of common stock were exercised at an exercise price of \$CDN 0.13 per share for aggregate gross proceeds of \$143,087 (\$CDN 189,800). We incurred costs of \$210 related to these warrant exercises.

Cash Flows

During the six months ended April 30, 2019, we primarily utilized cash and cash equivalents to fund exploration activities at the Sierra Mojada Property and for general and administrative expenses. Additionally, during the six months ended April 30, 2019, we received net cash proceeds of \$143,000 from warrants exercised and \$2,221,000 from South32. As a result of net cash proceeds received from the warrants exercised and funding from South32, which was partially offset by the exploration activities and general and administrative expenses, cash and cash equivalents increased from \$3,026,000 at October 31, 2018 to \$3,487,000 at April 30, 2019.

Cash flows used in operating activities for the six months ended April 30, 2019 was \$1,892,000, as compared to \$977,000 for the comparable period in 2018. This increase was mainly due to increased exploration work at the Sierra Mojada Property and general and administrative expenses, and a larger reduction of accounts payable and accrued liabilities and expenses in the six months ended April 30, 2019.

Cash flows used in investing activities for the six months ended April 30, 2019 was \$12,000 for the acquisition of property concessions, as compared to \$16,000 for the acquisition of property concessions for the comparable period in 2018.

Cash flows provided by financing activities for the six months ended April 30, 2019 was \$2,364,000, as compared to \$555,000 for the comparable period last year. The cash flow provided by financing activities for the six months ended April 30, 2019 was due to proceeds from the exercise of warrants and funding from South32. The cash flow provided by financing activities for the comparable period last year was due to proceeds from the exercise of warrants.

Capital Resources

As of April 30, 2019, we had cash and cash equivalents of \$3,487,000, as compared to cash and cash equivalents of \$3,026,000 as of October 31, 2018. The increase in our liquidity was primarily the result of the proceeds from the exercise of warrants and funding from South32, which were partially offset by the exploration activities at the Sierra Mojada Property and general and administrative expenses.

Since our inception in November 1993, we have not generated revenue and have incurred an accumulated deficit of \$127,170,740. Accordingly, we have not generated cash flows from operations, and since inception we have relied primarily upon proceeds from private placements and registered direct offerings of our equity securities, warrant exercises and funding from South32 as the primary sources of financing to fund our operations. We anticipate that we will continue to rely on sales of our securities in order to continue to fund our business operations. The issuance of additional shares will result in dilution to our existing stockholders. There is no assurance that we will be able to complete any additional sales of our equity securities or that we will be able to arrange for other financing to fund our planned business activities.

Any future additional financing in the near term will likely be in the form of payments from South32 or proceeds from an issuance of equity securities, which will result in dilution to our existing shareholders. Moreover, we may incur significant fees and expenses in the pursuit of a financing or other strategic transaction, which will increase the rate at which our cash and cash equivalents are depleted.

Capital Requirements and Liquidity: Need for Additional Funding

Our management and board of directors monitor our overall costs, expenses, and financial resources and, if necessary, will adjust our planned operational expenditures in an attempt to ensure that we have sufficient operating capital. We continue to evaluate our costs and planned expenditures, including for our Sierra Mojada Property as discussed below.

The continued exploration of the Sierra Mojada Property will require significant amounts of additional capital. In January 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$1.8 million for the period from January 2019 through May 2019 and \$1.1 million for general and administrative expenses for calendar year 2019. In June 2019, our board of directors approved an exploration budget for the Sierra Mojada Property of \$3.5 million for the period from June 2019 through May 2020. As of May 31, 2019, we had approximately \$3.5 million in cash and cash equivalents. The continued exploration of the Sierra Mojada Property ultimately will require us to raise additional capital, identify other sources of funding or identify another strategic partner. For information about our current strategic partnership with South32, see Note 4 – Earn-In Option Agreement to our interim condensed consolidated financial statements (Part I, Item 1 of this Quarterly Report on Form 10-Q). If South32 exercises its option to purchase 70% of the equity of Minera Metalin and Contratistas, under the terms of the Option Agreement, we will retain a 30% ownership in Minera Metalin and Contratistas, and be obligated to contribute 30% of subsequent funding toward the development of the Sierra Mojada Project. If we fail to satisfy our funding commitment, our interest in Minera Metalin and Contratistas will be diluted. We do not currently have sufficient funds with which to satisfy this future funding commitment, and there is no certainty that we will be able to obtain sufficient future funds on acceptable terms or at all. If South32 terminates the Option Agreement, our funding obligations for the Sierra Mojada Property would increase, likely resulting in a reduction of exploration work on the Sierra Mojada Property. Debt or equity financing may not be available to us on acceptable terms, if at all. Equity financing, if available, may result in substantial dilution to existing stockholders. If we are unable to fund future operations by way of financings, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our shareholders.

Critical Accounting Policies

The critical accounting policies are defined in our Annual Report on Form 10-K for the year ended October 31, 2018 filed on January 16, 2019.

Recent Accounting Pronouncements Adopted in the Six-Month Period Ended April 30, 2019

Effective November 1, 2018, we adopted the Financial Accounting Standards Board's (the "FASB's") Accounting Standards Update ("ASU") 2017-05, "Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets," which addresses the transfer to noncustomers of nonfinancial assets or ownership interests in consolidated subsidiaries that do not constitute a business and the contribution of nonfinancial assets that are not a business to a joint venture or other noncontrolled investee. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which clarifies the definition of a business to assist entities in the evaluation of acquisitions and disposals of assets or businesses. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance on the presentation and classification of certain cash receipts and payments in the statement of cash flows. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which (i) requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, (ii) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (iii) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and (iv) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Effective November 1, 2018, we adopted the FASB's ASU 2014-09, "*Revenue from Contracts with Customers* (Topic 606)," which has subsequently been amended to update revenue guidance under the newly-created ASC 606. The new standard provides a five-step approach to be applied to all contracts with customers and requires expanded disclosures about revenue recognition. The adoption of this update did not have a material impact on our financial position, results of operations or cash flows and disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting," to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 simplifies the accounting for nonemployee share-based payments, aligning it more closely with the accounting for employee awards. These changes become effective for our fiscal year beginning November 1, 2019. Early application is permitted. At this time, we have not determined the effects of this update on our financial position, results of operations or cash flows and disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize assets and liabilities for the rights and obligations created by most leases on the balance sheet. These changes become effective for our fiscal year beginning November 1, 2019. Modified retrospective adoption for all leases existing at, or entered into after, the date of initial application, is required with an option to use certain transition relief. At this time, we have not determined the effects of this update on our financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC did not or are not expected to have a material impact on our present or future consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

(a) **Evaluation of Disclosure Controls and Procedures.**

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of April 30, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of April 30, 2019.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended April 30, 2019, there have not been any changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

See Note 14 – Commitments and Contingencies to our financial statements (Part I, Item 1 of this Quarterly Report on Form 10-Q) for information regarding legal proceedings in which we are involved.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors included in our Annual Report on Form 10-K for the year ended October 31, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Recent Sales of Unregistered Securities

During the six months ended April 30, 2019, 1,460,000 warrants to acquire 1,460,000 shares of common stock were exercised by participants in the Company's July 2017 private placement at an exercise price of \$CDN 0.13 per share for aggregate gross proceeds of \$143,087 (\$CDN 189,800). The Company relied on the exemption from registration under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D, or Regulation S, for purposes of the issuance of common stock upon the exercise of warrants.

Purchases of Equity Securities by the Company and Affiliated Purchasers

No purchases of equity securities were made by or on behalf of Silver Bull or any "affiliated purchaser" within the meaning of Rule 10b-18 under the Exchange Act during the period covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed/ Furnished Herewith
		Form	Date	Exhibit	
10.1	Amending Agreement No. 1, dated as of April 4, 2019 and effective as March 20, 2019, to the Option Agreement, dated as of June 1, 2018, by and among Silver Bull Resources, Inc., Minera Metalin S.A. de C.V., Contratistas de Sierra Mojada S.A. de C.V. and South32 International Investment Holding Pty Ltd	8-K	04/05/2019	10.1	
10.2+	Silver Bull Resources, Inc. 2019 Stock Option and Stock Bonus Plan				X
31.1	Certification of CEO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of CFO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of CEO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				XX
32.2	Certification of CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				XX
101.INS*	XBRL Instance Document				X
101.SCH*	XBRL Schema Document				X
101.CAL*	XBRL Calculation Linkbase Document				X
101.DEF*	XBRL Definition Linkbase Document				X
101.LAB*	XBRL Labels Linkbase Document				X
101.PRE*	XBRL Presentation Linkbase Document				X
X	Filed herewith				
XX	Furnished herewith				

+ Indicates a management contract or compensatory plan or arrangement.

* The following financial information from Silver Bull Resources, Inc.'s Quarterly Report on Form 10-Q for the six months ended April 30, 2019, is formatted in XBRL (Extensible Business Reporting Language): Interim Condensed Consolidated Balance Sheets, Interim Condensed Consolidated Statements of Operations and Comprehensive Loss, Interim Condensed Consolidated Statement of Stockholders' Equity, Interim Condensed Consolidated Statements of Cash Flows.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SILVER BULL RESOURCES, INC.

Dated: June 14, 2019

By: /s/ Timothy Barry
Timothy Barry
President and Chief Executive Officer
(Principal Executive Officer)

Dated: June 14, 2019

By: /s/ Sean Fallis
Sean Fallis
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

SILVER BULL RESOURCES, INC.
2019 STOCK OPTION AND STOCK BONUS PLAN

1 . Purposes of and Benefits Under the Plan. This 2019 Stock Option and Stock Bonus Plan (the “Plan”) is intended to encourage stock ownership by employees, consultants, officers and directors of Silver Bull Resources, Inc. and its controlled, affiliated and subsidiary entities (collectively, the “Corporation”), so that they may acquire or increase their proprietary interest in the Corporation, and is intended to facilitate the Corporation’s efforts to (i) induce qualified persons to become employees, officers and directors (whether or not they are employees) and consultants to the Corporation; (ii) compensate employees, officers, directors and consultants for services to the Corporation; and (iii) encourage such persons to remain in the employ of or associated with the Corporation and to put forth maximum efforts for the success of the Corporation. It is further intended that options granted by the Committee pursuant to Section 6 of this Plan shall constitute “incentive stock options” (“Incentive Stock Options”) within the meaning of Section 422 of the Internal Revenue Code, and the regulations issued thereunder, and options granted by the Committee pursuant to Section 7 of this Plan shall constitute “Non-Qualified stock options” (“Non-Qualified Stock Options”). “Options” means options granted pursuant to the provisions of this Plan, whether Incentive Stock Options or Non-Qualified Stock Options.

2. Definitions. As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) “Board” shall mean the Board of Directors of the Corporation.
- (b) “Bonus” shall mean any Common Stock bonus issued pursuant to the provisions of this Plan.
- (c) “Change of Control” shall mean (i) a sale, lease or other disposition of all or substantially all of the assets of the Corporation, (ii) a consolidation or merger of the Corporation with or into any other corporation or other entity or person (or any other corporate reorganization) in which the shareholders of the Corporation immediately prior to such consolidation, merger or reorganization, own less than fifty percent (50%) of the outstanding voting power of the surviving entity (or its parent) following the consolidation, merger or reorganization, (iii) a transaction or series of related transactions pursuant to which any person, entity or group within the meaning of Section 13(d) or 14(d) of the U.S. Securities Exchange Act of 1934 (the “1934 Act”), or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Corporation or an affiliate) acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act, or comparable successor rule) of securities of the Corporation representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors or (iv) a transaction or series of transactions pursuant to which (A) (i) any person, entity or group within the meaning of Section 13(d) or 14(d) of the 1934 Act, or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Corporation or an affiliate) acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act, or comparable successor rule) of securities of the Corporation representing at least twenty percent (20%) of the combined voting power entitled to vote in the election of directors or securities of the Corporation that upon conversion or exchange of such securities, would represent at least twenty percent (20%) of the combined voting power entitled to vote in the election of directors, or (ii) a consolidation or merger of the Corporation with or into any other corporation or other entity or person (or any other corporate reorganization) in which the shareholders of the Corporation immediately prior to such consolidation, merger or reorganization, own less than eighty percent (80%) of the outstanding voting power of the surviving entity (or its parent) following the consolidation, merger or reorganization and (B) in connection with or as a result of such transaction or series of transactions, either (I) one-half (or more) of the members of the Corporation’s board of directors resign or are replaced with nominees designated by such person, entity or group or (II) the chief executive officer of the Corporation resigns or is terminated as a result of such transaction or series of transactions.

- (d) "Committee" shall mean any Committee appointed by the Board to administer this Plan, if one has been appointed. If such Committee has been appointed, it shall be comprised solely of one or more directors or such other number of directors as may be required under applicable law. If no Committee has been appointed, the term "Committee" shall mean the Board.
- (e) "Common Stock" shall mean the Corporation's \$0.01 par value common stock.
- (f) "Disability" shall mean a Recipient's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. If the recipient is covered by a disability insurance plan sponsored by the Corporation, the term "Disability" shall be as defined therein; provided, however, that the foregoing shall not apply in respect of any Incentive Stock Option granted under the Plan if such definition would be inconsistent with the definition of "disability" set forth in Section 22(e)(3) of the Code.
- (g) "Fair Market Value" per share as of a particular date shall mean the last sale price of the Corporation's Common Stock as reported on the national securities exchange on which the stock is principally traded on such date, or if such date was not a trading date, on the immediately preceding trading date or, if such quotations are unavailable or if the Corporation's Common Stock is not then listed on a national securities exchange, the value determined by the Committee in good faith in its sole discretion in accordance with the requirements of Section 409A of the Internal Revenue Code.
- (h) "Internal Revenue Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.
- (i) "Recipient" shall mean any person granted an Option or awarded a Bonus hereunder.

3. Administration.

- (a) The Plan shall be administered by, and all awards under the Plan shall be authorized by, the Committee. The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically conferred under the Plan or necessary or advisable in the administration of the Plan, including the authority to grant Options and Bonuses; to determine the vesting schedule and other restrictions, if any, relating to Options and Bonuses; to determine the purchase price of the shares of Common Stock covered by each Option (the "Option Price"); to determine the persons to whom, and the time or times at which, Options and Bonuses shall be granted; to determine the number of shares to be covered by each Option or Bonus; to determine Fair Market Value per share; to interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Option and Bonus agreements (which need not be identical) entered into in connection with Options and Bonuses granted under the Plan; to establish the installments (if any) in which Options and Bonuses shall become exercisable or shall vest (which may include, without limitation, performance and/or time-based schedules); to establish any applicable performance targets; to establish the events of termination or reversion of any grants; to cancel, modify, or waive the Corporation's rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding grants, subject to any required consent under Section 12 or 13; and to make all other determinations deemed necessary or advisable for the administration of the Plan. The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.
- (b) Options and Bonuses granted under the Plan shall be evidenced by duly adopted resolutions of the Committee included in the minutes of the meeting at which they are adopted or in a unanimous written consent.
- (c) The Committee shall endeavor to administer the Plan and grant Options and Bonuses hereunder in a manner that is compatible with the obligations of persons subject to Section 16 of the 1934 Act, although compliance with Section 16 is the obligation of the Recipient, not the Corporation. Neither the Committee, the Board nor the Corporation can assume any legal responsibility for a Recipient's compliance with his or her obligations under Section 16 of the 1934 Act. Grants of Options or Bonuses, and transactions in or involving grants of Options or Bonuses, intended to be exempt under Rule 16b-3 under the 1934 Act, must be duly and timely authorized by the Board or a committee consisting solely of two or more non-employee directors (as this requirement is applied under Rule 16b-3 promulgated under the 1934 Act). To the extent required by any applicable stock exchange, this Plan shall be administered by a Committee composed entirely of independent directors (as defined by the rules of the applicable stock exchange). Awards granted to non-employee directors shall not be subject to the discretion of any officer or employee of the Company and shall be administered exclusively by the Board or a committee consisting solely of independent directors.

- (d) Neither the Board, nor the Committee, nor any member thereof or person acting at the direction thereof, shall be liable for any action, omission, interpretation, construction or determination made in good faith with respect to the Plan or any Option or Bonus granted hereunder, and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, legal fees) arising or resulting therefrom to the fullest extent permitted by law. The foregoing right of indemnification shall be in addition to any right of indemnification set forth in the Corporation's certificate of incorporation and bylaws, as the same may be amended from time to time, or under any directors and officers liability insurance coverage or written indemnification agreement with the Corporation that may be in effect from time to time.

4. Eligibility.

- (a) Subject to certain limitations hereinafter set forth, Options and Bonuses may be granted to employees (including officers), consultants, and directors (whether or not they are employees) of the Corporation or its present or future divisions, affiliates and subsidiaries. In addition, for Recipients who are subject to taxation in the United States, Options may be only be granted to those individuals in respect of whom the Company's Common Stock would be "service recipient stock" as defined in the United States treasury regulations promulgated under Section 409A of the Internal Revenue Code. In determining the persons to whom Options or Bonuses shall be granted and the number of shares to be covered by each Option or Bonus, the Committee shall take into account the duties of the respective persons, their present and potential contributions to the success of the Corporation, and such other factors as the Committee shall deem relevant to accomplish the purposes of the Plan.
- (b) There is no right of any person to receive a grant of an Option or Bonus under the Plan, and the Committee has absolute discretion to treat eligible persons differently from one another under the Plan. Receipt of a grant of an Option or Bonus by a Recipient shall not create the right to receive future grants under the Plan, but a Recipient who has been granted an Option or Bonus may, if otherwise eligible, be granted additional Options or Bonuses if the Committee shall so determine.

5. Stock Reserved.

- (a) The stock subject to Options or Bonuses hereunder shall be shares of Common Stock. Such shares, in whole or in part, may be authorized but unissued shares or shares that shall have been or that may be reacquired by the Corporation. Subject to adjustments as provided in Section 8(i), the aggregate number of shares of Common Stock as to which Options and Bonuses may be granted from time to time under the Plan shall not exceed the lower of (i) 30,000,000 shares or (ii) 10% of the total shares outstanding at such time, subject to adjustment as provided in Section 8(i) hereof. Subject to adjustments as provided in Section 8(i), **[23,586,821]** shares of Common Stock shall be available under the Plan for issuance as Incentive Stock Options.
- (b) If any Option outstanding under the Plan for any reason expires or is terminated without having been exercised in full, or if any Bonus granted is forfeited because of vesting or other restrictions imposed at the time of grant, the shares of Common Stock allocable to the unexercised portion of such Option or the forfeited portion of the Bonus shall become available for subsequent grants of Options and Bonuses under the Plan.

6. Incentive Stock Options.

- (a) Options granted pursuant to this Section 6 are intended to constitute Incentive Stock Options and shall be subject to the following special terms and conditions, in addition to the general terms and conditions specified in Section 8 hereof. Only employees of Silver Bull Resources, Inc. and any "parent corporation" or "subsidiary corporation" within the meaning of Section 424 of the Code shall be entitled to receive Incentive Stock Options.
- (b) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options granted under this and any other plan of Silver Bull Resources, Inc. or any "parent corporation" or "subsidiary corporation" within the meaning of Section 424 of the Code are exercisable for the first time by a Recipient during any calendar year may not exceed the amount set forth in Section 422(d) of the Internal Revenue Code. To the extent that the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options first become exercisable by a Recipient in any calendar year exceeds \$100,000, taking into account both Common Stock subject to Incentive Stock Options under this Plan and stock subject to Incentive Stock Options under all other plans of the Corporation or one of its subsidiaries (or any parent or predecessor corporation to the extent required by and within the meaning of Section 422 of the Internal Revenue Code and the regulations promulgated thereunder), such options shall be treated as Non-Qualified Stock Options. In reducing the number of options treated as Incentive Stock Options to meet the \$100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the \$100,000 limit, the Committee may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

- (c) Incentive Stock Options granted under this Plan are intended to satisfy all requirements for incentive stock options under Section 422 of the Internal Revenue Code and the Treasury Regulations promulgated thereunder and, notwithstanding any other provision of this Plan, the Plan and all Incentive Stock Options granted under it shall be so construed, and all contrary provisions shall be so limited in scope and effect and, to the extent they cannot be so limited, they shall be void.

7. Non-Qualified Stock Options. Options granted pursuant to this Section 7 are intended to constitute Non-Qualified Stock Options and shall be subject only to the general terms and conditions specified in Section 8 hereof.

8. Terms and Conditions of Options. Each Option granted pursuant to the Plan shall be evidenced by a written Option agreement between the Corporation and the Recipient, which agreement shall be substantially in the form of Exhibit A hereto as modified from time to time by the Committee in its discretion, and which shall comply with and be subject to the following terms and conditions:

- (a) Number of Shares. Each Option agreement shall state the number of shares of Common Stock covered by the Option.
- (b) Type of Option. Each Option Agreement shall specify whether it is intended to be an Incentive Stock Option or a Non-Qualified Stock Option.
- (c) Option Price. Subject to adjustment as provided in Section 8(i) hereof, each Option agreement shall state the Option Price, which shall be determined by the Committee subject only to the following restrictions:
 - (1) Each Option Agreement shall state the Option Price, which (except as otherwise set forth in paragraphs 8(c)(2) hereof) shall not be less than 100% of the Fair Market Value per share on the date of grant of the Option.
 - (2) Any Incentive Stock Option granted under the Plan to a person owning (or who is deemed to own under Section 424(d) of the Internal Revenue Code) more than ten percent of the total combined voting power of all classes of stock of Silver Bull Resources, Inc. or any "parent corporation" or "subsidiary corporation" within the meaning of Section 424 of the Code at the time the Option is granted shall be at a price of no less than 110% of the Fair Market Value per share on the date of grant of the Incentive Stock Option.

- (3) The date on which the Committee adopts a resolution expressly granting an Option shall be considered the day on which such option is granted, unless a future date is specified in the resolution.
- (d) Term of Option. Each Option agreement shall state the period during and times at which the Option shall be exercisable, in accordance with the following limitations:
- (1) The date on which the Committee adopts a resolution expressly granting an Option shall be considered the day on which such Option is granted, unless a future date is specified in the resolution.
 - (2) The exercise period of any Option shall not exceed ten years from the date of grant of the Option.
 - (3) The exercise period of any Incentive Stock Options granted to a person owning more than ten percent of the total combined voting power of all classes of stock of Silver Bull Resources, Inc. and any "parent corporation" or "subsidiary corporation" within the meaning of Section 424 of the Code at the time the Option is granted shall not exceed five years from the date of grant of the Option.
 - (4) The Committee shall have the authority to accelerate or extend the exercisability of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate, provided, however, that (i) the Committee shall not extend the exercise period of any outstanding Option held by an insider (as that term is defined or commonly used in applicable securities laws) without first obtaining the approval of disinterested shareholders of such extension, and (ii) no such extension shall result in a violation of Section 409A of the Internal Revenue Code or in the imposition of additional taxes or interest under Section 409A of the Internal Revenue Code. In any event, no exercise period may be so extended to increase the term of the Option beyond ten years from the date of the grant.
 - (5) The exercise period shall be subject to earlier termination as provided in Sections 8(f) and 8(g) hereof, and, furthermore, shall be terminated upon surrender of the Option by the holder thereof if such surrender has been authorized in advance by the Committee.
- (e) Method of Exercise and Medium and Time of Payment
- (1) An Option may be exercised as to any or all whole shares of Common Stock as to which it then is exercisable, provided, however, that no Option may be exercised as to less than 100 shares (or such number of shares as to which the Option is then exercisable if such number of shares is less than 100).
 - (2) Each exercise of an Option granted hereunder, whether in whole or in part, shall be effected by written notice to the Secretary of the Corporation (or his or her agent) designating the number of shares as to which the Option is being exercised, and shall be accompanied by payment in full of the Option Price for the number of shares so designated, together with any written statements required by, or deemed by the Corporation's counsel to be advisable pursuant to, any applicable securities laws.

- (3) For a Recipient that is not a resident of Canada, the Option Price shall be paid in cash, or in shares of Common Stock or other property having a Fair Market Value equal to such Option Price, or in a combination of cash, shares and property and, subject to approval of the Committee, may be effected in whole or in part with funds received from the Corporation at the time of exercise as a compensatory cash payment.
- (4) The Committee shall have the sole and absolute discretion to determine whether or not property other than cash or Common Stock may be used to purchase the shares of Common Stock hereunder and, if so, to determine the value of the property received.
- (5) For a Recipient that is a resident of Canada, the Option Price shall be paid in cash.
- (6) The Recipient shall make provision for the withholding of taxes as required by Section 10 hereof.
- (7) In the alternative to Section 8(e)(3) or 8(e)(5), a Recipient may provide a written notice to the Corporation pursuant to which the Recipient agrees to transfer and dispose of a specified number of Options to the Corporation in exchange for a number of shares of Common Stock having a market value equal to the intrinsic value of such Options disposed of and transferred to the Corporation ("Net Settlement"). The decision of whether or not to permit Net Settlement for any Option is in the sole discretion of the Corporation and will be made on a case by case basis. Upon the Net Settlement of Options (the "Disposed Options"), the Corporation shall, subject to Section 10, deliver to the Recipient, that number of shares of fully paid and non-assessable Common Stock ("X") equal to the number of shares of Common Stock issuable pursuant to the Disposed Options ("Y") multiplied by the quotient obtained by dividing the result of the Fair Market Value of one share of Common Stock as determined as at the date of exercise ("B") less the Option Price per shares of Common Stock ("A") by the Fair Market Value of one share of Common Stock as determined as at the date of exercise ("B"). Expressed as a formula, such number of shares of Common Stock shall be computed as follows:

$$X = (Y) \times \frac{(B - A)}{(B)}$$

No fractional shares of Common Stock shall be issuable upon the Net Settlement of Options, with such shares of Common Stock to be rounded down to the nearest whole number. For the purposes of the Net Settlement calculation above, if the Option Price is denominated in a currency different from the Fair Market Value, the Fair Market Value shall be converted using the daily rate of exchange published by the Bank of Canada on the last trading day prior to the relevant date, unless another method is required by Section 409A of the Internal Revenue Code.

(f) Termination.

- (1) Unless otherwise provided in the Option Agreement by and between the Corporation and the Recipient, if the Recipient ceases to be an employee, officer, director or consultant of the Corporation (other than by reason of death or Disability), all vested Options theretofore granted to such Recipient but not theretofore exercised shall terminate upon the earlier of (i) three months following the date the Recipient ceased to be an employee, officer, director or consultant of the Corporation, and (ii) the end of the originally scheduled term of the option, provided that such vested Options shall expire upon the date of termination of employment or other relationship if discharged for cause. Any options that were not vested as of the date of termination shall expire immediately upon the date the Recipient ceases to be an employee, officer, director or consultant of the Corporation.
- (2) Nothing in the Plan or in any Option or Bonus granted hereunder shall confer upon an individual any right to continue in the employ of or other relationship with the Corporation or interfere in any way with the right of the Corporation to terminate such employment or other relationship between the individual and the Corporation.

- (g) Death or Disability of Recipient. Unless otherwise provided in the Option Agreement by and between the Corporation and the Recipient, if a Recipient shall die while an employee, officer, director or consultant of the Corporation, or within the three month period described in Section 8(f)(1) above, or if the Recipient's relationship with the Corporation shall terminate by reason of Disability, all vested Options theretofore granted to such Recipient, may be exercised by the Recipient or by the Recipient's estate or by a person who acquired the right to exercise such Options by bequest or inheritance or otherwise by reason of the death or Disability of the Recipient, until the earlier of (i) one year after the date of death or Disability of the Recipient; or (ii) the end of the originally scheduled term of the option. Any Options that are not vested as of the date the Recipient's employment or the relationship with the Corporation terminates as a result of death or Disability shall expire immediately on the date such service relationship terminates.

(h) Transferability Restriction.

- (1) Options granted under the Plan shall not be transferable other than by will or by the laws of descent and distribution or with respect to a Non-Qualified Stock Option, pursuant to a qualified domestic relations order as defined by the Internal Revenue Code or Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules thereunder. Options may be exercised during the lifetime of the Recipient only by the Recipient and thereafter only by his or her legal representative.

- (2) Any attempted sale, pledge, assignment, hypothecation or other transfer of an Option contrary to the provisions hereof and/or the levy of any execution, attachment or similar process upon an Option, shall be null and void and without force or effect and shall result in a termination of the Option.
- (3) (A) As a condition to the transfer of any shares of Common Stock issued upon exercise of an Option granted under this Plan, the Corporation may require an opinion of counsel, satisfactory to the Corporation, to the effect that such transfer will not be in violation of the U.S. Securities Act of 1933, as amended (the "1933 Act"), or any other applicable securities laws or that such transfer has been registered under federal and all applicable state securities laws. (B) Further, the Corporation shall be authorized to refrain from delivering or transferring shares of Common Stock issued under this Plan until the Committee determines that such delivery or transfer will not violate applicable securities laws and the Recipient has tendered to the Corporation any federal, state or local tax owed by the Recipient as a result of exercising the Option or disposing of any Common Stock when the Corporation has a legal liability to satisfy such tax. (C) The Corporation shall not be liable for damages due to delay in the delivery or issuance of any stock certificate for any reason whatsoever, including, but not limited to, a delay caused by listing requirements of any securities exchange or any registration requirements under the 1933 Act, the 1934 Act, or under any other state, federal or provincial law, rule or regulation. (D) The Corporation is under no obligation to take any action or incur any expense in order to register or qualify the delivery or transfer of shares of Common Stock under applicable securities laws or to perfect any exemption from such registration or qualification. (E) Furthermore, the Corporation will not be liable to any Recipient for failure to deliver or transfer shares of Common Stock if such failure is based upon the provisions of this paragraph.

(i) Effect of Certain Changes.

- (1) If any change is made in the Common Stock without the receipt of consideration by the Corporation (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Corporation), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan, and the outstanding Options and Bonuses will be appropriately adjusted in the class(es) and number of securities and price per share of Common Stock (if applicable) subject to such outstanding Options and Bonuses. The Board shall make such adjustments, and its determination shall be final, binding and conclusive; provided that each Option granted pursuant to this Plan shall not be adjusted in a manner that (i) causes such Option to fail to continue to qualify as an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code, if the Option was originally intended to be an Incentive Stock Option, or (ii) causes the Option to become subject to Section 409A of the Internal Revenue Code.
- (2) The treatment of any Options or Bonuses held by a Recipient upon a Change of Control may be provided for in the applicable Option Agreement or other award document delivered to the Recipient.
- (3) Except as expressly provided in this Section 8(i), the Recipient shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class, or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another corporation; and any issue by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option. The grant of an Option or Bonus pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structures, or to merge or consolidate, or to dissolve, liquidate, or sell or transfer all or any part of its business or assets.

(j) No Rights as Shareholder - Non-Distributive Intent.

- (1) Neither a Recipient of an Option nor such Recipient's legal representative, heir, legatee or distributee, shall be deemed to be the holder of, or to have any rights of a holder with respect to, any shares subject to such Option until after the Option is exercised and the shares are issued.
- (2) No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 8(i) hereof.
- (3) Upon exercise of an Option at a time when there is no registration statement in effect under the 1933 Act relating to the shares issuable upon exercise, shares may be issued to the Recipient only if the Recipient represents and warrants in writing to the Corporation that the shares purchased are being acquired for investment and not with a view to the distribution thereof and provides the Corporation with sufficient information to establish an exemption from the registration requirements of the 1933 Act. A form of subscription agreement containing representations and warranties deemed sufficient as of the date of adoption of this Plan is attached hereto as Exhibit B.
- (4) No shares shall be issued upon the exercise of an Option unless and until there shall have been compliance with any then applicable requirements of the U.S. Securities and Exchange Commission or any other regulatory agencies having jurisdiction over the Corporation.

- (k) Other Provisions. Option Agreements authorized under the Plan may contain such other provisions, including, without limitation, (i) the imposition of restrictions upon the exercise, and (ii) in the case of an Incentive Stock Option, the inclusion of any condition not inconsistent with such Option qualifying as an Incentive Stock Option, as the Committee shall deem advisable.

9 . Grant of Stock Bonuses. In addition to, or in lieu of, the grant of an Option, the Committee may grant Bonuses, up to a maximum of 5,000,000 shares of Common Stock on an annual basis.

- (a) At the time of grant of a Bonus, the Committee may impose a vesting period of up to ten years, and such other restrictions which it deems appropriate. Unless otherwise directed by the Committee at the time of grant of a Bonus, the Recipient shall be considered a shareholder of the Corporation as to the Bonus shares which have been issued to the grantee at any time regardless of any forfeiture provisions which have not yet arisen.
- (b) The grant of a Bonus and the issuance and delivery of shares of Common Stock pursuant thereto shall be subject to approval by the Corporation's counsel of all legal matters in connection therewith, including compliance with the requirements of the 1933 Act, the 1934 Act, other applicable securities laws, rules and regulations, and the requirements of any stock exchanges upon which the Common Stock then may be listed. Any certificates prepared to evidence Common Stock issued pursuant to a Bonus grant shall bear legends as the Corporation's counsel may deem necessary or advisable. Included among the foregoing requirements, but without limitation, any Recipient of a Bonus at a time when a registration statement relating thereto is not effective under the 1933 Act shall execute a Subscription Agreement substantially in the form of Exhibit B, as the same may be modified by the Committee from time to time.

10 . Agreement by Recipient Regarding Withholding Tax. A Recipient will be solely responsible for paying any applicable withholding taxes arising from the grant, vesting or exercise of any Option or the grant or receipt of a Bonus and any payment is to be in a manner satisfactory to the Corporation. Notwithstanding the foregoing, the Corporation will have the right to withhold from any amount payable to a Recipient, either under the Plan or otherwise, such amount as may be necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, state, local or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to awards hereunder ("Withholding Obligations"). The Corporation may require a Recipient, as a condition to the exercise of an Option or receipt of a Bonus to make such arrangements as the Corporation may require so that the Corporation can satisfy applicable Withholding Obligations, including, without limitation, requiring the Recipient to (i) remit the amount of any such Withholding Obligations to the Corporation in advance; (ii) reimburse the Corporation for any such Withholding Obligations; or (iii) cause a broker to sell Common Stock acquired by the Recipient under the Plan on behalf of the Recipient and to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Corporation.

Any Common Stock of a Recipient that is sold by a broker engaged by the Corporation to sell such Common Stock on behalf of the Recipient (the "Broker") to fund Withholding Obligations, will be sold as soon as practicable in transactions effected on the OTCQB or the Toronto Stock Exchange. In effecting the sale of any such Common Stock, the Corporation or the Broker will exercise its sole judgement as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Corporation nor the Broker will be liable for any loss arising out of any sale of such Common Stock including any loss relating to the manner or timing of such sales, the prices at which the Common Stock are sold or otherwise. In addition, neither the Corporation nor the Broker will be liable for any loss arising from a delay in transferring any Common Stock to a Recipient. The sale price of Common Stock sold on behalf of Recipients will fluctuate with the market price of the Corporation's Common Stock and no assurance can be given that any particular price will be received upon any such sale.

11. Term of Plan. Options and Bonuses may be granted under this Plan from time to time within a period of ten years from the date the Plan is adopted by the Board.

12. Amendment and Termination of the Plan.

- (a) (1) Subject to the policies, rules and regulations of any lawful authority having jurisdiction (including any exchange with which the shares of the Corporation are listed for trading), the Board may at any time, without further action by the shareholders, amend the Plan or any Option granted hereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to ensure that Options granted hereunder will comply with any provisions respecting stock options in the income tax and other laws in force in any country or jurisdiction of which any Option holders may from time to time be a resident or citizen, or it may at any time without action by shareholders terminate the Plan.
- (2) provided, however, that any amendment that would (A) materially increase the number of securities issuable under the Plan to persons who are subject to Section 16(a) of the 1934 Act; or (B) grant eligibility to a class of persons who are subject to Section 16(a) of the 1934 Act and are not included within the terms of the Plan prior to the amendment; or (C) materially increase the benefits accruing to persons who are subject to Section 16(a) of the 1934 Act under the Plan; or (D) require shareholder approval under applicable state law, the rules and regulations of any national securities exchange on which the Corporation's securities then may be listed, the Internal Revenue Code or any other applicable law, shall be subject to the approval of the shareholders of the Corporation as provided in Section 13 hereof.
- (3) provided further that any such increase or modification that may result from adjustments authorized by Section 8(i) hereof or which are required for compliance with the 1934 Act, the Internal Revenue Code, ERISA, their rules or other laws or judicial order, shall not require such approval of the shareholders.
- (b) Except as provided in Section 8 hereof, no suspension, termination, modification or amendment of the Plan may adversely affect any Option previously granted, unless the written consent of the Recipient is obtained, provided, however that no such consent shall be required with respect to any modification or amendment deemed necessary in the good faith judgment of the Board to comply with (or be exempt from) the requirements of Section 409A of the Internal Revenue Code.

13. Approval of Shareholders. The Plan shall take effect upon its adoption by the Board but shall be subject to approval at a duly called and held meeting of stockholders in conformance with the vote required by the Corporation's governing documents, resolution of the Board, any other applicable law and the rules and regulations thereunder, or the rules and regulations of any national securities exchange upon which the Corporation's Common Stock is listed and traded, each to the extent applicable.

14. Termination of Right of Action. Every right of action arising out of or in connection with the Plan by or on behalf of the Corporation or any of its subsidiaries, or by any shareholder of the Corporation or any of its subsidiaries against any past, present or future member of the Board, or against any employee, or by an employee (past, present or future) against the Corporation or any of its subsidiaries, will, irrespective of the place where an action may be brought and irrespective of the place of residence of any such shareholder, director or employee, cease and be barred by the expiration of three years from the date of the act or omission in respect of which such right of action is alleged to have arisen.

15. Tax Litigation. The Corporation shall have the right, but not the obligation, to contest, at its expense, any tax ruling or decision, administrative or judicial, on any issue which is related to the Plan and which the Board believes to be important to holders of Options issued under the Plan and to conduct any such contest or any litigation arising therefrom to a final decision.

16. Adoption.

- (a) This Plan was approved by resolution of the Board of Directors of the Corporation on February 22, 2019.
- (b) If this Plan is not approved by the shareholders of the Corporation within 12 months of the date the Plan was approved by the Board as required by Section 422(b)(1) of the Internal Revenue Code, this Plan and any Options granted hereunder to Recipients shall be and remain effective, but the reference to Incentive Stock Options herein shall be deleted and all Options granted hereunder shall be Non-Qualified Stock Options pursuant to Section 7 hereof.

17. Governing Law, Consent to Personal Jurisdiction. This Plan will be governed by the internal laws of the State of Nevada without regard to rules regarding conflicts of laws. Each Recipient consents to the personal jurisdiction of the state and federal courts located in Colorado for any lawsuit filed there against the Recipient by the Corporation arising from or relating to this Plan. Any controversy or claim arising out of or relating to this Plan or shall be settled by arbitration in the City and County of Denver, Colorado in accordance with the rules then existing of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof.

18. Section 409A. The Board intends that, except as may be otherwise determined by the Committee, any awards under the Plan will be either exempt from or satisfy the requirements of Section 409A of the Internal Revenue Code to avoid the imposition of any taxes, including additional income or penalty taxes, thereunder. If the Committee determines that an award, award agreement, acceleration, adjustment to the terms of an award, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Recipient's award to violate Section 409A of the Internal Revenue Code, unless the Committee expressly determines otherwise, such award, award agreement, payment, acceleration, adjustment, distribution, deferral election, transaction or other action or arrangement shall not be undertaken and the related provisions of the Plan and/or award agreement will be deemed modified or, if necessary, rescinded in order to comply with the requirements of Section 409A of the Internal Revenue Code to the extent determined by the Committee without the consent of or notice to the Recipient. Notwithstanding the foregoing, neither the Corporation nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Recipient under Section 409A.

[End of Plan]

FORM OF STOCK OPTION AGREEMENT

STOCK OPTION AGREEMENT (this "Agreement") made as of this ____ day of _____, _____, by and between Silver Bull Resources, Inc., a Nevada corporation (the "Corporation"), and _____ (the "Recipient").

In accordance with the Corporation's 2019 Stock Option and Stock Bonus Plan (the "Plan"), the provisions of which are incorporated herein by reference, the Corporation desires, in connection with the services of the Recipient, to provide the Recipient with an opportunity to acquire shares of the Corporation's \$0.01 par value common stock ("Common Stock") on favorable terms and thereby increase the Recipient's proprietary interest in the Corporation and incentive to put forth maximum efforts for the success of the business of the Corporation. Capitalized terms used but not defined herein are used as defined in the Plan.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth and other good and valuable consideration, the Corporation and the Recipient agree as follows:

1. Confirmation of Grant of Option. Pursuant to a determination of the Committee or, in the absence of a Committee, by the Board of Directors of the Corporation made on _____ (the "Date of Grant"), the Corporation, subject to the terms of the Plan and of this Agreement, confirms that the Recipient has been granted on the Date of Grant, as a matter of separate inducement and agreement, and in addition to and not in lieu of salary or other compensation for services, a stock option (the "Option") exercisable to purchase an aggregate of _____ shares of Common Stock on the terms and conditions herein set forth, subject to adjustment as provided in Paragraph 8 hereof. The Option is [an Incentive Stock Option pursuant to Section 6 of the Plan][a Non-Qualified Stock Option pursuant to Section 7 of the Plan].
2. Option Price. The Option Price of shares of Common Stock covered by the Option will be \$_____ per share (the "Option Price") subject to adjustment as provided in Paragraph 8 hereof.
3. Vesting and Exercise of Option.
 - (a) Except as otherwise provided herein or in Section 8 of the Plan, the Option [shall vest and become exercisable as follows: [insert vesting schedule], provided, however, that no option shall vest or become exercisable unless the Recipient is an employee, consultant, officer or director of the Corporation on such vesting date][may be exercised in whole or in part at any time during the term of the Option].
 - (b) The Option may not be exercised at any one time as to fewer than 100 shares (or such number of shares as to which the Option is then exercisable if such number of shares is less than 100).

- (c) The Option may be exercised by written notice to the Secretary of the Corporation (or his or her agent) accompanied by payment in full of the Option Price as provided in Section 8 of the Plan. Additionally, the Option may be exercised by way of a cashless exercise, whereby if the notice of exercise to the Corporation specifies that the exercise of the Option is made by way of a cashless exercise, then the Corporation shall deliver to the Recipient, without further payment by the Recipient of the Option Price or any cash or other consideration, the number of shares of Common Stock computed using the following formula:

$$X = (Y) \times \frac{(B - A)}{(B)}$$

Where:

- X = the number of shares of Common Stock to be issued to the Recipient pursuant to the exercise of the Option;
- Y = the number of shares of Common Stock that may be purchased upon exercise of the Option;
- A = the Option's exercise price per share of Common Stock; and
- B = the Fair Market Value of one share of Common Stock.

4 . Term of Option. The term of the Option will be through _____, subject to earlier termination or cancellation as provided in this Agreement. The holder of the Option will not have any rights to dividends or any other rights of a shareholder with respect to any shares of Common Stock subject to the Option until such shares shall have been issued (as evidenced by the appropriate transfer agent of the Corporation) upon purchase of such shares through exercise of the Option.

5 . Transferability Restriction. The Option may not be assigned, transferred or otherwise disposed of, or pledged or hypothecated in any way (whether by operation of law or otherwise) except in strict compliance with Section 8 of the Plan. Any assignment, transfer, pledge, hypothecation or other disposition of the Option or any attempt to make any levy of execution, attachment or other process will cause the Option to terminate immediately upon the happening of any such event; provided, however, that any such termination of the Option under the provisions of this Paragraph 5 will not prejudice any rights or remedies which the Corporation may have under this Agreement or otherwise.

6 . Exercise Upon Termination. The Recipient's rights to exercise the Option upon termination of employment or cessation of service as an employee, officer, director or consultant shall be as set forth in Section 8(f) of the Plan.

7 . Death or Disability of Recipient. The exercisability of the Option upon the death or Disability of the Recipient shall be as set forth in Section 8(g) of the Plan.

8. Adjustments. The Option shall be subject to adjustment upon the occurrence of certain events as set forth in Section 8(i) of the Plan.
9. No Registration Obligation. The Recipient understands that the Option is not registered under the Securities Act of 1933, as amended (the "1933 Act"), and, unless by separate written agreement, the Corporation has no obligation to so register the Option or any of the shares of Common Stock subject to and issuable upon the exercise of the Option, although it may from time to time register under the 1933 Act the shares issuable upon exercise of Options granted pursuant to the Plan. The Recipient represents that the Option is being acquired for the Recipient's own account and that unless registered by the Corporation, the shares of Common Stock issued on exercise of the Option will be acquired by the Recipient for investment. The Recipient understands that the Option is, and the underlying securities may be, issued to the Recipient in reliance upon exemptions from the 1933 Act, and acknowledges and agrees that all certificates for the shares issued upon exercise of the Option may bear the following legend unless such shares are registered under the 1933 Act prior to their issuance:

The shares represented by this Certificate have not been registered under the Securities Act of 1933 (the "1933 Act"), and are "restricted securities" as that term is defined in Rule 144 under the 1933 Act. The shares may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the 1933 Act or pursuant to an exemption from registration under the 1933 Act, the availability of which is to be established to the satisfaction of the Corporation.

The Recipient further understands and agrees that the Option may be exercised only if at the time of such exercise the underlying shares are registered and/or the Recipient and the Corporation are able to establish the existence of an exemption from registration under the 1933 Act and applicable state or other laws.

10. Notices. Each notice relating to this Agreement will be in writing and delivered in person or by certified mail to the proper address. Notices to the Corporation shall be addressed to the Corporation, attention: President, at such address as may constitute the Corporation's principal place of business at the time, with a copy to: Davis Graham and Stubbs, 1550 Seventeenth Street, Denver, Colorado 80202, Attention: Brian Boonstra. Notices to the Recipient or other person or persons then entitled to exercise the Option shall be addressed to the Recipient or such other person or persons at the Recipient's address below specified. Anyone to whom a notice may be given under this Agreement may designate a new address by notice to that effect given pursuant to this Paragraph 10.

11. Approval of Counsel. The exercise of the Option and the issuance and delivery of shares of Common Stock pursuant thereto shall be subject to approval by the Corporation's counsel of all legal matters in connection therewith, including compliance with the requirements of the 1933 Act, the Securities Exchange Act of 1934, as amended, applicable state and other securities laws, the rules and regulations thereunder, and the requirements of any national securities exchange(s) upon which the Common Stock then may be listed.

12. Benefits of Agreement. This Agreement will inure to the benefit of and be binding upon each successor and assignee of the Corporation. All obligations imposed upon the Recipient and all rights granted to the Corporation under this Agreement will be binding upon the Recipient's heirs, legal representatives and successors.

13. Effect of Governmental and Other Regulations. The exercise of the Option and the Corporation's obligation to sell and deliver shares upon the exercise of the Option are subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency which may, in the opinion of counsel for the Corporation, be required.

14. Plan Governs. In the event that any provision in this Agreement conflicts with a provision in the Plan, the provision of the Plan shall govern.

15. Governing Law, Consent to Personal Jurisdiction. This Agreement will be governed by the internal laws of the State of Nevada without regard to rules regarding conflicts of laws. Each Recipient consents to the personal jurisdiction of the state and federal courts located in Colorado for any lawsuit filed there against the Recipient by the Corporation arising from or relating to this Agreement. Any controversy or claim arising out of or relating to this Agreement or shall be settled by arbitration in the City and County of Denver, Colorado in accordance with the rules then existing of the American Arbitration Association and judgment upon the award may be entered in any court having jurisdiction thereof.

Executed in the name and on behalf of the Corporation by one of its duly authorized officers and by the Recipient all as of the date first above written.

SILVER BULL RESOURCES, INC.

Date _____

By:

Name:

Title:

The undersigned Recipient has read and understands the terms of this Agreement and the attached Plan and hereby agrees to comply therewith.

Date _____

Signature of Recipient Name

Tax ID Number: _____

Address: _____

SUBSCRIPTION AGREEMENT

THE SECURITIES BEING ACQUIRED BY THE UNDERSIGNED HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 OR ANY OTHER LAWS AND ARE OFFERED UNDER EXEMPTIONS FROM THE REGISTRATION PROVISIONS OF SUCH LAWS. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFER CONTAINED IN THIS STOCK SUBSCRIPTION AGREEMENT AND APPLICABLE SECURITIES LAWS.

This Subscription Agreement is entered for the purpose of the undersigned acquiring _____ shares of the \$0.01 par value common stock (the "Securities") of Silver Bull Resources, Inc., a Nevada corporation (the "Corporation") from the Corporation as a Bonus or pursuant to exercise of an Option granted pursuant to the Corporation's 2019 Stock Option and Stock Bonus Plan (the "Plan"). All capitalized terms not otherwise defined herein shall be as defined in the Plan.

It is understood that no grant of any Bonus or exercise of any Option at a time when no registration statement relating thereto is effective under the U.S. Securities Act of 1933, as amended (the "1933 Act") can be completed until the undersigned executes this Subscription Agreement and delivers it to the Corporation, and that such grant or exercise is effective only in accordance with the terms of the Plan and this Subscription Agreement.

In connection with the undersigned's acquisition of the Securities, the undersigned represents and warrants to the Corporation as follows:

1. The undersigned has been provided with, and has reviewed the Plan, and such other information as the undersigned may have requested of the Corporation regarding its business, operations, management, and financial condition (all of which is referred to herein as the "Available Information").
2. The Corporation has given the undersigned the opportunity to ask questions of and to receive answers from persons acting on the Corporation's behalf concerning the terms and conditions of this transaction and the opportunity to obtain any additional information regarding the Corporation, its business and financial condition or to verify the accuracy of the Available Information which the Corporation possesses or can acquire without unreasonable effort or expense.
3. The Securities are being acquired by the undersigned for the undersigned's own account and not on behalf of any other person or entity.
4. The undersigned understands that the Securities being acquired hereby, unless previously registered, have not been registered under the 1933 Act or any state or foreign securities laws, and are, and unless registered will continue to be, restricted securities within the meaning of Rule 144 of the General Rules and Regulations under the 1933 Act and other statutes, and the undersigned consents to the placement of appropriate restrictive legends on any certificates evidencing the Securities and any certificates issued in replacement or exchange therefor and acknowledges that the Corporation will cause its stock transfer records to note such restrictions.

5. By the undersigned's execution below, it is acknowledged and understood that the Corporation is relying upon the accuracy and completeness hereof in complying with certain obligations under applicable securities laws.
6. This Agreement binds and inures to the benefit of the representatives, successors and permitted assigns of the respective parties hereto.
7. The undersigned acknowledges that the grant of any Bonus or Option and the issuance and delivery of shares of Common Stock pursuant thereto shall be subject to prior approval by the Corporation's counsel of all legal matters in connection therewith, including compliance with the requirements of the 1933 Act and other applicable securities laws, the rules and regulations thereunder, and the requirements of any national securities exchange(s) upon which the Common Stock then may be listed.
8. The undersigned acknowledges and agrees that the Corporation may withhold from any cash consideration payable to the undersigned for the payment of taxes as a result of the grant of the Bonus or the exercise of an Option or may require other such arrangements, as set out in Section 10 of the Plan, in order to satisfy the payment of taxes.
9. The Plan is incorporated herein by reference. In the event that any provision in this Agreement conflicts with ANY provision in the Plan, the provisions of the Plan shall govern.

Date _____

Signature of Recipient Name

Tax ID Number: _____

Address: _____

**CERTIFICATION OF CEO PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy Barry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Silver Bull Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 14, 2019

By: /s/ Timothy Barry
Timothy Barry, President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CFO PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Fallis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Silver Bull Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 14, 2019

By: /s/ Sean Fallis
Sean Fallis, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Silver Bull Resources, Inc. (the "Company") does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the quarterly period ended April 30, 2019 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 14, 2019

By: /s/ Timothy Barry
Timothy Barry, President and Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code). It shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78r) or otherwise subject to the liability of that section. It shall also not be deemed incorporated by reference into any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.

**CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Silver Bull Resources, Inc. (the "Company") does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the quarterly period ended April 30, 2019 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 14, 2019

By: /s/ Sean Fallis
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code). It shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (15 U.S.C. Section 78r) or otherwise subject to the liability of that section. It shall also not be deemed incorporated by reference into any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.