

SILVER BULL RESOURCES, INC.

Form 424B5

February 05, 2013

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the related prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUPPLEMENT

To Prospectus Dated March 28, 2012

Filed pursuant to Rule 424(b)(5)

Registration No. 333-180143

PRELIMINARY PROSPECTUS SUPPLEMENT

Subject to Completion, Dated February 5, 2013

Up to Units
Consisting of One Share of Common Stock and
0.50 of a Warrant to Purchase One Share of Common Stock

\$ per Unit

Silver Bull Resources, Inc. (“Silver Bull,” the “Company,” “we,” “us,” or “our”) is offering up to units, each unit consisting one share of our common stock and one half of a warrant to purchase a share of our common stock, or an aggregate of up to shares of our common stock and warrants to purchase an aggregate of up to shares of our common stock. In addition to registering the shares of our common stock and warrants issuable upon the settlement of this offering, we are also registering the shares of our common stock issuable upon exercise of the warrants offered hereby, including the shares underlying the Agents’ compensation warrants. Each whole warrant will have an exercise price of \$ per share and will expire eighteen months from the date of issuance. The units will not be issued or certificated. The shares of our common stock and the warrants will be issued separately but will be purchased together in this offering.

The Agents (as defined herein) will sell the issued units pursuant to an agency agreement on a “best efforts” basis, meaning that the Agents are not required to sell any specific number or dollar amount of securities but will use their best efforts to sell the securities offered. We have granted the Agents a 30-day option to increase the size of the offering by up to 10%, solely to cover over-allotments, if any. We have also agreed to issue to the Agents, as additional compensation, warrants equal in number to a maximum 6.0% of the aggregate number of units issued in this offering, including any sold pursuant to the over-allotment option. The Agents’ warrants issuable as compensation entitle the Agents to purchase one common share per warrant on the same terms and at the same exercise price as the warrants purchased in the offering.

Shares of our common stock are listed on the NYSE MKT under the symbol “SVBL”. On February 4, 2013, the last reported sales price of shares of our common stock on the NYSE MKT was \$0.45 per share. Our shares of common stock are also listed on the Toronto Stock Exchange (“TSX”) under the symbol “SVB”. The closing price for our shares of common stock on February 4, 2013, as quoted on the TSX, was Cdn\$0.44. There is no established trading market for the offered warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the warrants on the NYSE MKT, TSX or any other national securities exchange or nationally recognized trading system.

As at February 4, 2013, the aggregate market value of our outstanding voting and non-voting common equity held by non-affiliates was \$50,171,373, based on an aggregate of 136,160,157 shares of our common stock outstanding, of which 111,491,939 shares were held by non-affiliates, and a per share price of \$0.45, the closing price of our shares of

common stock on February 4, 2013 as reported on the NYSE MKT. Pursuant to General Instruction I.B.6 of Form S-3, this offering represents the sale of securities whose value is not in excess of one-third of our public float, which is below \$75.0 million as of February 4, 2013. We have not offered any securities pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date of this prospectus supplement.

Investing in our securities involves risks. See “Risk Factors” on page S-6 of this prospectus supplement.

	Per Unit	Total
Price to public	\$	\$
Agent’s commissions(1)(2)	\$	\$
Proceeds, before expenses, to Silver Bull Resources	\$	\$

(1) Includes cash commissions equal to 6.0% of the gross proceeds of this offering, except for units sold to purchasers arranged by the Company, on which the Agents will receive a 3.0% cash commission, up to a maximum of \$2.5 million.

(2) The Agents will receive compensation in addition to the commissions, as set forth under the section entitled “Plan of Distribution,” upon the closing of the Offering, which consists of compensation warrants equal in number to 6.0% of the aggregate number of units issued under the Offering, including any pursuant to the exercise of the over-allotment option, except units sold to purchasers arranged by the Company, on which the Agents will be issued warrants equal to 3.0% of the number of units sold to such purchasers (to a maximum number of units corresponding to gross proceeds of \$2.5 million), with each compensation warrant entitling the Agents to purchase one share of our common stock on the same terms and at the same exercise price as the warrants purchased in the offering.

The above summary of offering proceeds to us does not give effect to any exercise of the warrants being issued in this offering or any warrants being issued as compensation to the Agents.

The Agents expect to deliver the securities offered hereby on or about February , 2013.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

Co-Lead Agents

PI Financial (US) Corp.

Stifel Nicolaus & Company, Incorporated

Co-Agent

Roth Capital Partners

The date of this prospectus supplement is , 2013.

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC or the Commission, using a “shelf” registration process. This prospectus supplement provides specific details regarding this offer by us of units consisting of one share of our common stock and a one-half of a warrant to purchase one share of our common stock to certain investors (the “Offering”). The accompanying prospectus provides general information about us, our common stock and warrants, and certain other securities we may offer from time to time. Some of the information in the accompanying prospectus may not apply to this Offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus or the documents incorporated by reference herein, you should rely on this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date – for example, a document incorporated by reference in the accompanying prospectus – the statement in the document having the later date modifies or supersedes the earlier statement as our business, financial conditions, results of operations and prospects may have changed since the earlier dates.

We have also filed this prospectus supplement and the related prospectus, which we refer to as the Canadian Prospectus, with the securities regulatory authorities in each of the provinces of Alberta, British Columbia and Ontario, Canada. The securities registered under the Canadian prospectus may be offered and sold in each of the provinces of Alberta, British Columbia and Ontario, Canada, subject to any applicable securities laws.

Before purchasing any securities, you should carefully read both the accompanying prospectus and this prospectus supplement, together with the additional information described in this prospectus supplement under the headings “Where You Can Find More Information” and “Documents Incorporated by Reference”. You should also carefully consider the matters discussed under “Risk Factors” in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this Offering. Neither the Agents nor we have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither the Agents nor we are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein relating to this Offering is accurate only as of the date of the document in which the information appears. Our business, financial condition, results of operations and prospects may have changed since that date. Information in this prospectus supplement updates and modifies the information in the accompanying prospectus.

As used in the prospectus and this prospectus supplement, the terms “Silver Bull,” “we,” “our,” “ours” and “us” may, depending on the context, refer to Silver Bull Resources, Inc. or to one or more of Silver Bull Resources, Inc.’s consolidated subsidiaries or to Silver Bull Resources, Inc. and its consolidated subsidiaries, taken as a whole. When we refer to “shares” throughout this prospectus, we include all rights attaching to our shares of common stock under any shareholder rights plan then in effect.

You should not assume that the information in the prospectus or this prospectus supplement, any accompanying free writing prospectus relating to this Offering or any document incorporated by reference is accurate as of any date other than the date of such document.

CURRENCY AND EXCHANGE RATE INFORMATION

Unless otherwise indicated, all references to “\$” or “dollars” in this prospectus supplement and the accompanying prospectus refer to U.S. dollars. References to “Cdn\$” in this prospectus supplement and the accompanying prospectus

refer to Canadian dollars.

The noon rate of exchange on February 4, 2013, as reported by the Bank of Canada for the conversion of Canadian dollars to U.S. dollars, was Cdn\$1.00 equals \$1.0023 and, for the conversion of U.S. dollars to Canadian dollars, was \$1.00 equals Cdn\$0.9977.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement includes certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the United States 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,” “potential,” “could,” or similar words suggesting future outcomes (including negative and grammatical variations) to identify forward-looking statements. These statements include, among other things, planned activities at the Sierra Mojada Project, including expectations regarding our metallurgical program, the scope and size of the capital budget for the Sierra Mojada Project, and the preparation of an updated NI 43-101 compliant resource estimate and preliminary economic assessment based on the updated resource estimate during 2013; and planned activities at our Gabon properties.

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 express or implied in these forward-looking statements as a result of the factors described under “Risk Factors” in the Annual Report on Form 10-K, as amended, incorporated by reference herein, including:

- Results of future exploration at our Sierra Mojada Project;
- Our ability to raise necessary capital to conduct our exploration activities, and do so on acceptable terms;
- Worldwide economic and political events affecting the market prices for silver, gold, manganese, zinc, lead, and other minerals which may be found on our exploration properties;
 - The amount and nature of future capital and exploration expenditures;
 - Competitive factors, including exploration-related competition;
 - Our inability to obtain required permits;
 - Timing of receipt and maintenance of government approvals;
 - Unanticipated title issues;
 - Changes in tax laws;
 - Changes in regulatory frameworks or regulations affecting our activities;
 - The timing of exploration activities;
- Our ability to retain key management 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 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.

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SUMMARY

The following is a summary of the principal features of this Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents incorporated by reference herein and therein. This summary does not contain all of the information you should consider before investing in our securities and is qualified in its entirety by the information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein. You should carefully read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including our historical financial statements and the notes to these financial statements in our most recently filed annual report on Form 10-K, as amended, for the fiscal year ended October 31, 2012. You should also carefully consider the matters discussed under “Risk Factors” and “Cautionary Note Regarding Forward-looking Statements” in this prospectus supplement before deciding to invest in our securities.

Our 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 (the “Sierra Mojada Project”). We conduct our operations in Mexico through our wholly-owned Mexican subsidiaries, Minera Metalin S.A. de C.V. (“Minera”), Contratistas de Sierra Mojada S.A. de C.V. (“Contratistas”) and through Minera’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, and are in the exploration stage and may never establish any reserves or enter the development or production stage.

On April 16, 2010, we completed a merger transaction with Dome Ventures Corporation (“Dome”), whereby Dome became our wholly-owned subsidiary. Dome through its subsidiaries holds two exploration licenses in Gabon, West Africa covering approximately 4,000 square kilometers and entered into a joint venture agreement with a subsidiary of AngloGold Ashanti Limited (“AngloGold”) on its Ndjole license and previously held Mevang license. Dome also entered into a second joint venture agreement on the Ogooue license held by AngloGold. The Ndjole and Mevang Joint Venture Agreement and Ogooue Joint Venture Agreement were terminated by AngloGold effective August 16, 2012. We believe that the Ndjole license has gold and manganese potential and the Mitzic license has iron ore potential. We are currently looking for a joint venture partner on the Ndjole and Mitzic licenses. Operations in Gabon are conducted by Dome’s subsidiaries Dome Ventures SARL Gabon, African Resources SARL Gabon and Gabon Resources SARL.

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

Although we have been exploring certain mineral properties, to date, we have not established any reserves. We remain in the exploration stage, and we may never establish any reserves or enter the development or production stage. We have generated no revenue. We have used significant funds in our operations and expect this trend to continue for the foreseeable future. There is no assurance that we can generate net income, increase revenues or successfully explore and exploit our properties.

Our principal offices are located at 925 West Georgia Street, Suite 1908, Vancouver, BC, Canada V6C 3L2, and our telephone number is 604-687-5800.

Sierra Mojada Project

We have been exploring the Sierra Mojada concessions to identify available mineral deposits. We have focused our exploration efforts on two primary mineral types: the silver polymetallic mineralization just north of the Sierra Mojada fault (the “Shallow Silver Zone”) and the oxide zinc mineralization located south of the Sierra Mojada fault (the “Zinc Zone”). We have conducted various exploration activities at the Sierra Mojada Project. During November 2012, we received promising preliminary results from initial metallurgical testing on the Shallow Silver Zone and the Zinc Zone, which have been followed by continued testing in these zones. The focus of the 2013 calendar year exploration program is the completion of an updated resource estimate, continued metallurgical work and the completion of a preliminary economic assessment based on the updated resource estimate. However, we remain in the exploration stage, may never enter into the development stage, and have not established, and may never establish, any reserves.

Mineralized Material Estimate

On July 5, 2012, SRK Consulting (Canada), Inc. delivered a technical report (the “Report”) on the silver and zinc mineralization in the “Shallow Silver Zone” of the Sierra Mojada Property in accordance with Canadian Securities Administrators’ National Instrument 43-101 — Standards of Disclosure for Mineral Projects (“NI 43-101”). The resource was estimated from 1,118 diamond drill holes, 24 reverse circulation drill holes, 8,632 channel samples and 2,346 long holes. In total, these contain 160,120 assay records, of which 144,029 records contain silver and zinc assays values. At a cutoff grade of 15 grams/tonne of silver for mineralized material, the Report indicates mineralized material of 48.863 million tonnes at an average silver grade of 45.9 grams/tonne silver and an average zinc percentage of 0.93%. Mineralized material estimates do not include any amounts categorized as inferred resources.

“Mineralized material” as used in this prospectus supplement, although permissible under the Securities and Exchange Commission’s Industry Guide 7, does not indicate “reserves” by SEC standards. We cannot be certain that any part of the Sierra Mojada Project will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves.” Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.

Gabon Licenses and Interests

Through our wholly-owned subsidiary, Dome, we own two exploration licenses (Ndjole and Mitzic) each covering approximately 2,000 square kilometers in Gabon, Africa. These concessions are without known reserves and the project is exploratory in nature. We do not anticipate using any material portion of the proceeds of the Offering in any activities related to our Gabon properties.

The Ndjole license and previously-held Mevang license were being explored under a joint venture agreement with AngloGold. AngloGold terminated this joint venture effective August 16, 2012 after incurring exploration expenditures of \$5.9 million. As a result of this termination, a 100% interest in the Ndjole license has reverted back to Silver Bull. Prior to the joint venture agreements being terminated, the majority of the work in Gabon was previously conducted by AngloGold. We continue to believe that the Ndjole license has gold and manganese potential and the Mitzic license has iron ore potential. We are currently looking for a joint venture partner on the Ndjole and Mitzic licenses.

To date, three main coherent gold anomalies above 50 parts per billion (“ppb”) and over 5km in length and up to 1.5km wide and several smaller anomalous zones up to 2km in length and up to 1km wide have been identified. Background gold values in the region are less than 5 ppb and results above 20 ppb are considered anomalous. Over 25% of the results received to date are above 30 ppb with peak values in excess of 5,000 ppb in the soils. The anomalies appear to have strong structural controls concentrating along mapped or inferred lithological contacts, structural breaks, and fold hinges. There is also a strong spatial relationship of the gold anomalies to a thick graphitic lithological unit in the area that is thought to represent an ideal lithological trap for mineralizing fluids. Initial prospecting in these anomalous zones has identified a number of gold bearing quartz veins, many of which run between 2 g/t to 5 g/t gold.

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

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The Offering

The following is a brief summary of certain terms of this Offering and is not intended to be complete. It does not contain all of the information that will be important to investors with regard to our securities. For a more complete description of our common stock and warrants, see the section titled “Description of Securities Being Offered” in this prospectus supplement.

Issuer:	Silver Bull Resources, Inc.
Common stock offered by us:	Up to shares
Warrants offered by us:	Warrants to purchase up to shares of our common stock. Each warrant will have an exercise price of \$ per share and will expire 18 months from the date of issuance. This prospectus supplement also relates to the offering of the shares of our common stock issuable upon exercise of the warrants. The exercise price of the shares being acquired upon exercise of the warrants must be paid in cash, except in limited circumstances in which a “cashless” exercise may be available.
Over-allotment option:	We have granted the Agents an over-allotment option, exercisable in whole or in part at any time on or before the 30th day following the closing of the Offering, to increase the size of the Offering by up to 10%, at the public offering price. The Agents may exercise this over-allotment option, in whole or in part, solely to cover any over-allotments, if any, made in connection with this Offering.
Common stock outstanding:	Prior to the Offering, we had 136,160,157 shares of our common stock outstanding. Following the Offering, we will have shares of our common stock outstanding, assuming the over-allotment option is not exercised and shares of our common stock outstanding assuming the over-allotment option is exercised in full.
Use of proceeds:	<p>We estimate that our net proceeds from this Offering, after deducting the agency commissions of \$ and estimated offering expenses of \$ 1, will be approximately \$ million, or approximately \$ if the over-allotment option is exercised in full.</p> <p>We intend to use the net proceeds from this Offering for the preparation of a resource update, metallurgical studies, commencement of a Preliminary Economic Assessment and general working capital requirements with respect to advancement of the Sierra Mojada Project. See “Use of Proceeds” in this prospectus supplement.</p>

Agents' compensation warrants: The Company shall also issue to the Agents, upon the closing of the Offering, compensation warrants equal in number to 6.0% of the aggregate number of units issued under the Offering, including any pursuant to the exercise of the over-allotment option, except units sold to purchasers arranged by the Company, on which the Agents will be issued warrants equal to 3.0% of the number of units sold to such purchasers (to a maximum number of units corresponding to gross proceeds of \$2.5 million), with each compensation warrant entitling the Agents to purchase one share of our common stock on the same terms and at the same exercise price as the warrants purchased in the Offering.

Market for our common stock: Our common stock is traded on the NYSE MKT LLC ("NYSE MKT") under the symbol "SVBL" and on the Toronto Stock Exchange ("TSX") under the symbol "SVB". We have made or will make timely listing applications at NYSE MKT and TSX for our shares of common stock being registered pursuant hereto, and listing will be subject to approval by the exchanges. There is no established public trading market for the offered warrants, and we do not expect a market to develop, as we do not intend to apply for listing of the warrants on the NYSE MKT, TSX or any other national securities exchange or other nationally recognized trading system.

Risk factors: An investment in our securities is subject to a number of risks. You should carefully consider the information under the heading "Risk Factors" and "Cautionary Note Regarding Forward-looking Statements" and all other information included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein before deciding to invest in our securities.

1 In addition to its own expenses, the Company shall be responsible for all expenses incurred in connection with the Offering, including the Agents' out-of-pocket expenses and fees and disbursements of the Agents' local counsel, up to a maximum of \$180,000 (exclusive of disbursements and applicable taxes).

RISK FACTORS

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

RISKS RELATED TO OUR BUSINESS:

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

Our management and our board of directors monitor our overall costs and expenses and, if necessary, adjust our programs and planned expenditures in an attempt to ensure we have sufficient operating capital. We continue to evaluate our costs and planned expenditures for our on-going exploration efforts at our Sierra Mojada Project. We raised in excess of \$3 million during our 2010 fiscal year, increased our cash and cash equivalent assets by approximately \$14.58 million through the merger transaction with Dome that occurred in April 2010 and raised approximately \$5 million in a private placement in fiscal year 2011. In addition, we raised approximately \$10.5 million from an offering of our common stock to certain investors that occurred in December 2011. However, as of October 31, 2012, we had working capital of \$2.9 million and cash and cash equivalents of \$3.2 million, and the continued exploration and possible development of the Sierra Mojada Project will require significant amounts of additional capital. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, we will need to significantly reduce operations, which will result in an adverse impact on our business, financial conditions and exploration activities. See Note 1 to our Consolidated Financial Statements included in the Annual Report on Form 10-K, as amended, incorporated by reference herein.

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

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

We have no commercially mineable ore body.

No commercially mineable ore body has been delineated on our Sierra Mojada Project or on our exploration licenses in Gabon, Africa, nor have our properties been shown to contain proven or probable mineral reserves. SRK Consulting (Canada), Inc. recently completed a technical report on the silver and zinc mineralization in the "Shallow Silver Zone" of the Sierra Mojada Project. We cannot assure you that any mineral deposits we identify on the Sierra Mojada Project, in Gabon or on another property will qualify as an ore body that can be legally and economically exploited or that any particular level of recovery of silver or other minerals from discovered mineralization will in fact be realized. Most exploration projects do not result in the discovery of commercially mineable ore deposits. Even if the presence of reserves is established at a project, the legal and economic viability of the project may not justify exploitation.

Mineral resource estimates may not be reliable.

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

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

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

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

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

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

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

During the years ended October 31, 2012 and October 31, 2011, we suffered net losses of \$13,360,411 and \$12,237,360, respectively. At October 31, 2012, we had stockholders' equity of \$30,699,624 and working capital of \$2,924,766. Significant amounts of capital will be required to continue to explore and potentially develop the Sierra Mojada concessions. We are not engaged in any revenue producing activities, and we do not expect to be in the near future. Currently, our sources of funding consist of the sale of additional equity securities, entering into joint venture agreements or selling a portion of our interests in our assets. There is no assurance that any additional capital that we