BAYHORSE SILVER INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

Expressed in Canadian dollars, Unless Noted Otherwise

Management's Comments on Unaudited Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Bayhorse Silver Inc. for the three months ended March 31, 2025, have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company. The accompanying unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Index

BAYHORSE SILVER INC.
Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars, Unless Noted Otherwise
(Unaudited)

	Notes		March 31, 2025		December 31, 2024
ASSETS					
Current assets					
Cash		$	153,069	$	568,130
Accounts receivable			116,030		115,828
Prepaid expenses			687,036		686,903
			956,135		1,370,861
Non-current assets					
Property and equipment	3		1,106,310		1,174,721
Reclamation bond	7		11,700		11,700
		$	**2,074,145**	**$**	**2,557,282**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Current liabilities					
Accounts payable	4, 6	$	1,032,994	$	1,181,839
Accrued liabilities	4		727,982		703,250
Part XII.6 tax			138,997		133,330
Convertible debentures	4		438,468		438,865
Contract liabilities	8		27,113		22,967
			2,365,554		2,480,251
Non-current liabilities					
Provision for indemnity			546,356		546,356
			2,911,910		3,026,607
Shareholders' equity (deficit)					
Share capital	5		30,623,432		30,550,783
Reserves	5		14,903,953		14,437,424
Commitment to issue shares	5		149,000		-
Deficit			(46,514,150)		(45,457,532)
			(837,765)		(469,325)
		$	**2,074,145**	**$**	**2,557,282**

Nature of operations and going concern (note 1)
Commitments (notes 8 and 12)
Subsequent events (notes 6 and 13)

Approved on behalf of the Board:

“Graeme O’Neill”
Director

“James Walker”
Director

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

BAYHORSE SILVER INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars, Unless Noted Otherwise
(Unaudited)

		Three Months Ended			
	Notes		**March 31, 2025**		**March 31, 2024**
Mineral expenses					
Exploration expenses	6, 7	$	557,437	$	322,329
Expenses					
Communications			8,915		19,315
Financing fees and interest expense	4, 5, 6		496,542		271,158
Foreign exchange and bank charges			(408)		6,641
Insurance			6,012		6,001
Management fees	6		18,000		23,400
Office and other	6		16,145		16,600
Office rent	6		3,000		3,000
Professional fees	6		65,576		73,370
Share-based compensation	5, 6		-		11,976
Transfer, listing and filing fees			10,771		10,288
Travel			6,400		3,023
			630,953		444,772
Operating loss			(1,188,390)		(767,101)
Rental income	3		139,932		131,489
Gain (loss) on revaluation of silver pre-sales	8		(8,160)		(939)
Loss and comprehensive loss for the period			**(1,056,618)**		**(636,551)**
Weighted average number of common shares outstanding – basic and diluted			306,547,623		274,699,867
Basic and diluted loss per common share		$	(0.00)	$	(0.00)

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

BAYHORSE SILVER INC.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars, Unless Noted Otherwise
(Unaudited)

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Cash flows (used in) provided by:		
Operating activities		
Loss for the period	$ (1,056,618)	$ (636,551)
Items not involving cash:		
Foreign exchange	(4,411)	11,172
Depreciation	68,411	68,103
Share-based compensation	-	11,976
Financing fees – warrant modification	474,178	258,506
Penalties and interest	5,667	-
Loss on revaluation of silver pre-sales	8,160	939
Changes in non-cash working capital items:		
Accounts receivable	(202)	(131,531)
Prepaid expenses	(133)	(44,367)
Accounts payable and accrued liabilities	(137,305)	(16,254)
Cash used in operating activities	**(642,253)**	**(478,007)**
Investing activities		
Refundable damage deposit	13,192	-
Cash provided by investing activities	**13,192**	**-**
Financing activities		
Gross proceeds from share issuance	-	415,500
Share issuance costs	-	(16,238)
Warrants exercised during the period	65,000	-
Repayment of convertible debentures	-	(13,442)
Commitment to issue shares	149,000	(75,000)
Cash provided by financing activities	**214,000**	**310,820**
Change in cash	(415,061)	(167,187)
Cash, beginning of the period	568,130	482,566
Cash, end of the period	**$ 153,069**	**$ 315,379**

Supplemental cash flow information (note 9).

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

BAYHORSE SILVER INC.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficit)
Expressed in Canadian Dollars, Unless Noted Otherwise
(Unaudited)

	Note	Number of shares		Share capital		Reserves		Commitment to issue shares		Deficit		Total
Balance, December 31, 2023		**268,946,790**	**$**	**29,498,214**	**$**	**12,391,170**	**$**	**75,000**	**$**	**(41,469,253)**	**$**	**495,131**
Shares issued for cash	5(b)	8,310,000		233,810		181,690		-		-		415,500
Share issuance costs	5(b)	-		(16,238)		-		-		-		(16,238)
Commitment to issue shares	5(b)	-		-		-		(75,000)		-		(75,000)
Financing fees - warrant modification	5(d)	-		-		258,506		-		-		258,506
Share-based compensation	5(c)	-		-		11,976		-		-		11,976
Loss for the period		-		-		-		-		(636,551)		(636,551)
Balance, March 31, 2024		**277,256,790**	**$**	**29,715,786**	**$**	**12,391,170**	**$**	**-**	**$**	**(41,469,253)**	**$**	**453,324**
Balance, December 31, 2024		**305,334,290**	**$**	**30,550,783**	**$**	**14,437,424**	**$**	**-**	**$**	**(45,457,532)**	**$**	**(469,325)**
Shares issued for warrants exercised	5(d)	1,300,000		72,649		(7,649)		-		-		65,000
Commitment to issue shares	5(b)	-		-		-		149,000		-		149,000
Financing fees - warrant modification	5(d)	-		-		474,178		-		-		474,178
Loss for the period		-		-		-		-		(1,056,618)		(1,056,618)
Balance, March 31, 2025		**306,634,290**	**$**	**30,623,432**	**$**	**14,903,953**	**$**	**149,000**	**$**	**(46,514,150)**	**$**	**(837,765)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Bayhorse Silver Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on April 6, 2004 and continued its incorporation into British Columbia on May 3, 2010. The Company is engaged in the acquisition and exploration of mineral property interests.

The Company is listed on the TSX-V under the symbol BHS as a Tier 2 mining issuer, the Frankfurt Exchange, Germany, under the symbol 7KXN, and in the USA on the OTCQB under the symbol BHSIF.

The address of the Company’s corporate office and principal place of business is 4628 Rumble Street, Burnaby, BC, V5J 2A7, Canada.

Going Concern

The accompanying condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At March 31, 2025, the Company had a working capital deficit of $1,409,419 (December 31, 2024 – $1,109,390), an accumulated deficit of $46,514,150 (December 31, 2024 – $45,457,532), had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the three months ended March 31, 2025, the Company reported a loss and comprehensive loss of $1,056,618 (2024 – $636,551). The Company does not have sufficient funds to meet its committed obligations for the next twelve months from March 31, 2025.

The Company is dependent on equity and debt financings to fund its operations. The recoverability of the underlying value of assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production. These circumstances comprise a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s condensed consolidated interim financial statements for the three months ended March 31, 2025, do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and such adjustments could be material.

2. BASIS OF PRESENTATION

a. Statement of compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) effective for the Company’s reporting period ending December 31, 2025. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the IASB. The accounting policies applied are the same as those applied in the Company’s most recent annual financial statements which are filed under the Company’s profile on SEDAR+ at www.sedarplus.ca.The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates.

These condensed consolidated interim financial statements for the three months ended March 31, 2025 were approved and authorized for issue by the Board of Directors on May 28, 2025.

b. Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its wholly owned subsidiary, USA based Bayhorse Silver (USA) Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing these condensed consolidated interim financial statements.

c. New accounting pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is assessing the impact that the adoption of IFRS 18 will have on its financial statements.

(Expressed in Canadian dollars, Unless Noted Otherwise)

3. PROPERTY AND EQUIPMENT

	Land	Building	Vehicle	Mining Equipment	Processing Equipment	X-Ray Sorter [1]	Power Line	TOTAL
	$	$	$	$	$	$	$	$
Cost								
December 31, 2024 and March 31, 2025	**114,954**	**200,153**	**13,036**	**238,116**	**777,298**	**1,498,011**	**234,784**	**3,076,352**
Accumulated deprecation								
December 31, 2023	**-**	**39,779**	**6,708**	**237,074**	**329,033**	**924,310**	**90,053**	**1,626,957**
Additions	-	20,015	2,607	1,042	77,730	149,802	23,478	274,674
December 31, 2024	**-**	**59,794**	**9,315**	**238,116**	**406,763**	**1,074,112**	**113,531**	**1,901,631**
Additions	-	5,004	652	-	19,433	37,452	5,870	68,411
March 31, 2025	**-**	**64,798**	**9,967**	**238,116**	**426,196**	**1,111,565**	**119,404**	**1,970,042**
Carrying value								
December 31, 2024	**114,954**	**140,359**	**3,721**	**-**	**370,535**	**423,899**	**121,253**	**1,174,721**
March 31, 2025	**114,954**	**135,355**	**3,069**	**-**	**351,102**	**386,447**	**115,383**	**1,106,310**

[1] The X-Ray Sorter was initially leased to a third party from November 1, 2023, to October 31, 2024.The X-Ray Sorter is currently leased to the third party on a month-to-month basis and is classified as an operating lease. As at March 31, 2025, the Company holds a refundable damage deposit on the X-Ray Sorter of $61,098 (December 31, 2024 – $47,906) which was recorded within accounts payable.

The Company records depreciation within exploration expenses (see note 7).

4. CONVERTIBLE DEBENTURES

During the year ended December 31, 2018, the Company issued 192 units of US$5,000 convertible debentures for gross proceeds of US$960,000 (CAD$1,249,466). During the year ended December 31, 2017, the Company issued 200 units of US$5,000 convertible debentures for gross proceeds of US$1,000,000 (CAD$1,231,400). During the year ended December 31, 2016, the Company issued 180 units of US$5,000 convertible debentures for gross proceeds of US$900,000 (CAD$1,187,601). During the year ended December 31, 2015, the Company issued 70 units of US$5,000 debentures for gross proceeds of US$350,000 (CAD$458,945) (all of these debentures are collectively referred to as the “Debentures”).

As at March 31, 2025 and December 31, 2024, all of the Debentures have matured and are no longer convertible into shares of the Company under the original agreements. Key features of these Debentures were as follows:

- Term
  - The Debentures had an initial term of three years from the date of issuance. All of the Debentures are now past maturity.

- Interest payments
  - 12% per annum, calculated and compounded monthly and not in advance, and payable annually in arrears. Interest on all overdue amounts of principal or interest, is calculated and

compounded daily at the same rate, from the date that such amount of principal or interest becomes due to the actual date of payment.

The continuity of the Debentures and their effect on reserves is provided in the following table:

		Debenture		Reserves
Balance, December 31, 2023	$	443,071	$	64,040
Repayments		(41,089)		-
Foreign exchange loss		36,883		-
Balance, December 31, 2024	**$**	**438,865**	**$**	**64,040**
Foreign exchange loss		(397)		-
Balance, March 31, 2025	**$**	**438,468**	**$**	**64,040**

The principal amounts outstanding in US dollars as at March 31, 2025 and their maturity dates are as follows:

Maturity Date	Outstanding Principal US$
November 7, 2018	$100,000
February 22, 2019	20,000
August 3, 2019	10,000
September 27, 2020	110,000
December 19, 2021	65,000
	$305,000

During the three months ended March 31, 2025, the Company recognized interest expense of $16,312 (2024 – $12,972) included in financing fees and interest in the statements of loss and comprehensive loss. As at March 31, 2025, there is accrued interest of $437,250 (December 31, 2024 – $421,318) on the convertible debentures which is included in accrued liabilities on the statement of financial position.

(Expressed in Canadian dollars, Unless Noted Otherwise)

5. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value

b. Issued and fully paid

The Company issued the following securities during the years indicated:

	Note	Number
Balance, December 31, 2023		**268,946,790**
Shares issued for private placements	5(b)(i)	28,662,500
Shares issued for options	5(c)	100,000
Shares issued for warrants	5(d)	4,700,000
Shares issued for debt settlement	5(b)(iv)	2,925,000
Balance, December 31, 2024		**305,334,290**
Shares issued for warrants	5(d)	1,300,000
Balance, March 31, 2025		**306,634,290**

(i) On December 10, 2024,the Company closed its non-brokered private placement of 5,250,000 unit non-brokered private placement of $0.04 per unit for gross proceeds of $210,000. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant will be exercisable into one common share of the Company at a price of $0.08 per common share within two years from the date of issuance. The Company used the relative fair value method to allocate the total consideration received ($210,000) from the private placement and accordingly, $118,525 of the total value was allocated to the shares and $91,475 to the warrants. The value of the shares was based on the closing market price on the date the shares were issued, and the value of the warrants was based on Black Scholes Option Pricing Model. The Company paid a finders' fee of $11,900 in cash and issued 297,500 brokers' warrants valued at $11,480. The Company paid other share issuance costs totaling $2,327.

On October 28, 2024,the Company closed its non-brokered private placement of 15,102,500 units at $0.04 per unit for gross proceeds of $604,100. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant will be exercisable into one common share of the Company at a price of $0.08 per common share within two years from the date of issuance. The Company used the relative fair value method to allocate the total consideration received ($604,100) from the private placement and accordingly, $341,738 of the total value was allocated to the shares and $262,362 to the warrants. The value of the shares was based on the closing market price on the date the shares were issued, and the value of the warrants was based on Black Scholes Option Pricing Model. The Company paid a finders' fee of $1,050 in cash and issued 26,250 brokers' warrants valued at $907. The Company paid other share issuance costs totaling $4,777.

On January 18, 2024, the Company closed its non-brokered private placement of 8,310,000 units at $0.05 per unit for gross proceeds of $415,500. Each unit consists of one common share and one transferable common share purchase warrant with each warrant entitling the holder to acquire one common share at a price of $0.10 per share within two years from the date of issuance. The Company used the relative fair value method to allocate the total consideration received ($415,500) from the private placement and accordingly, $233,810 of the total value was allocated to the shares and $181,690 to the warrants. The value of the shares was based on the closing market price on the date the shares were issued, and the value of the warrants was based on Black Scholes Option Pricing Model. The Company paid a finders' fee of $9,485 in cash and issued 189,700 brokers' warrants valued at $7,371. The Company paid other share issuance costs totaling $6,754.

(Expressed in Canadian dollars, Unless Noted Otherwise)

(ii) On August 28, 2024, the Company issued shares for indebtedness owed directly and indirectly to officers and an employee of the Company. The amount settled of $117,000, resulted in the issuance of an aggregate of 2,925,000 common shares in the capital stock of the Company at a price of $0.04 per share. In addition, the Company recorded a loss of $29,250 on the debt settlement.

c. Reserves – stock options

Pursuant to the Company's stock option plan (the "Plan"), the Company's Board of Directors may from time to time authorize the issue of options to eligible persons. The exercise price for the options shall be not less than the allowable discounted market price on the grant date. The expiry date for each option shall be set by the board at the time of issue of the option and shall not be more than five years after the grant date. Options shall not be assignable (or transferable) by the Optionee.

The number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- to any one Optionee, shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis;
- to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on the grant date on a non-diluted basis;
- to any one consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
- all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a fully diluted basis.

The following were changes to the stock options of the Company:

	Number of Options issued and exercisable	Weighted Average Exercise Price	Weighted Average Life (years)
Balance, December 31, 2022	**13,245,000**	**$0.18**	**2.67**
Options granted	1,400,000	$0.05	-
Options expired	(1,880,000)	$0.20	-
Options forfeited	(860,000)	$0.16	-
Balance, December 31, 2023	**11,905,000**	**$0.16**	**2.04**
Options granted	6,150,000	$0.09	-
Options exercised	(100,000)	$0.05	-
Options expired	(1,575,000)	$0.10	-
Balance, March 31, 2025 and December 31, 2024	**16,380,000**	**$0.14**	**2.49**

(Expressed in Canadian dollars, Unless Noted Otherwise)

The details of the share-based compensation granted and exercised are as follows:

On December 3, 2024, the Company granted 1,150,000 stock options, exercisable at $0.06 for 5 years to directors, consultants and officers of the Company. The fair value of the share-based compensation recognized was $56,219 as determined using the Black Scholes Option Pricing Model. Of these stock options, 875,000 were granted to related parties (note 6).

On June 10, 2024, the Company granted 4,600,000 stock options, exercisable at $0.10 for 5 years to directors, consultants and officers of the Company. The fair value of the share-based compensation recognized was $299,414 as determined using the Black Scholes Option Pricing Model. Of these stock options, 3,550,000 were granted to related parties (note 6).

On January 29, 2024, the Company granted 400,000 stock options, exercisable at $0.10 for 5 years to a director of the Company. The fair value of the share-based compensation recognized was $11,976 as determined using the Black Scholes Option Pricing Model. Of these stock options, 200,000 were granted to related parties (note 6).

During the year ended December 31, 2024, 100,000 stock options were exercised by a director of the Company at an exercise price of $0.05 per stock option for gross proceeds of $5,000 (note 6). Reserves of $2,738 was transferred to share capital in relation to the exercises.

Assumptions used in the Black Scholes Option Pricing Model are as follows:

	2024
Risk free rate of return	2.95% – 3.57%
Expected life	3.54 – 3.78 years
Expected volatility	161% – 164%
Expected dividend yield	0.00%
Weighted average fair value	$0.03 – $0.07

The following stock options were outstanding and exercisable as at March 31, 2025:

Expiry Date	**Number**	**Exercise Price**
October 5, 2025	1,800,000	$0.20
November 10, 2025	1,300,000	$0.05
December 1, 2025	100,000	$0.20
January 28, 2026	880,000	$0.13
April 27, 2026	2,350,000	$0.25
September 3, 2026	3,600,000	$0.15
December 14, 2026	200,000	$0.15
January 29, 2029	400,000	$0.10
June 10, 2029	4,600,000	$0.10
December 3, 2029	1,150,000	$0.06
	16,380,000	**$0.14**

(Expressed in Canadian dollars, Unless Noted Otherwise)

d. Reserves – warrants

The following were changes to the warrants of the Company:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining (years)
Balance, December 31, 2023	**113,504,895**	**$0.13**	**1.38**
Warrants issued	29,175,950	$0.09	-
Warrants exercised	(4,700,000)	$0.05	-
Warrants expired	(18,594,400)	$0.16	-
Balance, December 31, 2024	**119,386,445**	**$0.12**	**1.32**
Warrants exercised	(1,300,000)	$0.05	-
Warrants expired	(1,250,000)	$0.10	-
Balance, March 31, 2025	**116,836,445**	**$0.12**	**1.10**

Assumptions used in the Black Scholes Option Pricing Model for the warrants issued are as follows:

	2024
Risk free rate of return	2.89% – 4.05%
Expected life	2.00 years
Expected volatility	187% – 196%
Expected dividend yield	0.00%

The following warrants were outstanding as at March 31, 2025:

Expiry Date	Number	Exercise Price
April 2, 2025	4,530,000*	$0.10
April 17, 2025	7,420,000*	$0.10
July 2, 2025	2,806,562	$0.18
July 10, 2025	3,387,500	$0.18
August 4, 2025	3,360,000	$0.20
August 6, 2025	1,940,000	$0.20
October 30, 2025	1,213,333	$0.20
November 27, 2025	1,600,000	$0.20
December 20, 2025	13,656,100	$0.10
December 23, 2025	3,500,000	$0.15
January 18, 2026	8,499,700	$0.10
February 1, 2026	20,000,000	$0.15
October 28, 2026	15,128,750	$0.08
December 10, 2026	5,547,500	$0.08
March 28, 2027	11,497,000	$0.15
August 16, 2027	12,750,000	$0.10
	116,836,445	**$0.12**

* Subsequent to March 31, 2025, these warrants expired unexercised (see note 13).

On March 13, 2025, the Company extended the expiry date of the following warrants. An incremental value of $474,178 was calculated relating to the warrant modification using the Black Scholes Option Pricing Model with expected life of 2.04 years, risk-free interest rate of 2.56%, a dividend yield of 0% and historical volatility of 175.5%:

i. 11,497,000 warrants with an exercise price of $0.15 per share extended to March 28, 2027 from March 28, 2025.

On December 17, 2024, the Company extended the expiry date of the following warrants. An incremental value of $56,640 was calculated relating to the warrant modification using the Black Scholes Option Pricing Model with expected life of 1.02 years, risk-free interest rate of 2.99%, a dividend yield of 0% and historical volatility of 140.8%:

i. 1,940,000 warrants with an exercise price of $0.15 per share extended to December 23, 2025 from December 23, 2024; and
ii. 1,560,000 warrants with an exercise price of $0.15 per share extended to December 23, 2025 from December 31, 2024.

On July 22, 2024, the Company extended the expiry date of the following warrants. An incremental value of $603,992 was calculated relating to the warrant modification using the Black Scholes Option Pricing Model with expected life of 3.07 years, risk-free interest rate of 3.88%, a dividend yield of 0% and historical volatility of 155.2%:

i. 12,750,000 warrants with an exercise price of $0.10 per share extended to August 16, 2027 from August 16, 2024.

On March 8, 2024, the Company extended the expiry date of the following warrants. An incremental value of $491,025 was calculated relating to the warrant modification using the Black Scholes Option Pricing Model with expected life of 1.06 years, risk-free interest rate of 4.10%, a dividend yield of 0% and historical volatility of 210.1%:

i. 11,497,000 warrants with an exercise price of $0.15 per share extended to March 28, 2025 from March 28, 2024.

During the year ended December 31, 2024, 4,700,000 warrants were exercised by a director of the Company at an exercise price of $0.05 per warrant for gross proceeds of $235,000 (note 6). Reserves of $25,560 was transferred to share capital in relation to the exercises.

(Expressed in Canadian dollars, Unless Noted Otherwise)

6. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of the Company's directors and other members of key management, who have the authority and responsibility for planning, directing and controlling the activities of the Company, consists of the following amounts.

The following table summarizes transactions with related parties during the three months ended March 31, 2025 and 2024:

		Three Months Ended			
	Note		**March 31, 2025**		**March 31, 2024**
Management fees	(a)	$	18,000	$	23,400
Mineral property costs – project management fees	(a)		36,000		30,600
Mineral property costs – geological	(b)		47,871		-
Professional fees	(c)		37,500		37,500
Corporate services	(d)		9,900		9,900
Office rent	(e)		3,000		3,000
Share-based compensation	(f)		-		11,976
		$	**152,271**	**$**	**116,376**

a) Management fees and mineral property costs – project management fees were paid to Highcard Exploration Inc. ("Highcard"), a company controlled by Graeme O'Neill, the CEO and director of the Company ("O'Neill").

b) Mineral property costs – geological were paid to Mark Abrams ("Abrams"), a director of the Company.

c) Fees paid to RHL Enterprise Corp., a company controlled by the Company's CFO, Rick Low ("Low").

d) Fees paid to Wiklow Corporate Services Inc., a company controlled by the Company's Corporate Secretary, Donna Moroney.

e) Office rent was paid to Low.

f) During the three months ended March 31, 2025, the Company issued nil (2024 – 400,000) stock options to related parties (note 5).

(Expressed in Canadian dollars, Unless Noted Otherwise)

The following table summarizes payable balances to related parties as at March 31, 2025 and December 31, 2024:

		March 31, 2025		December 31, 2024
Trade payable to Abrams	$	11,374	$	15,301
Trade payable to Low		12,000		10,000
Trade payable to Highcard		108,000		79,000
Trade payable to RHL Enterprise Corp.		183,100		156,850
Trade payable to Wiklow Corporate Services Inc.		48,685		42,195
	$	**363,159**	**$**	**303,346**

During the year ended December 31, 2024, the Company issued shares for indebtedness owed to Highcard. The amount settled of $57,000, resulted in the issuance of an aggregate of 1,425,000 common shares in the capital stock of the Company at a price of $0.05 per share. In addition, the Company recorded a loss of $14,250 on the debt settlement.

During the year ended December 31, 2024, the Company issued shares for indebtedness owed to RHL Enterprise Corp. The amount settled of $27,900, resulted in the issuance of an aggregate of 697,500 common shares in the capital stock of the Company at a price of $0.05 per share. In addition, the Company recorded a loss of $6,975 on the debt settlement.

During the year ended December 31, 2024, the Company issued shares for indebtedness owed to Wiklow Corporate Services Inc. The amount settled of $12,000, resulted in the issuance of an aggregate of 300,000 common shares in the capital stock of the Company at a price of $0.05 per share. In addition, the Company recorded a loss of $3,000 on the debt settlement.

During the year ended December 31, 2024, O'Neil purchased 11,625,000 units which consisted of 11,625,000 common shares and 11,625,000 warrants for total proceeds of $490,000. Of the 11,625,000 warrants purchased, 2,500,000 have an exercise price of $0.10 and 9,125,000 have an exercise price of $0.08.

During the year ended December 31, 2024, Low purchased 850,000 units which consisted of 850,000 common shares and 850,000 warrants for total proceeds of $40,000. Of the 850,000 warrants purchased, 600,000 have an exercise price of $0.10 and 250,000 warrants have an exercise price of $0.08.

During the year ended December 31, 2024, O'Neil exercised 4,700,000 warrants for gross proceeds of $235,000 (note 5).

During the year ended December 31, 2024, James Walker, a director of the Company, exercised 100,000 stock options for gross proceeds of $5,000 (note 5).

(Expressed in Canadian dollars, Unless Noted Otherwise)

7. MINERAL PROPERTY AND EXPLORATION EXPENSES

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Acquisition and holding costs	$ 2,580	$ 16,151
Assays and analysis	10,266	-
Depreciation (note 3)	68,411	68,103
Drilling	60,128	-
Equipment & other rentals	48,491	(269)
Geological (note 6)	131,721	22,468
Labour	88,922	41,046
Mining claims	6,817	21,204
Project management (note 6)	36,000	30,600
Property preparation	-	69,428
Supplies	31,499	16,122
Technical	17,509	17,802
Travel and accommodation	47,198	16,706
Miscellaneous	7,895	2,968
Cost recovery	-	
	$ 557,437	**$ 322,329**

a. Bayhorse Silver Mine Property, Oregon State

The Company entered into an Option and Joint Venture Agreement dated December 4, 2013 with American Cordillera Mining Corporation and its wholly owned subsidiary Amcor Exploration Inc. (collectively, “AMCOR”) of Spokane Washington, whereby the Company was granted an option (the "Option") to acquire an 80% interest in AMCOR’s 100% leasehold interest from Bayhorse Silver Mine, LLC in certain mineral claims commonly referred to as the Bayhorse Silver Mine located in Baker County, Oregon.

The Company earned its 80% interest in the Bayhorse Silver Mine by making a cash payment of $25,000, and making the following additional share issuances and property expenditures, all of which have been completed:

Share issuances

- Issue 1,500,000 common shares.

Property expenditures

- Incur cumulative expenditures of US$1,500,000 on or before the fifth anniversary of the Option date (December 17, 2018).

The Company is required to make minimum advance royalty payments of US$50,000 annually on June 26 of each year. During the year ended December 31, 2024, the Company completed payments for 2023 and has partially completed payments for June 26, 2024.

In accordance with the provisions of the option agreement, the Company was to be responsible for 80% of the project expenditures and AMCOR was to be responsible for 20% of the expenditures going forward. Provisions in the option agreement allowed for dilution of either joint venture parties' interest in the joint venture and, when either party's interest fell below 10% based on participating project expenditures, their interest shall be converted to a 1% net smelter royalty and the surviving party shall hold a 100% interest in the mining lease.

On May 15, 2017, the Company completed all necessary terms to exercise its option to acquire an 80% interest in the Leasehold Interest in the Claim known as the Bayhorse Silver Mine and as such, a Joint Venture ("JV") was deemed to have been formed with the following JV Interests:

- AMCOR deemed JV expenditures of $320,000 (20% interest)
- Bayhorse Silver Inc. deemed JV expenditures of $1,600,000 (80% interest)

On December 31, 2017, AMCOR confirmed that they did not wish to participate in funding the JV that has been established between Bayhorse Silver Inc. and AMCOR. AMCOR accepted a dilution of their interest in the JV to nil and Bayhorse Silver Inc. therefore increased its interest to 100%.

b. Brandywine, British Columbia

On April 5, 2019, the Company entered into an Option Agreement to acquire an 80% interest in the Brandywine precious metals-rich, volcanogenic massive sulphide deposit located near Squamish, BC from Turnagain Resources Inc. ("Turnagain") of Richmond, BC. The option terms are the following:

i. The Company is required to obtain TSXV Exchange approval and execute an Option Agreement (completed December 16, 2019 with Option Date defined as December 23, 2019).
ii. A non-refundable deposit of $1,000 upon entering into the letter of intent (paid), followed by payment of $9,000 on signing of the Option Agreement (paid), delivery of 100,000 common shares upon signing the Option Agreement (completed), and incurring $3,000,000 of work over 5 years;
iii. Issuance of 200,000 common shares which will occur on or before December 23, 2020 (completed);
iv. Additional cash payment of $40,000 (paid) and further 300,000 common shares (completed) on or before December 23, 2021;
v. 300,000 common shares issued in each of 3rd to 5th anniversaries of the Option Date (December 23, 2022, 2023 and 2024) (Issued 600,000 common shares for the 3rd and 4th anniversary (note 5)); and
vi. Work expenditures of $500,000 in year one (completed), $500,000 in year two (completed $357,742), $500,000 in year three (outstanding) and $1,500,000 on or before December 23, 2024.

The Brandywine Property will be subject to a 2% Net Smelter Return Interest ("NSR"). The Company shall have the right, at any time during the term of the Agreement, to purchase the NSR for $250,000 per percentage point.

Surface Rights of the Property are owned by Turnagain. The Company shall have exclusive use of the Surface Rights until the exhaustion of the minerals on the Property for mining operations, for the movement of equipment and removal of minerals from mining operations.

At any time during the Agreement, the Company shall have the option of acquiring full ownership in the property by paying $750,000 to Turnagain. Any share issuance due under the Brandywine Option Agreement after the payment shall be cancelled and the Company shall have 100% Interest in and to the

(Expressed in Canadian dollars, Unless Noted Otherwise)

Property. The Company has paid $11,700 (2023 - $11,700) into a reclamation bond for the Brandywine Property.

On March 20, 2025, the Option Agreement for the Brandywine property was terminated.

c. Pegasus Project, Idaho, USA

The Company has recently staked claims in Idaho, USA. The Bayhorse Pegasus Project lies one half mile east of the Bayhorse Silver Mine in Oregon and comprises 103 claims located in Washington County, Idaho.

8. CONTRACT LIABILITIES

As at March 31, 2025, the Company has recorded contract liabilities as a result of the pre-sale of 1,130 ounces of silver of which 550 ounces (December 31, 2024 – 550 ounces) remained outstanding. At the time of the pre-sale, the Company planned to sell fineness silver extracted through the ongoing testing in the exploration phase of its mining activities.

The contract liability is deliverable at a promised consideration value of US$15.10 per ounce. There is an embedded derivative on the contract liability which is re-measured at each reporting period using the spot price of silver on the date of re-measurement. During the three months ended March 31, 2025, the Company recognized a loss on silver pre-sales of $8,160 (2024 – $939) in the statement of loss and comprehensive loss on the re-measurement. The price of silver as at March 31, 2025 was US$34.10 (December 31, 2024 – US$28.83).

During the three months ended March 31, 2025 and 2024, the Company recognized $nil of income from silver pre-sale from the delivery of silver to settle the obligation. In addition, the Company paid $nil in repayments of the contract liability during the three months ended March 31, 2025 and 2024.

As at March 31, 2025, the total contract liabilities associated with the silver pre-sale is $27,113 (US$18,860) (December 31, 2024 – $22,967 (US$15,962)).

9. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31,2025 and 2024, the Company had the following non-cash transactions:

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Financing Activities		
Fair value of warrants transferred from share capital to reserves for warrants attached to private placement units	$	$ (189,061)
Fair value of warrants transferred to share capital from reserves on exercise of warrants	$ 7,649	$
Fair value of warrants issued as finder's fee for private placements	$	$ 7,371

During the three months ended March 31, 2025 and 2024, the Company paid interest of $nil and taxes of $nil.

(Expressed in Canadian dollars, Unless Noted Otherwise)

10. SEGMENTED INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management in assessing performance and in determining the allocation of resources. The Company considers the business from a geographic perspective and assesses the performance of the operating segments based on measures such as net property and equipment as well as operational results.

Operating Segment

The Company's operations are limited to a single industry segment, being the acquisition, exploration and evaluation of mineral properties.

Geographic Segments

As at March 31, 2025, the Company's operations and assets are located in Canada and the USA. By geographic areas, the Company's net loss for the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended			
		March 31, 2025		**March 31, 2024**
Canada	$	681,628	$	478,581
USA		374,990		157,970
	$	**1,056,618**	**$**	**636,551**

By geographic areas, the Company's non-current assets as at March 31, 2025 and December 31, 2024, are as follows:

		March 31, 2025		**December 31, 2024**
Canada	$	19,768	$	20,820
USA		1,098,242		1,165,601
	$	**1,118,010**	**$**	**1,186,421**

11. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

Capital Requirements

The Company's capital consists of shareholders' equity (deficit). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets. The Company is not subject to externally imposed capital requirements but must maintain the minimum listing requirements in order to maintain its TSX-V listing. The Company manages its capital structure based on the funds available to the Company, in order to fund its general and administration expenses, support acquisition, maintenance, exploration, and development of mineral properties.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage, so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

(Expressed in Canadian dollars, Unless Noted Otherwise)

Financial Instruments

Fair Value of financial instrument

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

		Level 1		**Level 2**		**Level 3**
March 31, 2025						
Cash	$	153,069	$	-	$	-
Contract liabilities	$	(27,113)	$	-	$	-
December 31, 2024						
Cash	$	568,130	$	-	$	-
Contract liabilities	$	(22,967)	$	-	$	-

As at March 31, 2025 and December 31, 2024, the Company believes that the carrying value of its accounts receivable, account payables, accrued liabilities, provision for indemnity, and convertible debentures approximate their fair value because of their nature and relatively short maturity dates or duration.

There were no transfers between Level 1, 2 and 3 for the three months ended March 31, 2025 and the year December 31, 2024.

The fair values of the Company’s financial instruments classified as FVTPL are determined as follows:

- The fair value of the contract liabilities is based on the silver commodity spot rate. The change in fair value for the three months ended March 31, 2025 and 2024 is not related to a change in the credit risk of the contract liabilities.

Financial Risk

A discussion of the Company’s use of financial instruments and their associated risk is provided below:

Industry Risk

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity-based market prices associated with resource property interests. Management is of the opinion that the

Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and with its accounts receivable, which is primarily due from one individual for the lease of the ore sorter. This risk is managed through the use of major banks that are considered high credit quality financial institutions, as determined by rating agencies.

Currency Risk

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as it incurs significant mineral property-related expenditures in the USA and its Debentures and lease liability are denominated in US dollars. The Company is also exposed to foreign exchange risk arising from:

- Cash balances held in US dollars,
- Accounts receivable denominated in US dollars;
- Accounts payable denominated in US dollars;
- Prepayments denominated in US dollars; and
- Debentures and interest payments denominated in US dollars.

These are all shown on the statement of loss and comprehensive loss. The Company does not engage in any hedging activities to reduce its foreign currency risk. A 10% variance in the foreign exchange rates would expose the Company to a positive or negative impact on its comprehensive loss of approximately $133,100 during the three months ended March 31, 2025.

Interest Rate Risk

The Company has interest rate risk with respect to interest that can be charged on the overdue balances in accounts payable and accrued liabilities, and advances from related parties (note 6). The Company's convertible debentures (note 4) accrue interest at fixed rate; therefore, the Company is not exposed to interest rate risk on these instruments.

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high (note 1).

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

(Expressed in Canadian dollars, Unless Noted Otherwise)

The properties in which the Company currently has an interest are in the exploration stage, so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

12. COMMITMENTS

The following table summarizes the contractual maturities as at March 31, 2025 of the Company's significant financial liabilities and capital commitments, including contractual obligations for the years indicated:

	2025	2026	2027	2028	2029	Total
Accounts payable and accrued liabilities	$ 2,048,973	$ -	$ -	$ -	$ -	$ 2,048,973
Advance royalty payment obligations[1]	97,038	71,880	71,880	71,880	71,880	384,558
Consulting agreement obligations	49,500	66,000	66,000	-	-	181,500
Convertible debentures [2]	438,468	-	-	-	-	438,468
	$ 2,633,979	**$ 137,880**	**$ 137,880**	**$ 71,880**	**$ 71,880**	**$ 3,053,499**

[1] Represents advance royalty payments for the Bayhorse mineral property.
[2] The amount represents the actual face value of the debt obligation as at March 31, 2025.

The Company is, from time-to-time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2025:

(a) A total of 11,950,000 warrants with an exercise price of $0.10 expired unexercised (note 5(d)).

(b) On May 9, 2025, the Company closed the first tranche of its non-brokered private placement of 4,475,000 units at $0.04 per unit for gross proceeds of $170,000. Each unit consists of one common share and one transferable common share purchase warrant with each warrant entitling the holder to acquire one common share at a price of $0.06 per share within two years from the date of issuance.