

**Bayhorse Silver Inc.: Bridging the Gap  
Silver (Pb-Zn) Project, Coeur d'Alene  
Mining District, Shoshone County, Idaho,  
USA**

**UTM 562000-5263700 (NAD 83 datum)**

**A National Instrument 43-101 Technical Report for:**

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## 1.0 SUMMARY

On the 10<sup>th</sup> of November 2015 Bayhorse signed an option agreement with Blackhawk Exploration L.L.C. (“Blackhawk”) to acquire a 75% interest in the past producing Government Gulch patented mining claims in the Coeur d’ Alene Mining District (Figures 1 and 2); the claim block was subsequently renamed the “Bridging the Gap” (BTG) property. It comprises twelve (12) patented lode mining claims totaling approximate 403 acres in area (Figure 3). The property was surveyed in 2014 by Silver Valley Engineering, It is located in the western portion of Idaho's Coeur d'Alene Mining District (Figure 2) and lies in Shoshone County, approximately 94 km east of Spokane, Washington, and less than 1.2 km SE of the town of Smeltonville and 3.2 km west of Kellogg, Idaho. For more than one hundred and thirty years the Coeur d’Alene district has been world famous for its very high grade Ag-Pb-Zn veins which have been mined to depths of more than 8000 feet. The BTG claims are readily accessible from Smeltonville via both paved and unpaved roads, and all parts of the property are accessible by foot. Elevation ranges from 750 to 1100 meters ASL, and the district has a cold, moist climate in winter and warm, dryer conditions in summer.

The BTG property adjoins several historic, highly productive Ag-Pb-Zn mines. These include the Page Mine to the west (Timken, 1936) while immediately to the east and SE lie the large tonnage Bunker Hill Mine and the smaller Stewart and Caledonia mine workings (Figure 4). At some of the historic mines the sulfide-rich veins were worked to great depths; at the Bunker Hill and Page they were apparently mined down to 5800 feet and 3070 feet below surface respectively.

The 403 acres BTG claim group covers the site of six former ASARCO mines: the Crown Point, Silver King, Wyoming and Blackhawk which had known Ag-Pb-Zn production, as well as the Curlew and Ranger for which no production data is available. It is believed that mining on the BTG property was confined to relatively near-surface levels. Thus, it is hoped that the productive veins worked at the adjacent Bunker Hill and Page mines extend onto the BTG ground. Historically, all the mines in the vicinity of the property, including the Page and Bunker Hill mines, were worked for silver, lead and zinc. These metals are hoped to be present at the intervening BTG property, although the main exploration focus will be on locating economic silver-rich mineralization. However, the reader is cautioned that there is no mineral or metal resource known on the BTG claims. It is believed that during the last seventy years there has been little significant exploration done, including no drilling, geophysics or soil geochemical sampling. Thus, the full economic potential and economic risks of the BTG property are unknown.

The geology of the Coeur d'Alene Mining District is dominated by mid-Proterozoic (1.4 to 1.5 Ga) basin-fill sedimentary rocks of the Belt Super-group (Winstone, 2000). The claims are

believed to be underlain by sedimentary rocks of the St Regis and Revett formations which comprise mostly fine-grained, thin-bedded siltstones and quartzites. They are mostly E-W striking and steep dipping.

The mineralized veins throughout the district were controlled by brittle faults but the structural history is exceedingly complex and at least five episodes of post-sediment deformation have been identified (Wavra et al., 1994). In the BTG area the regional deformation of the Revett and St Regis sedimentary rocks was accompanied by greenschist facies metamorphism. Deformation resulted in a complex pattern of sub-parallel easterly to ESE trending brittle structures that include the Thompson Pass, Osburn, Placer Creek, Slate Creek and Mastadon Mountain faults. The Osburn Fault crosses the northern part of the BTG claim block (Figures 8 and 11).

The mesothermal, sulfide-rich veins throughout the mining district are commonly steep dipping, less than 15 feet thick and many have undergone polyphase post-ore brittle deformation. The veins are famous for their comparative long strike (> 0.5 km) and great vertical depth (>1 km), and at some mines the metal grades increase with depth. The veins carry galena and sphalerite with variable quantities of argentiferous tetrahedrite, chalcopyrite, boulangerite and minor gold. Siderite, sericite and quartz are the main gangue minerals.

In a news release dated May the 3<sup>rd</sup> 2016 Bayhorse announced a planned diamond drill program totaling 1500 meters on its BTG claims. The first completed hole (BTG-001B) was started on the 22<sup>nd</sup> of September 2016 on a pad located at UTM 561976-5263949, only 50 meters west of the paved road along Government Gulch. The hole was targeting a pair of parallel Ag-Pb-Zn-bearing structures and veins that are projected to extend laterally east-west for approximately 1,359.4 feet and over 1,000 feet in vertical extent. Hole BTG-001B reached 1340 feet in length and intersected the E-W trending Osburn Fault. The drill program is currently ongoing but no samples have yet been submitted for assay.

The BTG property is considered to have a good exploration potential for high-grade Ag-Pb-Zn veins for the following reasons:

- It lies close to the western end of the Coeur d'Alene Mining District which has been a world class producer of silver and base metals.
- The property lies immediately between the Page and Bunker Hill mines whose veins were worked to great depth. By contrast, mining on the Bridging the Gap ground was probably confined to relatively shallow levels. Thus, the property is under-explored since its known veins have never been drilled or tested to depth.

- The property is accessible by paved and unpaved roads, and there are readily available sources of water, electrical power, experienced mining workers and contractors.
- The approximately 403 acre size property has a sufficient size that it can accommodate all aspects of an underground mining operation, including areas for tailings storage, waste disposal and processing plants.

However, the reader is cautioned that the BTG project faces the usual economic risks and uncertainties regarding metal exploration, including the uncertainty of silver and base metal prices.

In addition to the surface drilling, it is recommended that Bayhorse re-open both the Ranger and Crown Point collapsed portals. Once these are opened and re-timbered then underground exploration and sampling of the old stopes can proceed. An aggressive underground drilling program should also be started to locate and intersect at depth the mineralized veins that historic data indicates are present on the BTG property. Some United States Bureau of Mines (USBM) documents indicate the presence of at least 1000 tons of mineralized rock in the Ranger workings. Studies are underway on how to access and mine this material.

It should be noted that Bayhorse is required to spend US\$600,000 per year over a 5 year period. To date Bayhorse has spent approximately US\$200,000 as follows:

Property acquisition costs .....	\$50,000
Drilling and other exploration costs .....	\$150,000

*Planned upcoming expenditures include:*

Opening the Ranger Adit and making the tunnel safe .....	\$150,000
Underground sampling and assay costs .....	\$40,000
Extract up to 1000 tons along the Crown Point structure (as per USBM reports) .....	\$160,000
Geologist and other professional wages .....	\$50,000

## 2.0 INTRODUCTION

Bayhorse Silver Inc., (Bayhorse) contracted the author (G.E. Ray) to prepare this National Instrument 43-101 technical report on their Bridging the Gap (BTG) silver property (formerly known as Government Gulch). The property lies in the western portion of the Coeur d'Alene Mining District, Idaho (Figures 1 and 2). It comprises twelve (12) lode mining claims totaling approximate 403 acres in area. The property is situated approximately 94 km east of Spokane, Washington, and less than 1.2 km SE of the town of Smeltonville (population 603) and 3.2 km west of Kellogg (population 2063), Idaho. It lies in Shoshone County, Sections 2, 3, 10 and 11,



Township 48 North, Range 2 East, B.M. The Coeur d'Alene district has been world renowned for its very high grade Ag-Pb-Zn veins which have been mined to depths of more than 8000 feet.

On November the 10<sup>th</sup> 2015 Bayhorse signed an option agreement with Blackhawk Exploration L.L.C. ("Blackhawk") to acquire a 75% interest in the past producing Government Gulch patented mining claims in the Coeur d' Alene Mining District (Figure 3). This was later announced in a Bayhorse news release dated November the 26<sup>th</sup> 2015. Graeme O'Neill, President of Bayhorse, subsequently renamed the Government Gulch claim block as the "Bridging the Gap" property (Figures 2 and 3).

The claim group lies between the historic Bunker Hill and Page mines which were worked up to the claim boundaries of the BTG property. The claims comprise patented (private) ground for which some permitting is required in the State of Idaho. This should minimize the usual costly and time consuming permitting processes for exploration and mining site operations. The property is also free of environmental liabilities due from prior historic production. To earn its 75% interest Bayhorse is required to spend US\$600,000 per year over five years, (inclusive of reimbursing Blackhawk for the US\$500,000 acquisition cost of the property) of which US\$1,200,000 is a firm commitment.

The BTG property adjoins several historic, highly productive Ag-Pb-Zn mines. These include the Page Mine to the west (Timken, 1936) while immediately to the east and SE lie the large tonnage Bunker Hill Mine and the smaller Stewart and Caledonia mine workings (Figure 4). At some of the historic mines the sulfide-rich veins were worked to great depths; at the Bunker Hill and Page they were apparently mined down to 5800 feet and 3070 feet below surface respectively (R. Krusemark, personal communication, October 2016).

The BTG property covers the site of six former ASARCO mines: the Crown Point, Silver King, Wyoming and Blackhawk which had production, as well as the Curlew and Ranger for which no production data is available. It is believed that mining on the BTG property was confined to relatively near-surface levels. Thus, it is hoped that the productive veins worked at the adjacent Bunker Hill and Page mines extend onto the BTG ground.

The primary focus of the proposed exploration program by Bayhorse is to evaluate the economic potential of several extensive steep-dipping silver-rich vein systems known to occur on the BTG claims; these would be on-strike veins similar to those worked at the adjoining Bunker Hill and Page mines.

I spent two days on the BTG property (21<sup>st</sup> April 2016 and the 23<sup>rd</sup> September 2016) which is easily accessible by paved and unpaved roads. During my visits I was accompanied by Bayhorse's President, Graeme O'Neill, and its Chief Geologist and Exploration Manager, Clay

Conway. Also present were Ron Krusemark of HRB Mining Services and Todd Johnson who is Bayhorse's Minerals Program Manager. He is supervising the current surface drill program. We visited the site of the newly set up drill located at UTM 561976-5263949 which was in the process of drilling the first completed hole (BTG-01B) of Bayhorse's exploration program (Photo 1). Hole BTG-01A from the same site was terminated at a depth of 109 feet due to fractured rock and technical difficulties. We also drove to the site of the collapsed historic Ranger Adit which is located on the property at UTM 561495-5264362. Bayhorse plans to re-open the adit, and conduct sampling and underground drilling in the tunnel workings. It may also at a later date re-open the historic Crown Point Adit which serviced the Crown Point Mine. The rock types seen in the BTG-01B core and on the Ranger Adit dump are Meso-Proterozoic St. Regis and Revett formation sedimentary rocks that include bedded siltstones, argillites and quartzites. In the drill core the bedded rocks contained disseminated pyrite and siderite. In addition, several zones with disseminated galena were intersected but no samples have yet been submitted for assay.

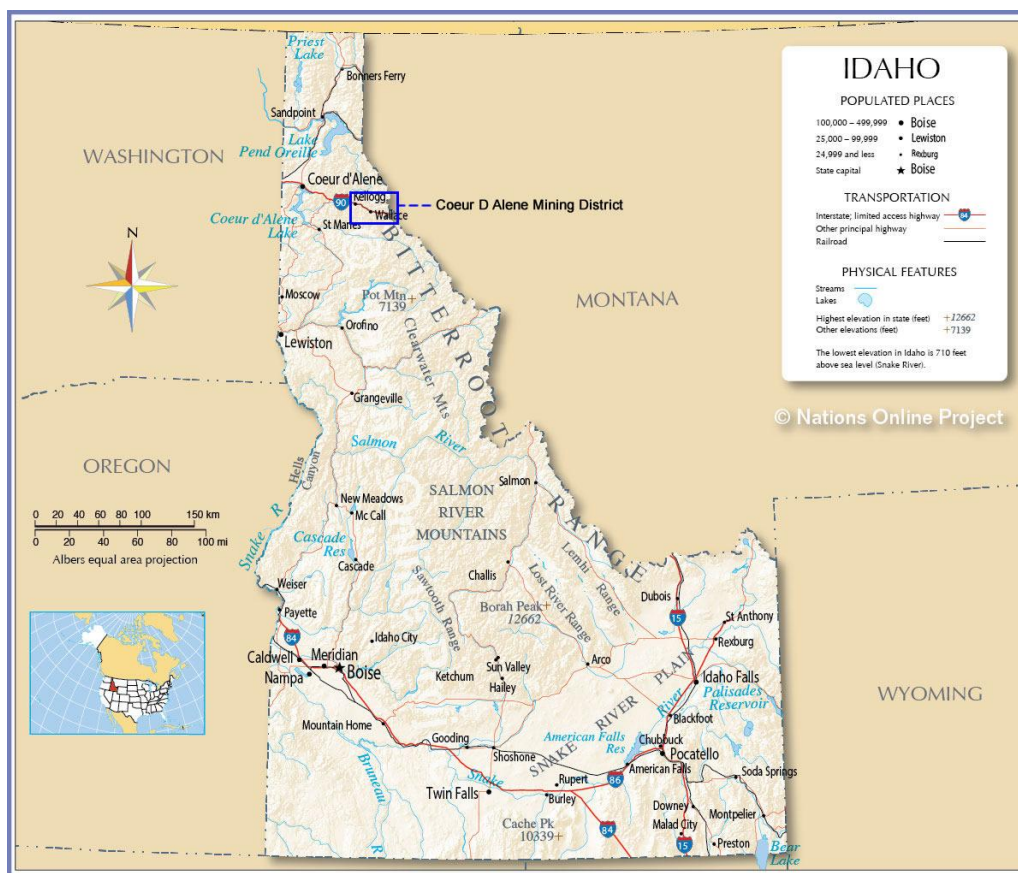
Historically, all the mines in the vicinity of the property, including the Page and Bunker Hill mines were worked for silver, lead and zinc. These metals are hoped to be present at the intervening BTG property, although the main exploration focus will be on locating economic silver-rich mineralization. The reader is cautioned that there is no mineral or metal resource known on the BTG claims. It represents a "brownfields" property because, to my knowledge, during the last seventy years there has been little significant exploration done, including no drilling, geophysics or soil geochemical sampling. Thus, the full economic potential and economic risks of the BTG property are unknown.

In addition to field observations made by myself, other information in this report was obtained from either published and unpublished papers referenced in Section 27 (below) or from unpublished maps and reports and verbal information given to me by Graeme O'Neill, Ron Krusemark and Todd Johnson.

Units of measurement and weights mentioned in this report use either the Metric or the Imperial systems. Analytical results are stated in percentage (%), parts per million (ppm), grams per metric tonne (g/t), ounces per ton (oz/ton) or parts per billion (ppb). Distances are in imperial feet (ft) and miles or centimeters (cm), meters (m) and kilometers (km). Area sizes are given in acres. Metric weight units include tonnes, kilograms (kg), grams (g), and million metric tonnes (Mt). Imperial weight units include short tons (t), million ounces (Moz) and pounds.

Element abbreviations include Au (gold), Ag (silver), Cu (copper), Pb (lead) and Zn (zinc),

The UTM locations I recorded were obtained using a Garmin hand-held GPS 76CSx unit. All UTM readings in this report use the NAD 83 datum.



*Figure 1: Location of the Coeur d'Alene Ag-Pb-Zn mining district, Idaho, NW United States.*

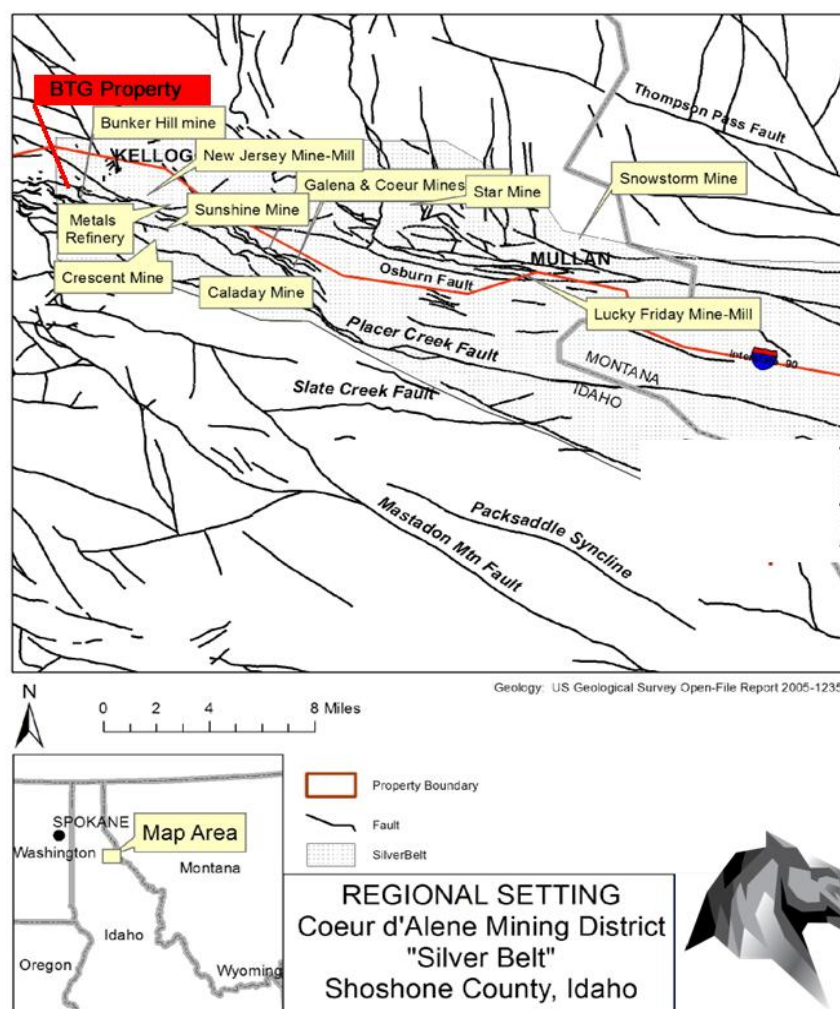
### 3.0 RELIANCE ON OTHER EXPERTS

This report is not intended to assess potential environmental, political or legal issues or liabilities regarding the BTG property. The information contained in this document is a summary and is not a complete account of previous exploration on the property. All locations are subject to survey. Conversions from imperial to metric units or vice-versa are approximate.

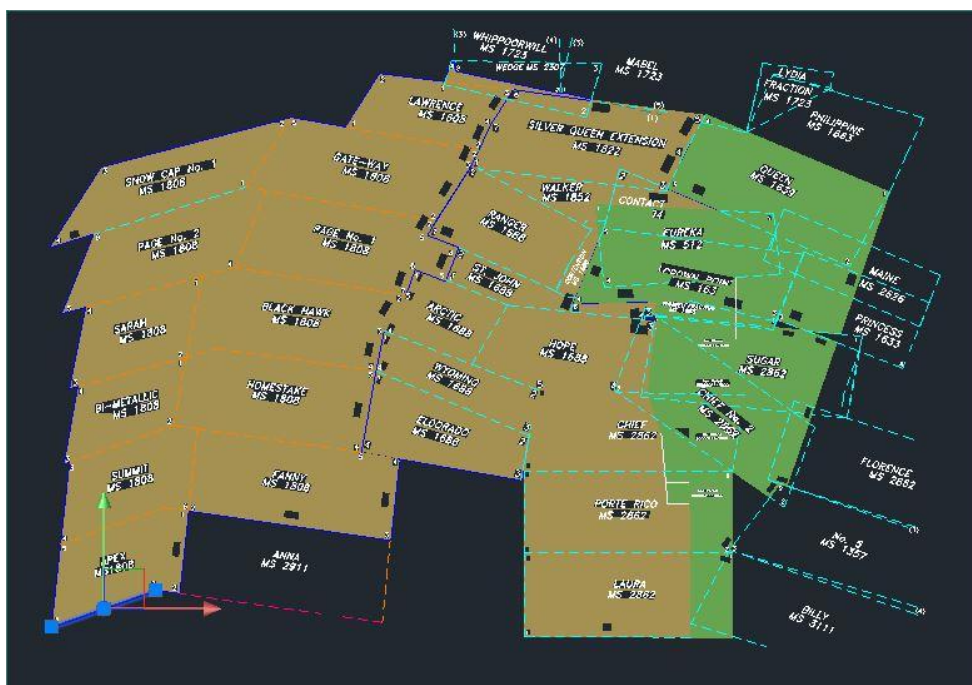
I have relied extensively upon information provided by Bayhorse Silver's Inc's., representatives, including the Option and Joint Venture Agreement describing how they will obtain their 75% ownership of the BTG property, as well as on the data that outlines the Idaho exploration rights, surface rights, obligations and mineral property dimensions and coordinates. Bayhorse also provided the data of planned exploration expenditures.

I have also relied heavily on information provided by Bayhorse Senior Geologist Todd Johnson who is a Qualified Person (QP) as per NI 43-101 guidelines and a Professional Geological Engineer in the State of Nevada.

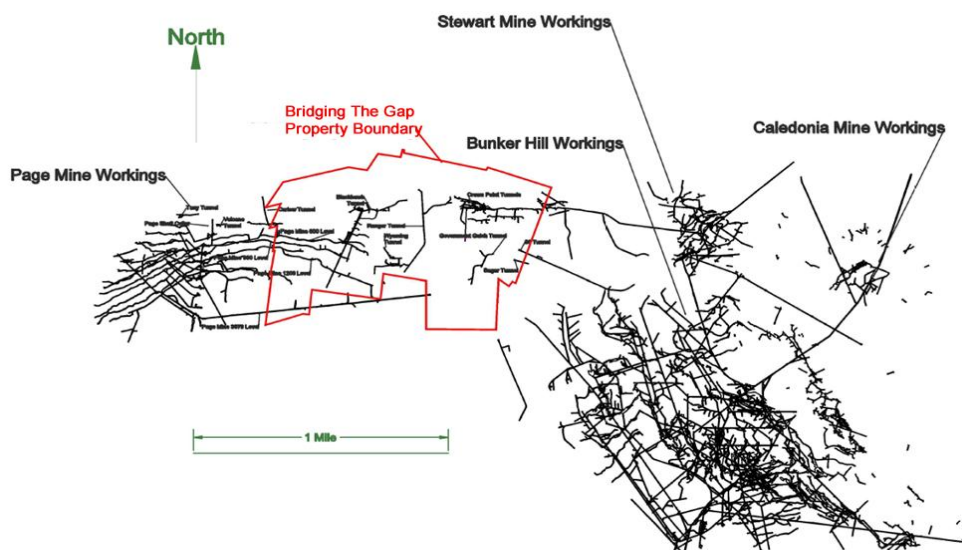
I am not competent to comment on the property ownership or the Idaho mining rights and land titles. However, on this and for information I have relied on reports, maps and data provided by Bayhorse. In an email dated the 5<sup>th</sup> of October 2016, Mr. Graeme O'Neill, President of Bayhorse, informed me that all taxes for the BTG property are current and that no other taxes, duties, fees, environmental liabilities or debts are due at this time. I was further informed that there are no liens or other outstanding third party debts or current or pending litigation that may be material to the BTG property assets. Bayhorse assumes full responsibility for statements on mineral title and ownership, and I do not accept any responsibility for errors pertaining to this information.



**Figure 2:** Location of the BTG property in relation to other major Ag-Pb-Zn mines and faults in the Coeur d'Alene Mining District, Northern Idaho.



**Figure 3:** Distribution of claims comprising the 403 acre Bridging the Gap Property. Note: claims colored brown are those where Bayhorse holds both the surface and mineral rights. Those colored green in the east along Government Gulch are claims where the company has mineral but no surface rights.



**Figure 4:** The BTG claim block (outlined in red) in relation to the underground workings (in black) at the nearby historic Page, Bunker Hill, Stewart and Caledonia mines.

## **4.0 PROPERTY DESCRIPTION AND LOCATION**

### **4.1. Description and location**

The property comprises 12 claims units that total 403.17 acres in size (Figure 3). It is located in the Idaho's Coeur d'Alene Mining District, and it lies approximately 94 km east of Spokane, Washington, and less than 1.2 km SE of the town of Smelterville (population 603) and 3.2 km west of Kellogg (population 2063), Idaho. It is situated in Shoshone County, Sections 2, 3, 10 and 11, Township 48 North, Range 2 East, B.M., and is easily accessible by both paved and unpaved roads.

### **4.2 Bayhorse Silver's Interest in the Bridging the Gap Property**

On November the 10<sup>th</sup> 2015 Bayhorse signed an option agreement with Blackhawk Exploration L.L.C. ("Blackhawk") to acquire a 75% interest in the past producing Government Gulch patented mining claims in the Coeur d' Alene Mining District (Figure 3). This claim block was subsequently renamed the "Bridging the Gap" property" (BTG). The reader is cautioned that to date no mineral reserves or resources have been identified on the BTG property. Currently, there are no known risk factors that would impede access to the property or the ability by Bayhorse to complete surface and underground exploration.

### **4.3 Native Title**

In an email document dated the 28<sup>th</sup> of September 2016, Mr. Ron Krusemark stated that, to the best of his knowledge, there are no native claims to any parts of the Bridging the Gap property or anywhere within the area of influence covered by the agreement.

## **5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY**

The property is located in northern Idaho close to the western border of Montana (Figure 1). From Spokane, access is made by heading east on Interstate Highway 90 towards the Coeur d'Alene Mining District to the town of Smelterville. The BTG Silver Mine property lies in hilly, tree-covered terrane less than 1.2 km SE of Smelterville (Photos 1 and 2). It is drained by Government Gulch and Grouse Creek; these are intermittent streams that drain northwards into the South Fork of the Coeur d'Alene River. The property is readily accessible from Smelterville via both a paved road up Government Gulch and other unpaved roads, including one that accesses the collapsed Ranger Adit on Grouse Creek. Elevation ranges from 750 and 1100 meters ASL. All parts of the property are accessible by foot. The area is characterized by a dendritic drainage pattern, and is covered in part by coniferous and deciduous forest. The

softwood forest includes ponderosa pine, lodge-pole and western white pine, as well as hemlock, western larch, western red cedar, Engelmann spruce, Douglas-fir, subalpine fir, and grand fir.

The Coeur d'Alene district of northern Idaho has had more than one hundred and thirty years of underground mining (Ransome and Calkins, 1908), which continues to this day (Hobbs et al., 1965; Bennett, 2006). It is famed for its mesothermal silver-lead-zinc-(copper-gold) deposits and has been one of the primary silver producing areas in the world. Consequently, it has an extensive mining and prospecting culture with a ready source of experienced contract labor and mining equipment.

The district has a cold, moist climate in winter and warm, dryer conditions in summer. The US Weather Bureau records monthly daily mean temperatures for January of 28.4 °F (-2.0 °C) and 69.2 °F (20.7 °C) for August. Snowfall averages 46 inches (117 cm) per year; precipitation is generally lowest in summer. The frost-free season lasts about 120 days from mid-May to mid-September.

The approximately 403 acre size BTG property has a sufficient large size that it can accommodate all aspects of an underground mining operation, including areas for potential tailings storage, waste disposal, and processing plants.

## **6.0 HISTORY**

Mining in the Coeur d'Alene district began in the late 1880s, and more than 90 historical mines are recorded (Bennett et al., 1989) although only a few such as the Galena and Lucky Friday are currently in operation (Figures 2 and 7). Some of the more important producing and past producing mines lying east of the BTG property are shown in Figures 2 and 7. Most of the mines were located along the South Fork of the Coeur d'Alene River and its major tributaries. Total production records indicate that this district ranks among the top 1 percent of the world producers for silver (34,000 tonnes Ag) and lead (7.2 Mt Pb) and among the top 10 percent of world producers for zinc (2.8 Mt Zn) (Long, 1998a, 1998b). However, the reader should be aware that all the production data quoted in this report and in this section was obtained from scientific, government or company reports or publications. Consequently, the production figures may not be NI 43-101 compliant and thus cannot be verified. The mined deposits in the district are steeply dipping quartz and siderite (FeCO<sub>3</sub>) veins containing massive sulfide Ag-Pb-Zn ± Cu ± Au mineralization.

The production history for the various historic mines on, and adjacent to, the BTG property is in some cases uncertain. Unpublished reports by the historic mining companies and those released by the US Bureau of Mines (USBM) often give differing data. Consequently, the reader is warned that the production data and metal grades quoted below must be treated with caution.

Mining began in the 1880's after silver-rich Pb-Zn veins were discovered on properties adjoining the BTG claims. The USBM and the United States Department of Minerals Defense required the companies to report all production from the Coeur d'Alene mines. According to the USBM, five of the historic mines on the BTG property controlled by ASARCO (Blackhawk, Wyoming, Ranger, Crown Point and Curlew) between 1886 and 1940 produced at least 2 million oz of silver. ASARCO records also state that between 1916 and 1926 the Wyoming Mine produced 2774 tons of ore but no data can be found listing the metal production. USBM notes that between 1916 and 1944 the Blackhawk Mine produced over 214,000 tons of ore that gave 756,323 oz of silver, 34.7 million pounds of lead, 9.4 million pounds of zinc, 130,391 pounds of copper and 202 oz of gold.

During this same time period Crown Point Mines worked on veins with reported in-situ grades of up to 80 opt silver and 65% lead, and Ransom and Calkins (1908) state that prior to 1903, 3,000 tons of ore was reportedly direct-shipped at that grade (quoted by Radford, 1979). USBM records state that between 1901 and 1940 the Crown Point Mine produced 63,098 tons of ore that yielded 669,000 oz of silver and 12.7 million pounds of lead. Data shows that the smaller Silver King Mine between 1901 and 1915 produced 49,399 tons of ore that yielded 646,000 oz of silver and 11.9 million pounds of lead.

Radford (1979) stated that the Crown Point Mine workings included the Crown Point 1 Tunnel, the lower Crown Point 2 Tunnel and two upper "Baer" tunnels. From the No. 2 tunnel an inclined winze was sunk to a depth of 600 feet. Three drifts were driven from the winze, one of which connected to the Silver King workings. Radford (1979) notes at least three veins were mined at Crown Point. The most productive was the "North Crown Point Vein" which had a strike of N75W and a dip of 45 degrees north. The "Eureka Vein" trended S85W and dipped 45 degrees south. It was mined for 100 feet along strike between the Nos. 1 and 2 tunnels and was worked to near-surface. The third body, the "South Crown Point Vein" trended E-W and is believed to have had a southerly dip. Ransome and Calkins (1908) stated that the mineralized zones ranged from 1 to 20 feet in thickness, while Radford (1979) concluded that metal production from the Crown Point was sufficient to consider the area "elephant country" for mineral exploration.

In the late 1970's Bunker Hill Mines and ASARCO contemplated a joint venture to resume mining at Crown Point and Silver King, but it never transpired. However, Bunker Hill Mines maintained a detailed map folio of all the Bunker Hill, BTG and Page Mine underground workings. This folio has been fully digitized by HRB Mining Services, the Company's underground contractor, and is being used by Bayhorse to direct its surface drilling and upcoming underground exploration.



The Crown Point-Silver King Zone was reportedly mined only to the 200 foot level. It appears to be a substantial mineralized structure that was not cut off by faulting. Thus, it may extend to great depths, as indicated when a steeply inclined historic shaft was sunk to the 800 foot level at Crown Point. Additionally, the Bunker Hill Mine records indicate that a drill hole from the Crown Point 200 foot level reportedly cut a 30 feet-thick intersection of mineralization in the Shea Zone, 300 feet to the south (Figure 12). Thus, the Crown Point-Silver King and Shea zones are all believed to have a high down-dip exploration potential. The zones are projected to extend deeper than the 1000 foot level, based on the fact that at the adjacent Bunker Hill Mine to the east veins were mined down to 5,800 feet, and at the Page Mine down to the 3,500 foot level. It should also be noted that mineralized veins in parts of the Coeur d'Alene mining district are known to extend to 10,000 feet in depth, and Hecla's Lucky Friday Mine is currently extending operations to that level.

Production data for the immediately adjacent Page and Bunker Hill mine properties is given by ASARCO and USBM records. Between 1916 and 1969 the USBM report that the "Page Mine Group" produced 4.3 million tons of ore that yielded 14.6 million oz of silver, 541.5 million pounds of lead, 543.5 million pounds of zinc, 2.7 million pounds of copper and 7239 oz of gold. Between 1887 and 1981, the much larger Bunker Hill Mine property to the SE (Figure 4) produced 38 million tons that yielded 156.5 million oz of silver, 5 billion pounds of lead and 2.4 billion pounds of zinc. It should be noted that the "Quill Mineralized Zone" which was worked at Bunker Hill Mine had unique characteristics that may apply to some veins on the nearby BTG property. Juras (2013) notes that the Quill Zone was hosted by a crackle breccia within a quartzite bed and contained disseminated Ag-Pb-Zn mineralization along the hinge zone of an antiformal fold, the Tyler Ridge Flexure.

In 2009 ASARCO deeded the BTG claims to the U.S Environmental Protection Agency ("EPA") as part of its settlement with the EPA for the Silver Valley Superfund Cleanup. Blackhawk then purchased the BTG property from the EPA-established Trust, free and clear of any and all environmental liabilities from the EPA, pursuant to the completion of the Super Fund Cleanup executed by the EPA in the Silver Valley.

Despite being sandwiched between two excellent past producing mine properties (Figure 4), the BTG claims have remained unavailable for exploration and development for the past 76 years. This was due to claim boundary issues between Bunker Hill Mining and ASARCO, as well as the subsequent transfer of the property to the EPA. However, since the property has now been acquired from the EPA by private interests, free and clear of all environmental obligations, Bayhorse hopes to explore and redevelop the BTG property.

Other important Ag-Pb-Zn deposits in the district with long histories of mining include the Lucky Friday, Galena, Coeur, Morning and Star mines. The Lucky Friday Mine is situated eighteen miles ESE of the BTG property where it lies close to the Osburn Fault (Figures 2, 7 and 8). In 1942 the Lucky Friday Mining Company shipped its first ore, and in 1964, after the company merged with Hecla, construction of a 6000 feet deep main production shaft began. The silver-rich ore bodies become richer with depth and up to the year 2002 the mine had produced 125 Moz of silver and it remains operational.

The Galena Mine is situated about eight miles ESE of the BTG claims (Figure 2). It was periodically mined until the Great Depression in the 1930's. Then in 1947, Asarco leased the mine and, after sinking a 3000 feet deep shaft, commercial silver ore was discovered. Like the Friday Mine, the veins became higher grade with depth. New production began in 1955 and at that time Galena was one of the largest producers in the US. This was due to Asarco's efficient operation and to more than twenty-two years of labor harmony. The mine closed in 1991 due to low metal prices, but was reopened in 1996 under a new partnership between Coeur d'Alene Mines Corp., and Asarco. This partnership was called the Silver Valley Resources Corporation. In 1999 Coeur d'Alene Mines Corp., bought out Asarco's interest in the partnership and took over operation of the mine.

The Coeur Mine, which lies close to the Galena Mine (Figure 2), began production in 1974. It was owned by Coeur d'Alene Mines Corporation and operated by Asarco until 1991. It opened briefly in 1996, but closed again because of low reserves. During its operation the veins reportedly produced about 2.5 Moz of silver a year (Bennett, 2006).

The Morning and Star Mines lie about 14 miles east of the BTG property (Figure 2); they both worked the same ore body. The Morning Mine at the east end of the vein system is Pb-Ag-rich whereas the Star Mine ore is Zn-rich. The mineralogically complex zinc-lead ore initially caused metallurgical problems. But in the 1920s after selective floatation methods were discovered, it became possible to separate the two metals. In 1961 Hecla leased the Morning Mine but stopped work in 1982. The mine was later re-opened but closed again in 1990. The Morning-Star had the second largest Ag-Pb-Zn production in the Coeur d'Alene district after the Bunker Hill Mine (Bennett, 2006).

## **7.0 GEOLOGICAL SETTING & MINERALIZATION**

### **7.1 District Geology**

#### **7.1a Sedimentary Rocks**

The geology of the Coeur d'Alene Mining District is dominated by mid-Proterozoic (1.4 to 1.5 Ga) basin-fill sedimentary rocks of the Belt Super-group (Winstone, 2000). Rifting and

subsidence at that time along the North American continental margin resulted in the deposition a stratigraphic package that exceeded 7 km in thickness. Most of the sediments filled the basin from a westerly or southwesterly source and, over time, the environment of the deposition changed from deep to shallow water to lagoonal.

The generalized stratigraphy of the super-group and the thicknesses of the various formations are shown in Figure 5. From top to the exposed bottom the various six formations are as follows:

- Stripped Peak
- Wallace
- St. Regis
- Revett
- Burke
- Prichard.

The Prichard Formation at the base is a sequence of bedded, commonly pyritic argillites and fine grained quartzites (Ransome and Calkins, 1908). They are interpreted to be deep water turbidites that were deposited in an environment similar to that occurring in the present day Black Sea basin (Lyon and Berner, 1989). These are overlain by the Burke Formation of the Ravalli Group (Ransome and Calkins, 1908). It is marked by tabular, fine grained muddy quartzites and siltstones with bedding varying from centimeters to decimeters in thickness. Its character suggests the rapid accumulation of fine sediments from episodic flows across wet alluvial surfaces (Winstone, 2000). The top of the Burke is placed where these silty beds are overlain by substantial thicknesses of tabular, clean quartzite which marks the lowermost portion of the Revett Formation.

The Revett Formation is subdivided into three informal members (Winstone, 2000). It is marked by well-sorted cross-bedded feldspathic quartzites that are inter-layered with lesser amounts of ripple marked silty units and argillite.

The St. Regis Formation is the thinnest unit in the Belt Super-group package with a maximum thickness of 200 meters. It is characterized by mud-cracked silty to clay units that marked sheet-flood deposition across sand-flats at the toes of alluvial aprons (Winstone, 2000). It and the Revett Formation are believed to be the main host rock for the veins on the BTG property.

The Wallace Formation is a 1000 meter thick succession. It is marked by siliciclastic, thin-bedded sediments and dolomitic units. In the Coeur d'Alene district workers have identified three units in the lower part of the Wallace Formation. In the vicinity of Placer Creek and the Galena Mine (Figure 7), the lower unit contains thin, green siliciclastic and dolomitic rocks that were deposited in very shallow water. The middle Wallace sediments contains silty horizons and

dolomites that are interpreted to record somewhat deeper water conditions. The upper unit of the lower Wallace in the vicinity of the Galena Mine suggests a return to a more shallow water environment.

The middle Wallace is marked by an abrupt change from thin bedded to thicker sedimentary cycles, and the sediments are sandier. The evidence of increasing wave turbulence reflects somewhat deeper water but whether the sea was still a large closed lake or connected to the ocean is uncertain (Winstone, 2000). One marked feature of the Wallace Formation rocks is the presence of quartz-rich breccia horizons, some of which are many kilometers in strike length. These are marked by soft sediment deformation and chaotic slump features. They are interpreted to have formed by sub-aqueous slumping of water-saturated sediments down the basin margins to produce gravity slide deposits (Godlewski, 2011).

The 500 meter thick Striped Peak Formation lies at the top of the super-group (Figure 5). It comprises quartzites that mark a vast alluvial apron, similar to many of the Revett rocks. This formation appears to host no mineralization in the district.

Formation	Thickness, m
Striped Peak	500
Wallace	1,000
St. Regis	200
Revett	1,000
Burke	1,000
Prichard (exposed in district)	4,000

**Figure 5:** Generalized Belt Super-group stratigraphy in the Coeur d'Alene Mining District with average thicknesses to scale. From White et al. (2000). The BTG claims are believed to be largely underlain by the St Regis and Revett Formation rocks.

### **7.1b Intrusive Rocks**

Igneous rocks in the district are limited to various mafic sills and dikes, including some younger lamprophyres. Some thin minor intrusions are believed to be of Cretaceous-Tertiary age but the more extensive sills are thought to be pre-Cambrian and may be more or less coeval with some of the younger Belt Super-group sedimentation. Many of the pre-Cambrian intrusions are probably equivalent in age and origin to the Moyie Sills seen in the vicinity of the Sullivan Pb-Zn-Ag deposit in British Columbia (Anderson and Davies, 1995). The most impressive body of this type is the Wishard Sill which is of quartz diorite-gabbro composition (locally called "diabase"). This body ranges from 125 to 300 meters in thickness and is traceable along strike for 45 km (Kleinkopf et al., 1972). It has a large-scale sigmoidal outcrop pattern that may indicate some right-lateral strike-slip movement. The Wishard Sill is associated with some thermal metamorphism. Thin section studies by Ransome and Calkins (1908) showed that the Wishard Sill contains abundant lathes of labradorite-plagioclase and augite with some quartz. Other minerals present include minor ilmenite, apatite, biotite, sericite, zoisite, scapolite, leucoxene and chlorite.

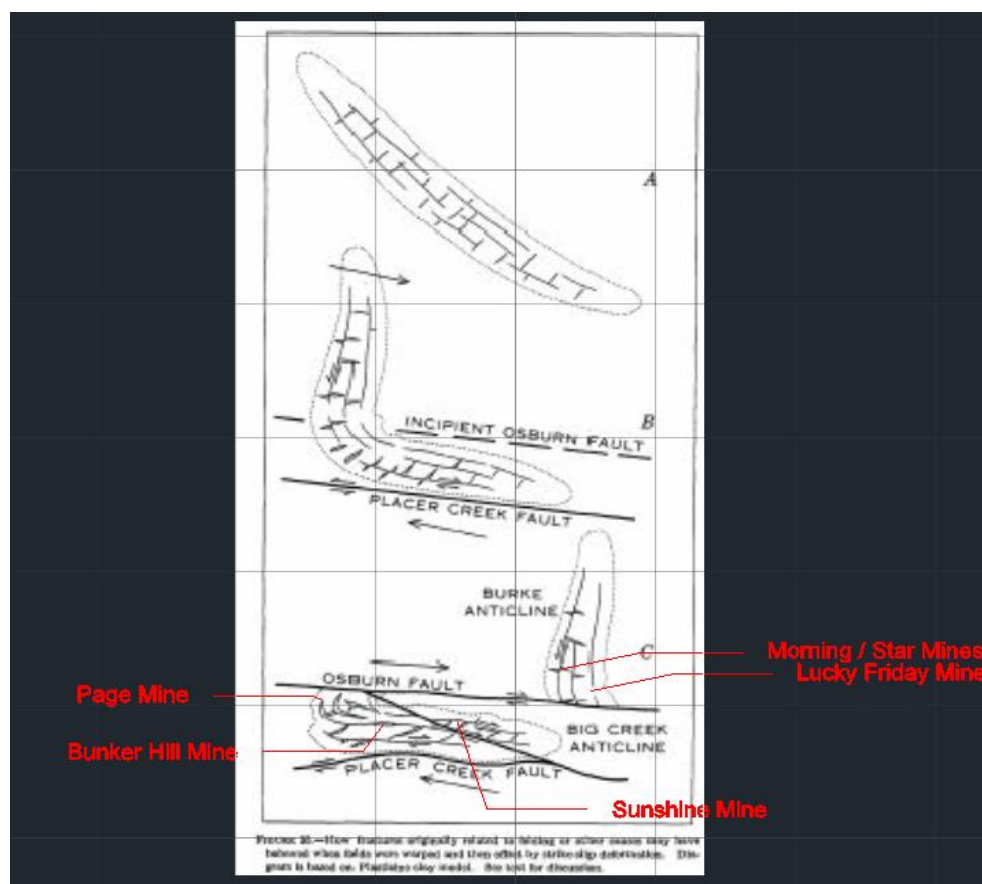
Other thinner sills of the Wishard-type are present in the district and there has been considerable historic debate about whether the Wishard-type sills are spatially related to some of the mineralized veins. However, current theories, supported by isotope data, suggest that the veins originated from Proterozoic-age mineralization developed in the Precambrian sediments that was then remobilized during a later Cretaceous magmatic-deformation event (Fleck et al., 2002). Thus, it is likely that some veins were controlled by fissure structures that also controlled some of the older sills.

### **7.1c District Structural Geology**

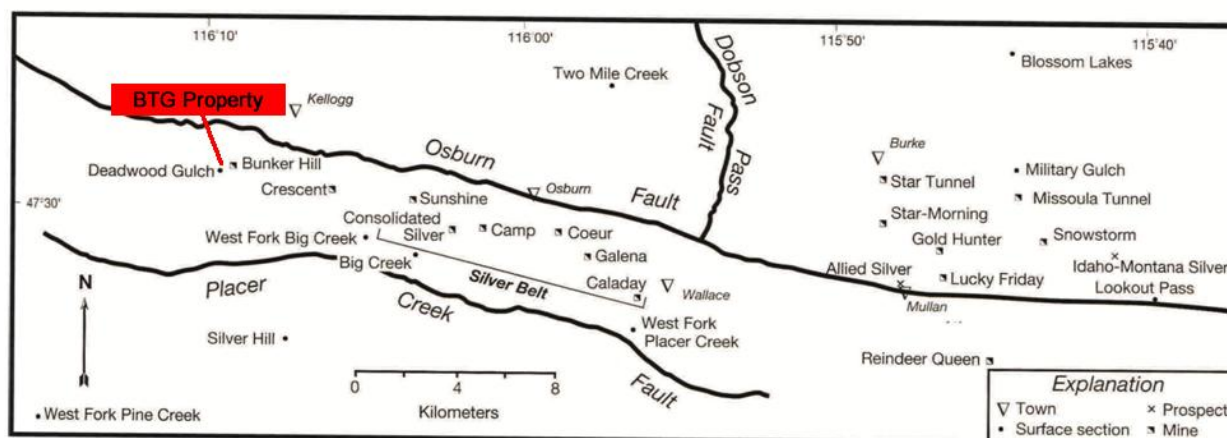
The Coeur d'Alene Mining District lies at the junction of the ESE trending Lewis and Clark Line and the northerly striking Noxon Arch (Harrison et al., 1974; White, 2000). Its rocks have undergone strong folding and faulting. The Lewis and Clark Line is a 50 km wide, ESE trending zone of abundant normal, reverse and trans-current faulting. The largest brittle structure, the Osburn Fault (Figures 6 and 7), transects the district (and the BTG claims) and forms part of the Lewis and Clark Line. It has undergone 20 to 30 km of post-ore right-lateral transcurrent movement (Mauk and White, 2004).

The structural history of the district is exceedingly complex. At least five episodes of post-sediment deformation have been identified (Wavra et al., 1994) and many geologists suggest some syn-depositional faulting occurred along the Lewis and Clark Line. In the BTG area the regional deformation of the Revett and St Regis sedimentary rocks was accompanied by greenschist facies metamorphism. Deformation along Lewis and Clark Line resulted in a

complex pattern of sub-parallel easterly to ESE trending brittle structures that include the Thompson Pass, Osburn, Placer Creek, Slate Creek and Mastadon Mountain faults. Splay sets from these major faults commonly trend SSW to southerly. Many of the major ESE striking faults, as well as some lesser splays are economically important as they appear to control the mineralization. Wavra et al (1994) concluded that the deformation associated with mineralization at the Sunshine Mine (Figures 6 and 7) was normal dip-slip movement along the Osburn Fault. This orogenic event may have been related to the intrusion of the Idaho Batholith and/or the docking of the Wallowa Terrane.



**Figure 6:** Sequential structural history (A, B & C) of the Coeur d'Alene Mining District (after Hobbs et al., 1965).



*Figure 7: The major mines and faults in the Coeur d'Alene Mining District, showing the location of the "Silver Belt" and the BTG property (from Mauk and White, 2004).*

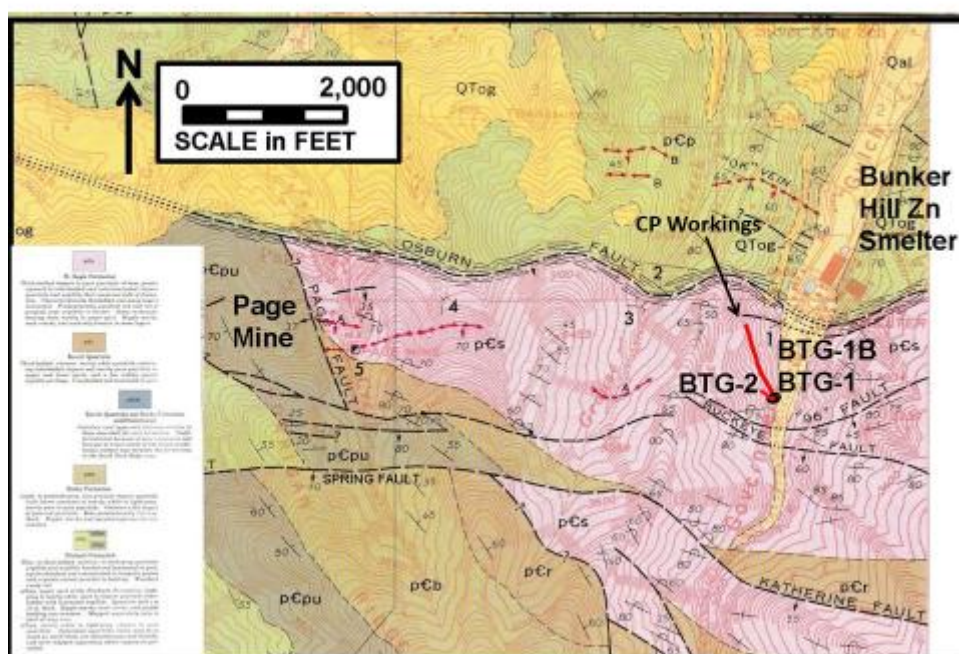
### 7.1d District Mineralization

The Belt Super-group is famed for hosting some of the world's major metal deposits or mining camps; these include the syngenetic Sullivan Pb-Zn-Ag deposit in British Columbia (Anderson and Davies, 1995), the Revett-type, strata-bound Cu-Ag deposits in the Ravalli Group and the probably younger Ag-Pb-Zn-Cu-Au veins that comprise the Coeur d'Alene Mining District (White, 2000; Mauk and White, 2004). The Coeur d'Alene district is the second largest producer of silver in the world (Mauk and White, 2004), following Potosi in Bolivia. It reportedly produced over 34,000 metric tonnes of silver, 7.2 million metric tonnes (Mt) of lead and 2.8 Mt of zinc (Long, 1998a and 1998b); however, the reader is warned that this historic production data is not NI 43-101 compliant and thus it cannot be relied on.

The Coeur d'Alene district has a well-defined district-scale zonation of the chemistry and metals in its veins. With some exceptions, the veins in the western part of the district tend to be richer in Pb-Zn, those in the central parts are richer in Ag, while those to the east and SE are enhanced in Cu with byproduct Au and Ag. The veins on the BTG property belong to the westernmost group. All the significant ore deposits in the district lie within twelve well-defined, sub-parallel mineral belts, some of which are base metal rich while others contain more silver. The latter are found within the 8 km long "Silver Belt" which is located south of the Osburn Fault (Figures 6 and 7). This contains numerous Ag-rich mines including the Crescent, Sunshine, Consolidated Silver, Coeur and Galena (Figures 2 and 7). The Silver Belt is flanked to the west by the Bunker Hill Mine in which Pb-Zn was predominant, with considerable quantities byproduct silver. To the east, veins such as those at the Monitor Mine are Cu-Au rich (Ray, 2013). The recent increase in metal prices has resulted in veins across the entire mining district to be re-explored for their base and precious metal potential.

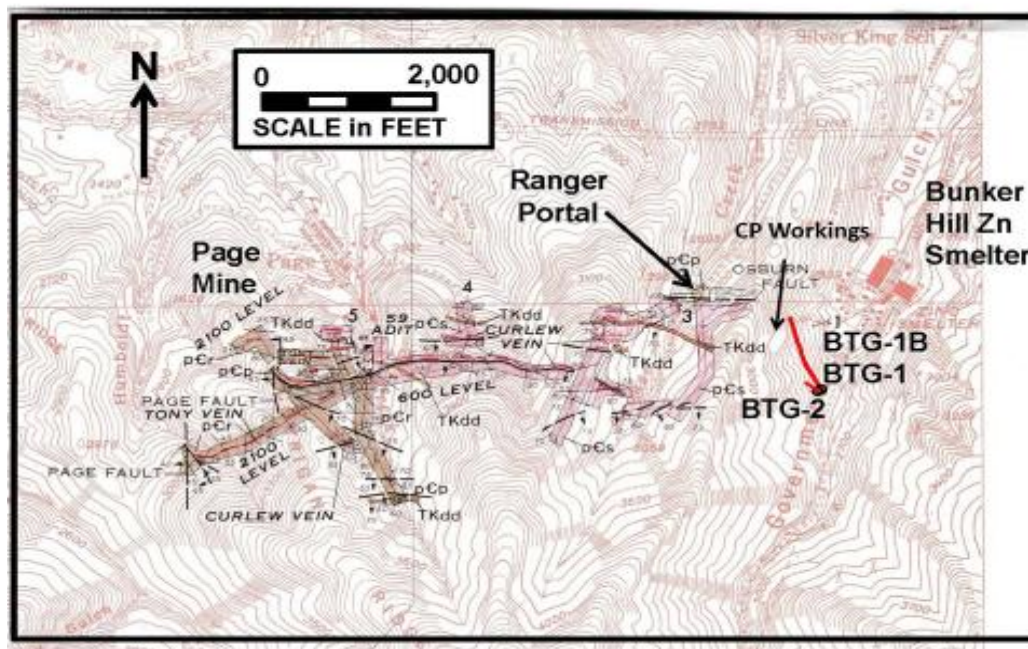
## 7.2 Property Geology

The geology of the BTG property is presented in Figures 8 and 11. Most of the rocks on the claims are believed to belong to the St Regis and Revett formations (Figure 5). They comprise mostly fine-grained, thin-bedded siltstones and quartzites that are pale grey-green to purple in color. Radford (1979) reports that a 25 foot-thick quartzite unit forms a prominent outcrop a short distance west of the Crown Point No. 1 portal. Also present are some thin lamprophyre dikes. Radford (1979) notes three such dikes outcropping west of the old zinc plant; they are vesicular with cryptocrystalline quartz. Two of these dikes strike E-W and respectively dip 45 and 77 degrees north while the third dike trends north and dips 65 degrees west.



**Figure 8:** Geology map of the BTG claims area showing the location of the Osburn Fault and the pad for the initial BTG drill holes located at UTM 561976-5263949. 1 = Crown Point, 2 = Ranger, 3 = Blackhawk, 4 = Curlew, 5 = Page shaft. Modified after Hobbs et al. ( 1965).





**Figure 9:** Map showing the location of the Page Mine underground workings, the Ranger Portal and the Crown Point (CP) workings. Note location of the initial BTG drill pad at UTM 561976-5263949.

### 7.3 Property Mineralization

No published details are available regarding the precise mineralogy of the Ag-Pb-Zn-bearing veins that were historically mined on the BTG property. It is presumed that the veins carried Ag-bearing galena with sphalerite, and possibly some argentiferous tetrahedrite with lesser boulangerite and minor chalcopyrite. These occur with a gangue of pyrite, siderite, sericite and calcite.

Most of the property lies south of the major, E-W-trending Osburn Fault (Figures 8, 11 and 12), while in the eastern part there is the northerly trending Government Gulch Fault which reportedly dips 55 degrees west (quoted by Radford, 1979). Many of the beds strike E-W and dip steeply southerly, sub-parallel but obliquely to the steep dipping mineralized zones. However, the multi-generational district-wide brittle faulting has resulted in local drag folding and disruption to both the sedimentary beds and the mineralized zones, so that in places there is a considerable variation in dips and strikes. At the Crown Point Mine for example, Ransome and Calkins (1908) reported that at one location the mineralization formed an irregular rolling sheet in the hangingwall quartzite. Locally, the zones were sub-horizontal but many had a 20 to 30 degree dip northeastwards towards the steeply dipping Osburn Fault. Radford (1979) also quotes examples where the veins are highly irregular in their trend and dip. At least three veins were

mined at Crown Point. The most productive was the “North Crown Point Vein” which had a strike of N75W and a dip of 45 degrees north. The “Eureka Vein” trended S85W and dipped 45 degrees south. The third body, the “South Crown Point Vein” trended E-W and is believed to have had a southerly dip.

## 8.0 DEPOSIT TYPE

The mesothermal, sulfide-rich veins of the Coeur d'Alene Mining District are most commonly steep dipping and less than 15 feet thick. Many veins have undergone polyphase post-ore brittle deformation so that locally their dips and strikes may vary. The ore zones often occur as sub-vertical slabs that are highly suitable for underground stope-mining. The veins are famous for their comparative long strike (> 0.5 km) and great vertical depth (>1 km). For example, at the Gold Hunter Mine the mineralization extended down to a depth of 7900 feet, while the Lucky Friday Mine shaft is reportedly being extended to a depth greater than 8000. In some mines the metal grades increase with depth. In the western and central parts of the district veins may typically contain 350 to 850 g/t Ag with multi-percent Pb and Zn (Mauk and White, 2004). Galena and sphalerite are the commonest base metal minerals while the Ag-rich deposits contain argentiferous tetrahedrite with lesser galena, sphalerite, chalcopyrite and boulangerite. Siderite, pyrite and quartz are the main gangue minerals. Most individual silver-rich ore bodies do not show a lateral metal zoning. However some veins, such as the one worked at the Star and Morning mines, change their chemistry along strike with the Star portion being Ag-rich and the Morning part having more Pb with the Ag (Bennett et al., 1989). Veins in the eastern and southeastern parts of the district (such as those on the Monitor claims; Ray, 2013) tend to be more copper and gold-rich with less Ag, Pb and Zn. This suggests they formed at higher temperatures or were closer to the hydrothermal source than the Ag-rich veins further west.

Major producers in the Coeur d'Alene district (Ransome and Calkins, 1908; Bennett and Venkatakrishnan, 1982; Bennett, 1984; 2006) include:

- The Coeur Mine which produced approximately 2.5 million Moz of silver a year during its lifetime.
- The Lucky Friday Mine which up to 2002 produced 125 Moz of silver.
- The Sunshine Mine which over its life produced 367 Moz of silver. It should be noted that the Sunshine Mine was probably the largest silver producer from any single silver mine in the world. By comparison, the fabled Comstock Lode in Nevada produced about 200 Moz of silver although this was done from many mines in that camp.

Three main types of hydrothermal alteration are associated with, or envelope the veins (Mauk and White, 2004). These are: (i) hydrothermal bleaching, (ii) carbonate zoning and (iii) sulfide

alteration. The hydrothermal bleaching, which is due to the lack of pigments hematite, is controlled by faults, shear zones, cleavages and ruptured flanks of folds. It commonly lies adjacent to the most economic sulfide-rich part of the veins and may envelope clusters of sulfide-rich material. Most productive veins are immediately enveloped by zones of disseminated siderite that may extend hundreds of meters out into the wall rocks. The siderite zones may then pass out to carbonate zones that also may be hundreds of meters wide; the latter zones contain abundant ankerite with lesser calcite. Some veins are haloed by zones containing low grade disseminated galena, sphalerite, tetrahedrite, arsenopyrite and pyrite.

The source and age of the Coeur d'Alene veins has been much disputed. Many geologists now believe they were emplaced during a Cretaceous or Tertiary event, but that they represent remobilized Pre-Cambrian sulfides that were originally laid down in Proterozoic times. Thus, they could have been derived from Sullivan and/or Revett-type deposits buried at depth (White, 2000; Fleck et al., 2002).

Most of the economic ore bearing veins in the Coeur d'Alene Silver Camp occupy one of three stratigraphic horizons (Bennett, 1984), namely (1) the Prichard Formation near the middle quartzite (zinc-rich deposits), (2) the Prichard- Burke transition zone (lead-zinc-rich deposits), and (3) Revett- St. Regis transition zone (lead-silver-copper-rich deposits). The veins on the BTG property are believed to be hosted in St Regis and Revett formation rocks (Figure 5).

## **9.0 EXPLORATION**

### **9.1 Introduction**

The focus of Bayhorse Silver's exploration program will be to initially complete some surface diamond drilling as well as open up some of the old collapsed portal entrances, including the Ranger and possibly the Crown Point adits. Once the historic underground tunnels are accessible, they will be geological mapped and sampled and used as sites to drill favorable vein targets. The main aim of the program is to find Ag-rich Pb-Zn  $\pm$  Au veins of sufficient grade and tonnage to support an economic underground mining operation.

Bayhorse has only recently acquired an Option on the BTG property and obtained the required exploration permits. Surface outcrops on the property are uncommon and to date no surface mapping or prospecting has been done. However, the planned diamond drill program is currently underway. Underground exploration will commence once the collapsed Ranger Adit has been reopened and re-timbered. This adit, which lies at UTM 561495-5264362, is accessible via an unpaved road along the east side of Grouse Creek. Later, attempts may be made to reopen the Crown Point Adit.

## 9.2 Geological Mapping & Prospecting

To date Bayhorse has not done any surface geological mapping, sampling or prospecting on the BTG claims.

## 9.3 Sampling Method and Approach

No assay samples were collected by the author during the visits made to the BTG property. To date, Bayhorse has not submitted any drill core samples for assay.

## 10.0 DRILLING

In a news release dated the 3<sup>rd</sup> of May 2016 Bayhorse announced it planned a diamond drill program totaling 1500 meters on its BTG claims. The first completed hole (BTG-001B) was started on the 22<sup>nd</sup> of September 2016 after an initial hole (BTG-001A) from the same site was terminated at a depth of 109 feet due to fractured rock and technical difficulties. The pad for these holes lies at an elevation of 801 meters above sea level at UTM 561976-5263949, only 50 meters west of the paved road along Government Gulch (Photo 2). Hole BTG-001B had a dip of 45 degrees and an azimuth of North 37 degrees West. It was targeting a pair of parallel Ag-Pb-Zn-bearing structures and veins (Figure 12) that are projected to extend east-west for approximately 1,400 feet in length and over 1,000 feet in vertical extent. The structural vein targets include those at the historic Crown Point-Silver King mines, and the sub-parallel Shea structure (Figure 12). Hole BTG-001B reached 1359.4 feet in length and intersected the E-W trending Osburn Fault (Photo 1; Figures 8, 11 and 12). The drill program is currently ongoing.

The Shea structure (Figure 12) was extensively mined at the adjacent Bunker Hill Mine, whose claim boundary lies adjacent to the eastern side of the BTG claims. Historical Bunker Hill mining records from 1936 report a 30 foot highly mineralized intersection in the Shea structure from an underground drill hole in the Crown Point workings at the 200 foot level (Figure 12). The Bunker Hill Mine records suggest this mineralized drill intersection in the Shea Zone as seen on Figure 12 was never followed up.



*Photo 1: View looking northwards down Government Gulch towards the ruins of the old Bunker Hill Zinc Smelter.*



*Photo 2: Drill pad for hole BTG-001B on the BTG claims at Government Gulch, UTM 561976-5263949.*

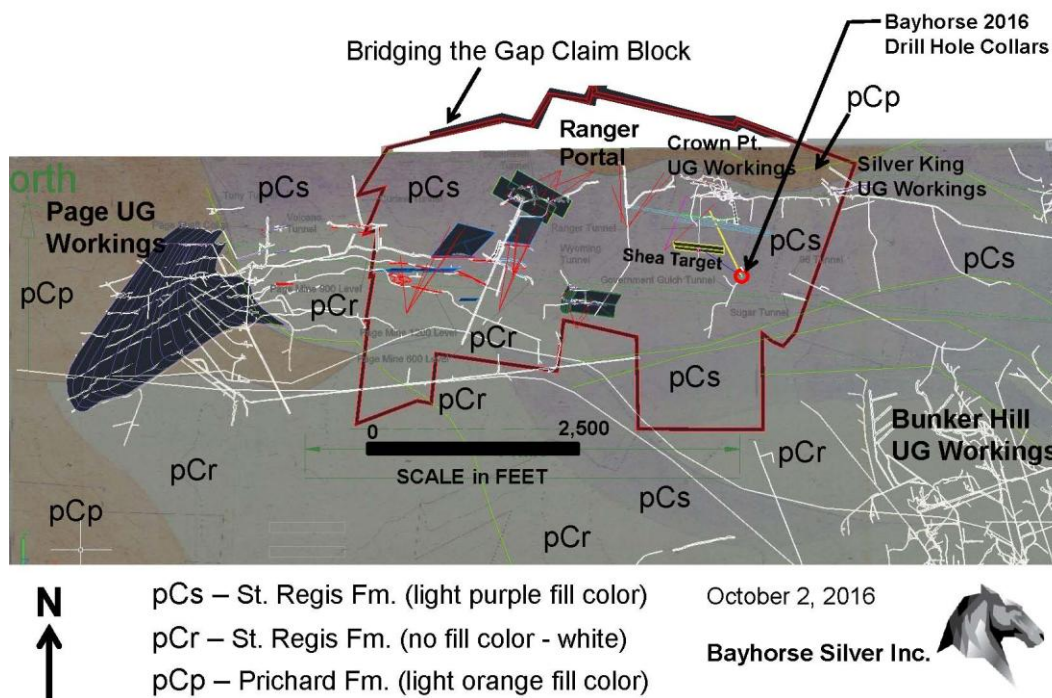


Figure 10: Surface geology map of the BTG claims and surrounding area showing drill targets and underground workings.

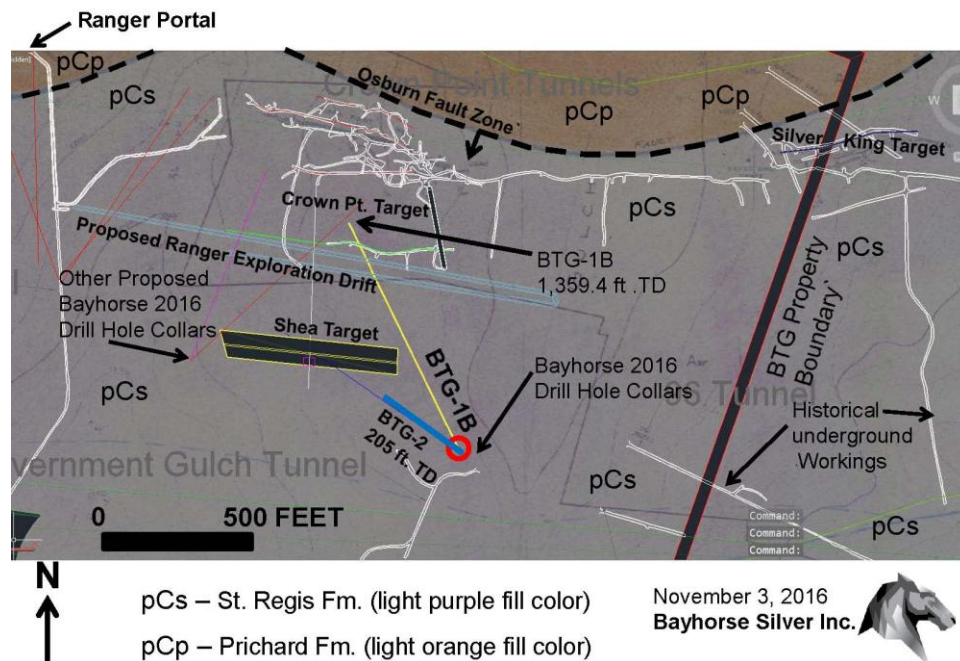
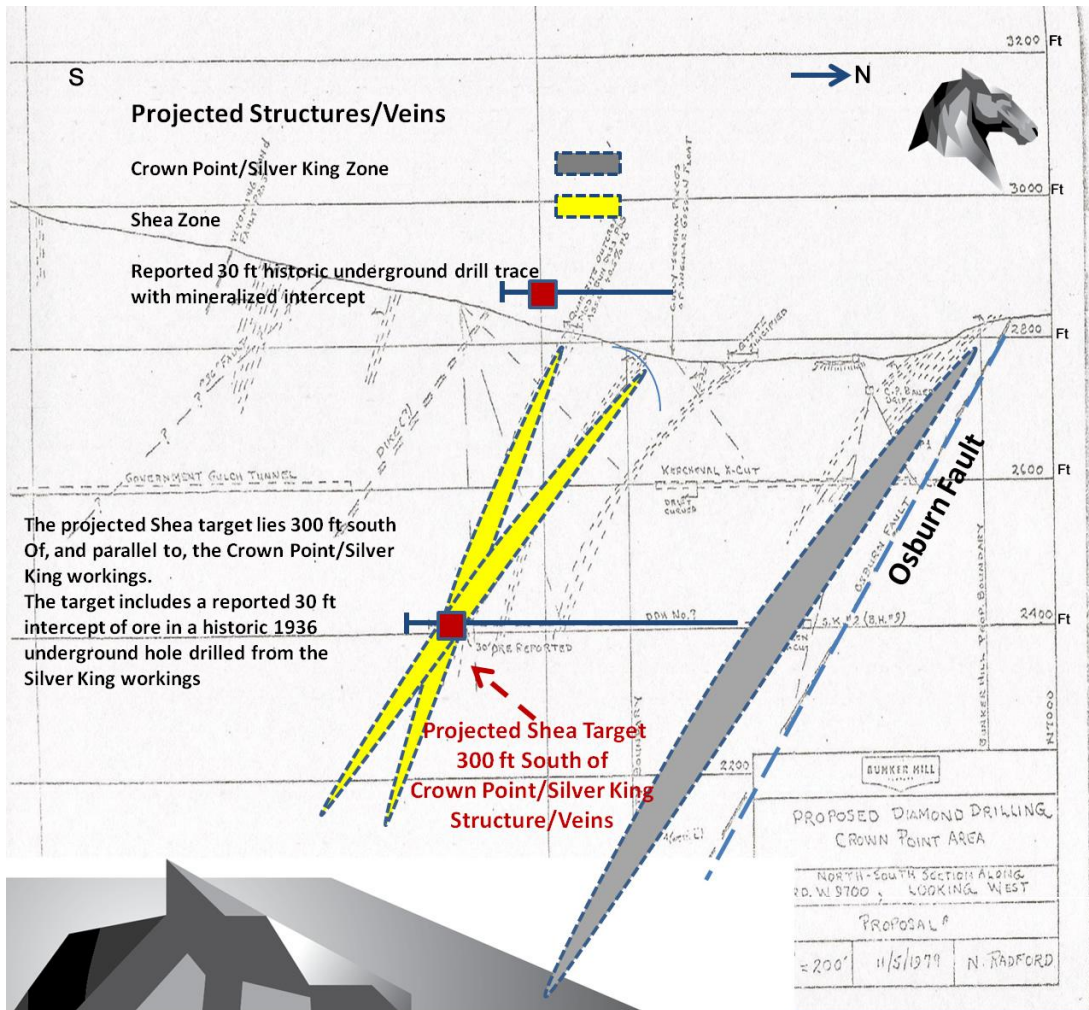


Figure 11: Surface geology map of the BTG claims showing the Osburn Fault, the hole BTG-1B drill pad, future drill targets and some underground workings.

“Bayhorse Silver Inc.: Bridging the Gap Silver (Pb-Zn) Project, Coeur d’Alene Mining District, Shoshone County, Idaho, USA” by G.E. Ray. NI 43-101 Technical Report for Bayhorse Silver Inc. 31st October 2016.



**Figure 12:** NS cross section showing the projected vein targets for Bayhorse's current drill program. The Crown Point vein (grey) has been historically mined near surface on the BTG ground. The location of the Shea structure (yellow) is based on a historic underground drill hole that cut a 30 foot intercept lying on strike with a vein at the Bunker Hill Mine to the east. It is believed that the Shea vein does not outcrop on surface on the BTG property. Section adapted after Radford (1979).

## 11.0 SAMPLING PREPARATION, ANALYSES AND SECURITY

Nothing is known about the sampling techniques, preparation or analytical methods used during the historic mining on the BTG claims. During Bayhorse's ongoing drill program and later underground exploration, the assay samples will be sent to American Analytical Services (herein referred to as AAS; see [www.americananalytical.net](http://www.americananalytical.net)) in Osburn, Idaho, about 8 miles east of the property. AAS conducts assaying on a contract basis for many clients (including mining/exploration companies), and owns the laboratory building and the assaying equipment. AAS is a business independent of Bayhorse. No officer, director or employee of Bayhorse is

involved in AAS's operations or in sample preparation or assaying, after the samples arrive at the assay laboratory.

A brief summary of the procedures used in sample preparation, assaying, and QA/QC is given below.

The AAS laboratory is an ISO-17025 accredited laboratory (similar to ISO-9000, but with an added level of quality management). AAS is also accredited by the State of Washington Department of Ecology, with registry number WA09-0799, for analytical capabilities in non-potable water, but not in the analysis of solids. Standardized written procedures are used by AAS, and commercially-prepared standard pulps are used.

The drilling and sample collection are supervised by Senior Geologist Todd Johnson who is Bayhorse's Minerals Programs Manager with over 26 years of experience in mining, exploration and geological engineering. He is a Qualified Person (Q.P) as defined by NI 43-101 guidelines. The drill core samples are placed in clean bags with identification tags and are closed and tied at the sample site. The samples are then kept in secure storage (Photo 3) until they will be later transported to the assay lab. The sample tags in the bags and the submittal sheet indicate a unique number for each sample and the elements that are to be analyzed.

The AAS laboratory has a capacity of about 200 samples per day. Upon arrival at the lab, samples will be compared to the submittal sheet and placed in drying ovens to dry overnight at a temperature of approximately 65 degrees C. Samples will be emptied from sample bags into the jaw crusher, then run through a second time resulting in a sample size of approximately 1.2 inches. The sample will then be run through a cone crusher reducing the size to about 50 percent passing a 10 mesh screen. Then the sample will be split using a Jones riffle splitter until a sample of approximately 200 g is obtained. The rejected portion of sample will be returned to the original sample bag. The 200 g sample will be ring pulverized (8 inch bowl) for 45 seconds, the resulting pulp passing a 140 mesh screen at about 90 percent. About 125 g of pulp will be placed in a sample envelope. The ring pulverizer is cleaned between each sample with silica sand to prevent contamination. Barren rock is run through the crushers once a day and this sample is assayed as a sample blank. A second split is made on one sample for every twenty that are prepared and this is assayed as a duplicate.





**Photo 3:** *The yard of the securely locked storage area where Bayhorse keeps the drill core samples before they are transported to the AAS laboratory in Osburn, Idaho.*

The BTG drill samples to be sent to the AAS laboratory will be analyzed primarily by atomic absorption (AA) and occasionally by induced coupled plasma (ICP) techniques to determine silver, copper, and lead, using aqua regia for pulp digestion. Sometimes other elements will be analyzed including zinc, antimony, and iron values. Those measuring over 40 opt Ag will be fire-assayed for silver, and the fire assays are used in calculations in preference to AA results for the same sample. Occasionally gold determinations will be made using fire assay.

For fire assay at AAS, the drill core sample is weighed into a 30 gram crucible with approximately 100 grams of standard flux mixture and a litharge cover. Twenty samples are fired at a time, which includes a pulp duplicate and a control sample. Lead buttons are cupelled in either composite or bone ash cupels. Dore beads are weighed and then parted with (1 to 3) nitric acid, decanted, washed with a weak ammonia wash, annealed and weighted.

After samples have been assayed, they will be boxed with proper identification and stored for two months at the laboratory. Pulps from diamond drill core will be collected by the Bayhorse staff and stored indefinitely at a separate secure storage area (Photo 3).

The AAS Quality Management System (QMS) is designed to ensure the production of consistently reliable data. The system covers all laboratory activities and takes into

consideration the requirements of ISO standards. The QMS operates under global and regional Quality Control (QC) teams responsible for the execution and monitoring of ASS's various Quality Assurance (QA) and Quality Control programs in each department. They are audited both internally and by outside parties. The programs include proficiency testing of a variety of parameters, ensuring that all key methods have standard operating procedures (SOPs) in place. This ensures that quality control standards are producing consistent results. Most of AAS's laboratories worldwide are registered or are pending registration to ISO 9001:2000, and a number of analytical facilities have received ISO 17025 accreditations for specific laboratory procedures.

Bayhorse is independent from, and has no financial interest or holdings with the AAS Laboratory Group. Bayhorse's relationship with AAS is that of an independent paying customer requiring reliable and meticulous assay work.

## **12.0 DATA VERIFICATION**

There is no information available regarding data verification techniques used by the historic companies while mining on the BTG property. Bayhorse will ensure quality control procedures are in place, such as submitting blanks and standard samples. The AAS laboratory will also perform check repeat assays and complete some assays on their own standard and blank samples.

## **13.0 MINERAL PROCESSING AND METALLURGICAL TESTING**

Although historic underground mining occurred on the BTG property, nothing is known about the mineral processing or metallurgical testing done at that time.

It should be noted that currently the BTG property has no proven mineral or metal reserves or resources. If surface drilling and the underground exploration outline some substantial mineralized zones, Bayhorse will conduct the necessary mineral and metallurgical testing.

## **14.0 MINERAL RESOURCE ESTIMATES**

There is no current National Instrument 43-101 compliant resource or reserve estimate for any of the mineralized areas on the BTG property.

## **15.0 MINERAL RESERVE ESTIMATES**

There is no current National Instrument 43-101 compliant resource or reserve estimate for any of the mineralized veins on the Bridging the Gap property.

## **16.0 MINING METHODS**

Not yet applicable for this technical report.

## **17.0 RECOVERY METHODS**

Not yet applicable for this technical report.

## **18.0 PROJECT INFRASTRUCTURE**

The BTG claim group lies very close to the major Interstate Highway 90 and is crossed in part by the paved Government Gulch Road. There are also numerous existing “dirt” roads throughout the BTG property that were constructed to help support the geotechnical stability of the slopes during operations, and as part of the reclamation of the Bunker Hill Zinc Smelter facility. These existing unpaved roads will be used by Bayhorse Silver to access and explore the BTG claims. The property lies close to towns such as Smelterville, Kellogg and Osburn which currently have a substantial number of skilled, well-trained underground mine workers.

A short distance north of the BTG claims (1,200 to 4,000 feet) and south of Interstate 90 there is an east-west trending overhead electrical powerline.

## **19.0 MARKET STUDIES AND CONTRACTS**

Not applicable for this technical report.

## **20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT**

With surface drilling underway, Bayhorse has implemented a water quality monitoring program to test the drill, mine and surface waters. Regular water sampling will be done at the various historic mine sites and downstream. No significant social or community impacts are foreseen by the exploration proposed in this report.

Bayhorse is currently noted as the “operator” for the current exploration work in the “Notice” that was submitted to the Idaho Department of Lands on October 13, 2016. The Notice identifies two specific work areas at the BTG Project including the Government Gulch area (where recent surface drilling has occurred) and the Ranger portal-adit work area where potential underground workings rehabilitation, additional underground workings development, and/or underground exploration drilling could occur. This Notice of Exploration is required as per Idaho Administrative Code IDAPA 20.03.02 (IDAPA 20 Title 03 Chapter 02) that is entitled “Rules Governing Exploration, Surface Mining, and Closure of Cyanidation Facilities.” Since Bayhorse

Silver plans to disturb less than 2 acres on the BTG property, the submitted Notice to the Idaho Dept. of Lands utilized subsection 06 (Exploration Reclamation: Less than Two Acres) of Section 060 (Exploration Operations and Required Reclamation).

Additional permits that were acquired include two applications for Temporary Approval of Water Appropriation permits from the State of Idaho Department of Water Resources in the name of Blackhawk Exploration. These two permits were obtained on October 12, 2016 and allow the use of nearby stream water based on the provisions of Section 42-202A, Idaho Code, including use in Bayhorse Silver's surface drilling exploration programs. One permit was granted for using water from the Government Gulch stream at the Government Gulch work site (Permit #TP-94-172) and the second permit was granted for using water from Grouse Creek at the Ranger portal-adit work area (Permit #TP-94-171).

It should be noted that the BTG property lies within the Bunker Hill EPA Superfund and Remediation Site which covers 21 square miles in the Silver Valley area. It is regulated by the Environmental Protection Agency (EPA - Region 10) and the long-term goals include: (1) reducing people's exposure to lead and other metals, (2) attain water quality criteria for protection of aquatic life, (3) reduce wildlife exposure to lead in floodplain soil and sediment, (4) reduce particulate lead in surface water, and (5) create economic redevelopment opportunities through cleanup and property transfer where possible.

## **21.0 CAPITAL AND OPERATING COSTS**

Not applicable for this technical report.

## **22.0 ECONOMIC ANALYSIS**

Not applicable for this technical report.

## **23.0 ADJACENT PROPERTIES**

The BTG property lies close to the western end of the Coeur d'Alene Silver Belt (Figure 7) and is situated between the Bunker Hill and Page mines (Figure 4) which historically were both major producers of silver, zinc and lead. To the SE, the BTG claims are immediately adjoined to the Bunker Hill Mine property, and much of the following data concerning both properties was obtained from Timken (1936), USBM records, Bennett (1984) and Mitchel et al. (unknown date). Mineralization at Bunker Hill was discovered in 1885 and two years later the Bunker Hill Mining and Concentrating Company was formed. In 1903 the two-mile-long Kellogg Tunnel was completed. This led to the 1904 underground discovery of the huge and rich "March"

orebody. The company built its own smelter in 1917 and an electrolytic zinc plant (with Hecla Mining Company) in 1928.



*Photo 4: Bunker Hill Mine Smelter. Photograph taken in 1984 (from Bennett, 1984).*

Both plants underwent substantial changes over the years, including the addition of a 715-foot-high stack at the smelter and the 610-foot-high stack at the zinc plant completed in 1978 (Photo 4). Bunker Hill was instrumental in developing uses for zinc that contributed to the zinc die-casting industry. In later years, sulfuric acid generated from the smelter was combined with phosphate ore from southeastern Idaho to make fertilizer. Gulf Resources and Chemical Corporation purchased the Bunker Hill Company in 1968, but closed the operation in 1981. When the mine and metallurgical complex closed, it was producing about 20 percent of the US's refined lead and zinc and 25 percent of its silver. The mine was reopened in 1988, but closed again in 1991.

There are over 150 miles of underground workings at Bunker Hill and historically it represented the largest lead-zinc mine in the United States. An auction was held in 1991 and the mine was stripped. The New Bunker Hill Company subsequently purchased the mine and has been slowly

refitting the underground facility for production. Bennett (2006) reports that the mine still contains substantial reserves of zinc-rich ore. However, the reader is cautioned that no NI 43-101 compliant metal or mineral resources are known for the Bunker Hill mine.

The veins at Bunker Hill and elsewhere in the district consist principally of siderite with quartz and various sulfide minerals. The latter include tetrahedrite, galena, sphalerite and chalcopyrite. In many cases they extend over a mile below surface. Many veins are localized along faults and fractures in more brittle quartzite units, but the richer veins also show some stratigraphic control.

The veins, like most of those throughout the Coeur d'Alene Camp, range from centimeters to several meters in width, and are persistent in some cases for a kilometer or more along strike. They show little vertical mineral zoning although in some the metal grades do increase with depth. Some veins, such as those at the Star-Morning mines, do change laterally along strike. Brittle deformation after emplacement is evident in many veins.

#### **24.0 OTHER RELEVANT DATA AND INFORMATION**

The author is not aware of any other relevant material data and information that would result in misleading statements regarding the BTG property.

#### **25.0 INTERPRETATION AND CONCLUSIONS**

Due to its close location to numerous, highly productive Ag-Pb-Zn mines, the BTG property represents a “Brownfields” exploration project. It is hoped to discover silver-rich Pb-Zn ± Cu sulfide-rich veins similar to those worked at the adjacent Page and Bunker Hill mines. The main exploration focus of Bayhorse is to drill and discover silver-rich Pb-Zn mineralization of sufficient tonnage and metal grade to support an underground economic mining operation.

The property is considered to have a good exploration potential for high-grade Ag-Pb-Zn veins for the following reasons:

- It lies close to the western end of the Coeur d'Alene Mining District which has been a world class producer of silver and base metals.
- The property lies immediately between the Page and Bunker Hill mines whose veins were worked to great depth. By contrast, it is believed that mining on the BTG ground was confined to relatively shallow levels. Thus, the property is under-explored since its known veins have never been drilled or tested to depth.
- The property is easily accessible via paved and unpaved roads, and there are readily available sources of water, electrical power, experienced mining workers and contractors.

- The approximately 403 acre size property has a sufficient size that it can accommodate all aspects of an underground mining operation, including areas for tailings storage, waste disposal and processing plants.

The reader is cautioned that while the BTG Gap property is believed (for the reasons mentioned above) to have a good potential for hosting silver-rich Pb-Zn ± Cu mineralization capable of supporting an underground mining venture, the project faces the usual economic risks and uncertainties common to the precious and base metal exploration industry worldwide. One major risk is whether the current prices of silver and base metals are sustained; a significant fall in these metal prices would seriously impact the economic viability of any exploration-mining operation. Other uncertainties include the US Federal and State governments regarding their granting title and permits, as well as the legal requirements to undertake an exploration-mining program that would satisfy environmental and local community standards.

## 26.0 RECOMMENDATIONS

In addition to the planned program of surface drilling, it is recommended that Bayhorse re-open both the Ranger and Crown Point collapsed portals. Once these are opened and re-timbered then underground exploration and sampling of the old stopes can proceed. An aggressive underground drilling program should also be started to locate and intersect at depth the mineralized veins that historic data indicates are present on the BTG property, including the Crown Point, Silver King, and Shea targets (Figure 12). USBM documents indicate that at least 1000 tons of mineralized rock is available in the Ranger workings. Studies are underway on how to access and mine this material.

It should be noted that Bayhorse is required to spend US\$600,000 per year over a 5 year period. To date Bayhorse has spent approximately US\$200,000 as follows:

Property acquisition costs .....	\$50,000
Drilling and other exploration costs .....	\$150,000

### *Planned upcoming expenditures include:*

Opening the Ranger Adit and making the tunnel safe .....	\$150,000
Underground sampling and assay costs .....	\$40,000
Extract up to 1000 tons along the Crown Point structure (as per USBM reports).....	\$160,000
Geologist and other professional wages .....	\$50,000

**TOTAL ABOVE .....** **\$600,000**

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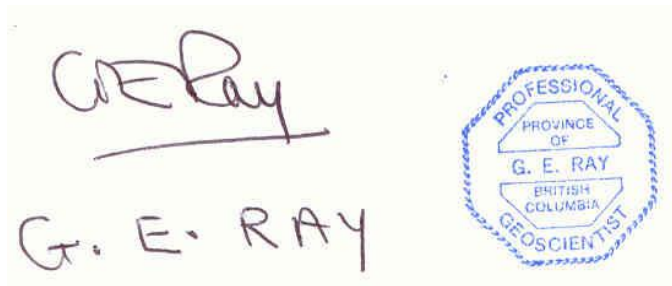
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## 28.0 DATE & AUTHOR SIGNATURE

Endorsed by Qualified Persons:

Gerald E. Ray, P.Geol; Ph.D  
Registered Professional Geologist, License No. 19503  
Province of British Columbia, CANADA.



Dated this 31st day of October 2016

## 29.0 CERTIFICATE OF AUTHOR

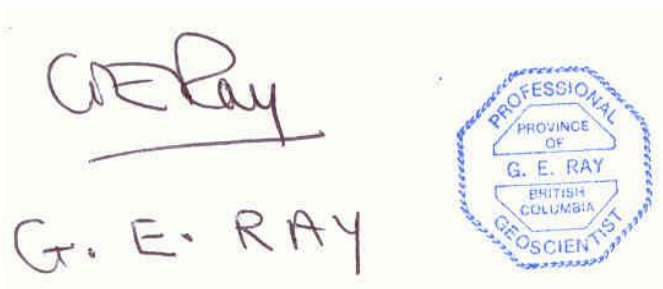
Gerald E. Ray, Ph.D., P.Geol.  
2243 McNeill Avenue, Victoria, BC, CANADA V8S 2Y7  
Telephone 1 250 507 7655. Email: geray@shaw.ca

I, Gerald Edwin RAY, P.Geol., P. Eng., do hereby certify that:

- (i) In order to undertake a field examination of the Bridging the Gap property in the Coeur d'Alene mining district of northern Idaho, and write this NI 43-101 technical report, I was contracted by Bayhorse Silver Inc., (Bayhorse) of 137 Ranelagh Ave, Burnaby, BC, V5B 3N2 to work as an independent consulting geologist.
- (ii) I graduated with a B.Sc., degree in Geology from the University of Bristol (UK) in 1966 and obtained a Ph.D., from the "Research Center for African Geology" at the Leeds University (UK) in 1970.
- (iii) I am a member of the Association of Professional Geoscientists of British Columbia (License # 19503) and the Association of Professional Engineers of Saskatchewan (Member No. 2888).
- (iv) I have worked as a field and economic geologist for a total of 44 years since my graduation from university. This has involved employment with government geological surveys (Malawi, Saskatchewan and British Columbia) and with junior and major exploration companies including Rio Tinto Zinc, Falconbridge and Billiton Minerals. This work included exploration for Archean and Proterozoic greenstone-hosted gold, Cu-Au skarns, IOCG's, Cu porphyries and Au-Ag epithermal and mesothermal deposits.

"Bayhorse Silver Inc.: Bridging the Gap Silver (Pb-Zn) Project, Coeur d'Alene Mining District, Shoshone County, Idaho, USA" by G.E. Ray. NI 43-101 Technical Report for Bayhorse Silver Inc. 31st October 2016.

- (v) I have read the definition of “qualified person” set out in the National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with professional associations (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
- (vi) I am fully responsible for all items in this document and for the preparation of all sections of this document titled “*Bayhorse Silver Inc.: Bridging the Gap Silver (Pb-Zn) Project, Coeur d’Alene Mining District, Shoshone County, Idaho, USA*” by G.E. Ray, dated the 31st Day of October, 2016 (the “Technical Report”). I visited the Bridging the Gap Property on the 21<sup>st</sup> of April 2016 and on the 23<sup>rd</sup> of September 2016.
- (vii) I have not had any prior involvement with the property that is the subject of the Technical Report.
- (viii) As of the 31st day of October, 2016, I am not aware of any material fact or material changes with respect to the subject matters of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
- (ix) I am independent of the issuer applying all the tests in section 1.5 of the National Instrument 43-101.
- (x) I have read National Instrument 43-101 and Form 43-101FI, and the Technical Report has been prepared in compliance with that instrument and form.
- (xi) I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in public company files on their websites accessible by the public, of the Technical Report.



The image shows a handwritten signature in purple ink that reads "G. E. Ray" with a horizontal line underneath. Below the signature, the name "G. E. RAY" is printed in a simple, blocky font. To the right of the signature is a blue circular professional stamp. The stamp contains the text: "PROFESSIONAL PROVINCE OF G. E. RAY BRITISH COLUMBIA GEOSCIENTIST".