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MEMORANDUM

Date: January 13, 2025

From: Brian Chen, M.Sc, P.Geo
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To: Bayhorse Silver Inc.

SUBJECT: Interpretation Pegasus and Bayhorse Projects – 3D DCIP and AMT Modelling

1.Introduction

This memo summarizes the results of 3D geophysical inversion modelling completed for the Bayhorse and Pegasus projects, including Volterra 3D Induced Polarization (3DIP) and Audio-Frequency Magnetotelluric (AMT) datasets. The objective of the interpretation is to evaluate the consistency among the geophysical models, relate the observed responses to known and interpreted geology, and assess the implications for mineral exploration targeting.

The interpretation integrates results from:

- Volterra 3D DC/IP and AMT surveys acquired by SJ Geophysics Ltd. in 2025, incorporating DC/IP data collected in 2024.
- Airborne magnetic data collected by Geotech Ltd. in April 2024
- Regional and property-scale geological information from the *Technical Report Maiden Resource, Bayhorse Silver Property* (Apex Geoscience Ltd., November 1, 2018) and Bayhorse Silver Inc. public disclosures

The Bayhorse grid, which overlies a historically mined area with well-documented geology and mineralization, is used to establish the characteristic geophysical response of known mineralization. These responses are then compared with results from the adjacent Pegasus grid to evaluate its potential to host a similar mineral system.

2.Data Acquisition and Modelling

Volterra 3D DCIP and AMT data were acquired over the Bayhorse and Pegasus grids in October and November 2025. The Bayhorse property is located in eastern Oregon, west of the

Snake River, while the Pegasus property lies in western Idaho on the east side of the river. The two properties are separated by the river, but are in close proximity, approximately 30 km northwest of Weiser, Idaho. Survey layouts are shown in Figure 1. Detailed field logistics and acquisition parameters are provided in the project logistics report.

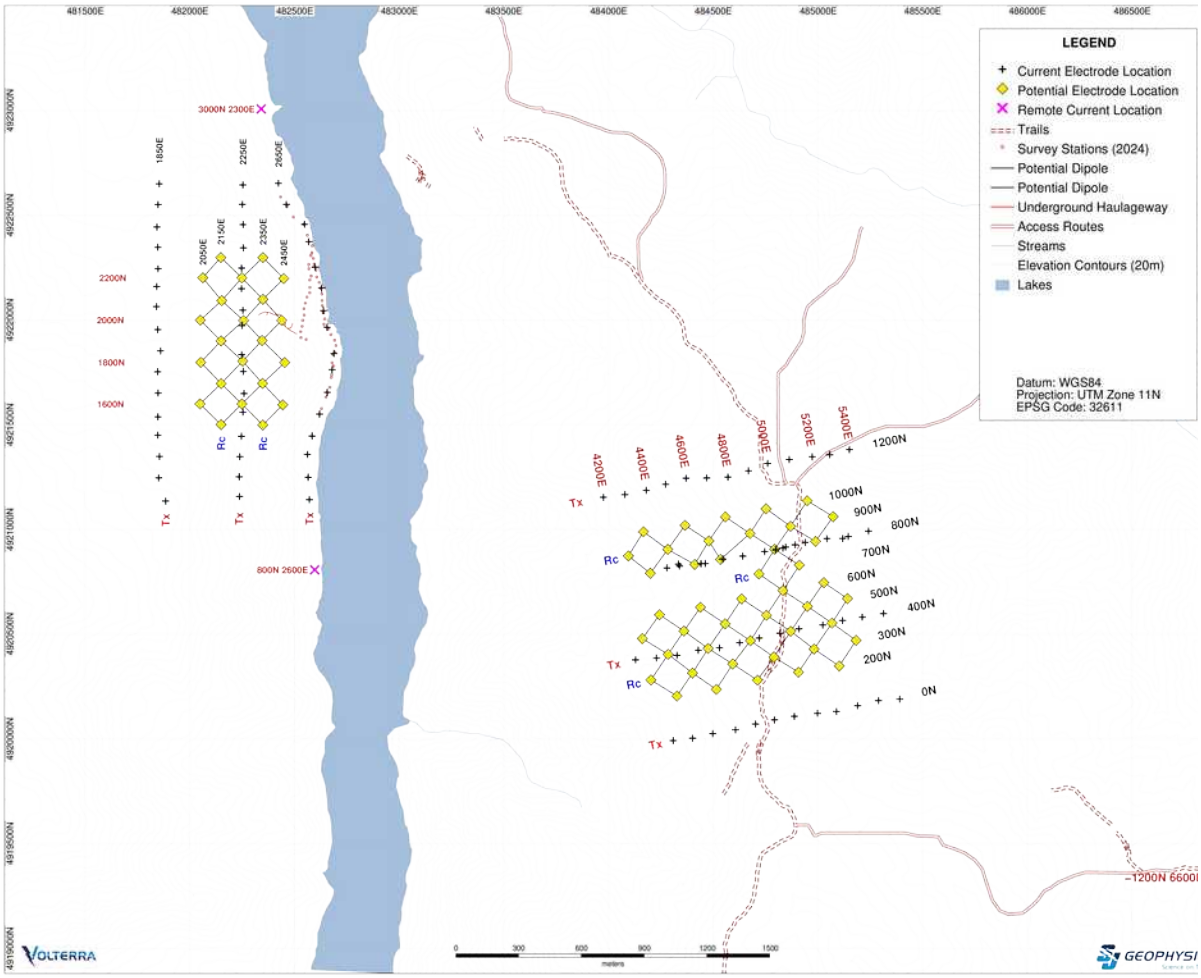


Figure 1: Grid map showing the Pegasus and Bayhorse grids

2.1 Volterra DCIP Processing and Inversion

DCIP data were imported into SJ Geophysics' proprietary QA/QC software JavIP, which integrates survey geometry with DCIP measurements to calculate apparent resistivity and apparent chargeability. Interactive tools were used to inspect decay curves, dot plots, and pseudosections, allowing manual rejection of noisy or erroneous data.

During data acquisition, strong low-frequency interference near 0.25 Hz was observed, which directly lined up with the initial survey base frequency of 0.125 Hz. To improve data quality, a transmitter base frequency of 0.3 Hz was used. Original IP decay windows ranged from 32 ms to 812 ms; however, electromagnetic coupling effects were present. To mitigate this, apparent chargeability was recalculated using decay windows between 133 ms and 749 ms. Data collected along Line 300N (October 18–22) and a legacy 2D IP dataset acquired in 2024 along roads near the Bayhorse mine were reprocessed using the same timing windows to ensure consistency.

Both the Bayhorse and Pegasus DCIP datasets were inverted in 3D using the UBC-GIF DCIP3D inversion software. A core cell size of 20 × 20 m was used, and default inversion parameters were applied. The resulting models were converted to VTK format for visualization.

2.2 AMT Processing and Inversion

AMT data underwent two stages of quality control prior to inversion. The first stage involved removal of outliers based on frequency versus apparent resistivity and phase plots for individual stations. A second pass identified and removed remaining outliers at the pseudosection level.

The 3D AMT inversion was performed using the open-source FEMTIC code, enhanced by SJV Consultants Ltd. All four components of apparent resistivity and phase data for 47 frequencies (1.46–7812.5 Hz) were used. The 3D model consists of tetrahedral elements with variable cell sizes, with a minimum node spacing of approximately 25 m. The starting model was derived from the DC resistivity inversion, with a background resistivity of 150 ohm-m.

3. Geological and Geophysical Background

The Bayhorse property is underlain by a sequence of volcanic and metasedimentary rocks intruded by late rhyolitic bodies that are spatially associated with silver-rich mineralization (Figure 2). Lithologies exposed in and around the underground workings include rhyolite dikes and sills, andesitic volcanic rocks of the Huntington sequence, and Weatherby metasediments

that have undergone low-grade metamorphism to schist or phyllite. Mafic diabase dikes locally cut the stratigraphy and provide useful structural markers, but are not considered directly mineralized.

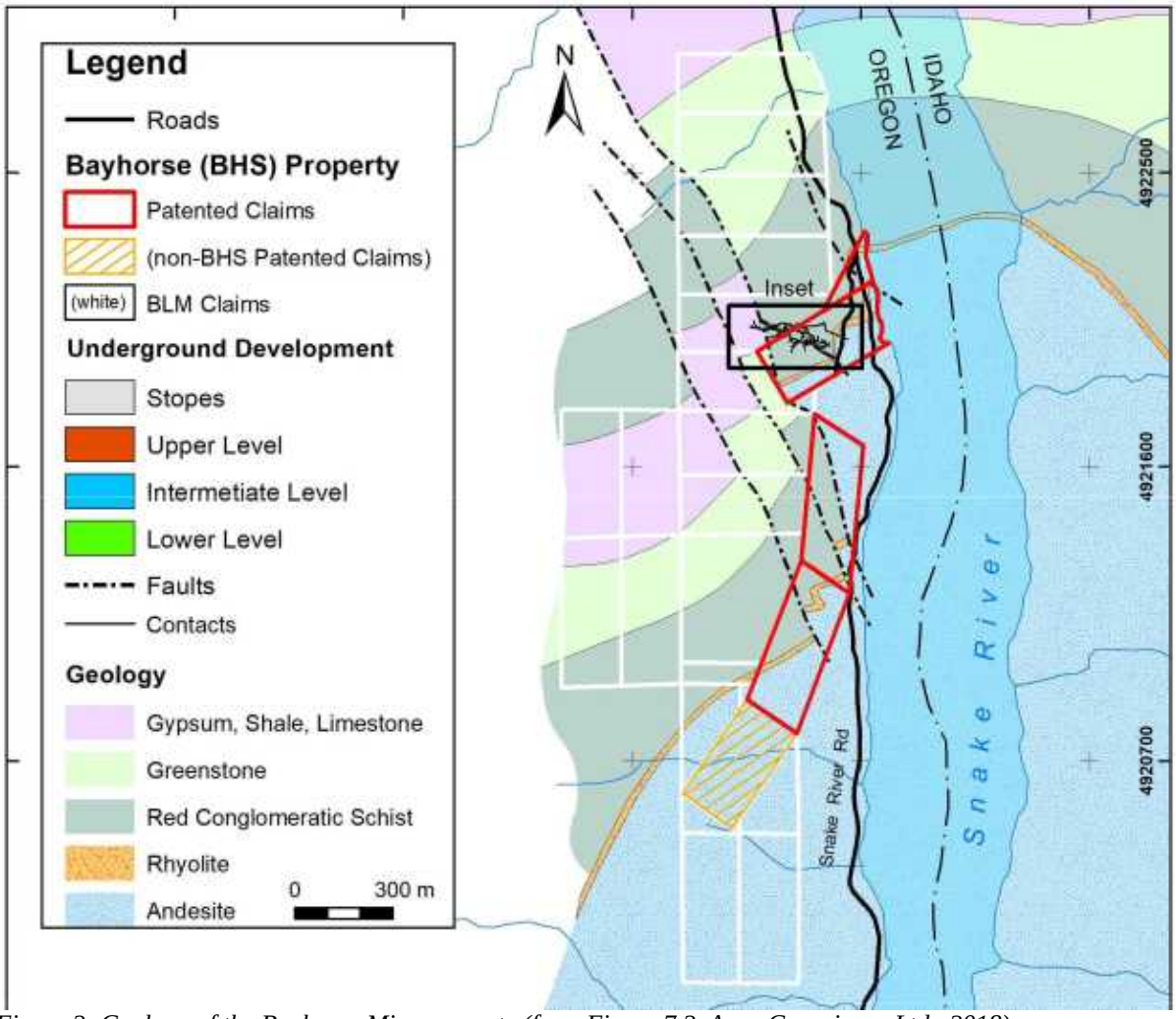


Figure 2: Geology of the Bayhorse Mine property (from Figure 7.2, Apex Geoscience Ltd., 2018)

Mineralization is structurally controlled and localized along the Sunshine Thrust and related fractures, as well as at contacts between rhyolite and surrounding volcanic or metasedimentary rocks. Ore occurs as massive veins and pods, and as fracture-controlled veins and stockworks, typically hosted in silicified rhyolite. Alteration includes intense silicification in core zones, with peripheral carbonate, chlorite, sericite, and locally clay alteration. The dominant ore minerals are sulfosalts (tetrahedrite–tennantite group) and low-iron sphalerite, with minor chalcopyrite and galena. Pyrite is generally uncommon. As a result, mineralization is expected to produce

moderate IP responses, variable resistivity signatures depending on alteration style, and weak magnetic responses. Geophysical methods at Bayhorse are therefore most effective for mapping structure and alteration, rather than directly detecting massive sulphide bodies.

4. Model Interpretation – Bayhorse Grid

4.1 DC Resistivity

A depth slice at 50 m below topography (Figure 3) highlights shallow resistivity variations. Five prominent resistivity lineaments (LR1–LR5) are identified, including three trending NNW and two trending NNE to near north–south. When overlain with interpreted geology (Figure 4), these lineaments show spatial correspondence with mapped faults and lithological contacts.

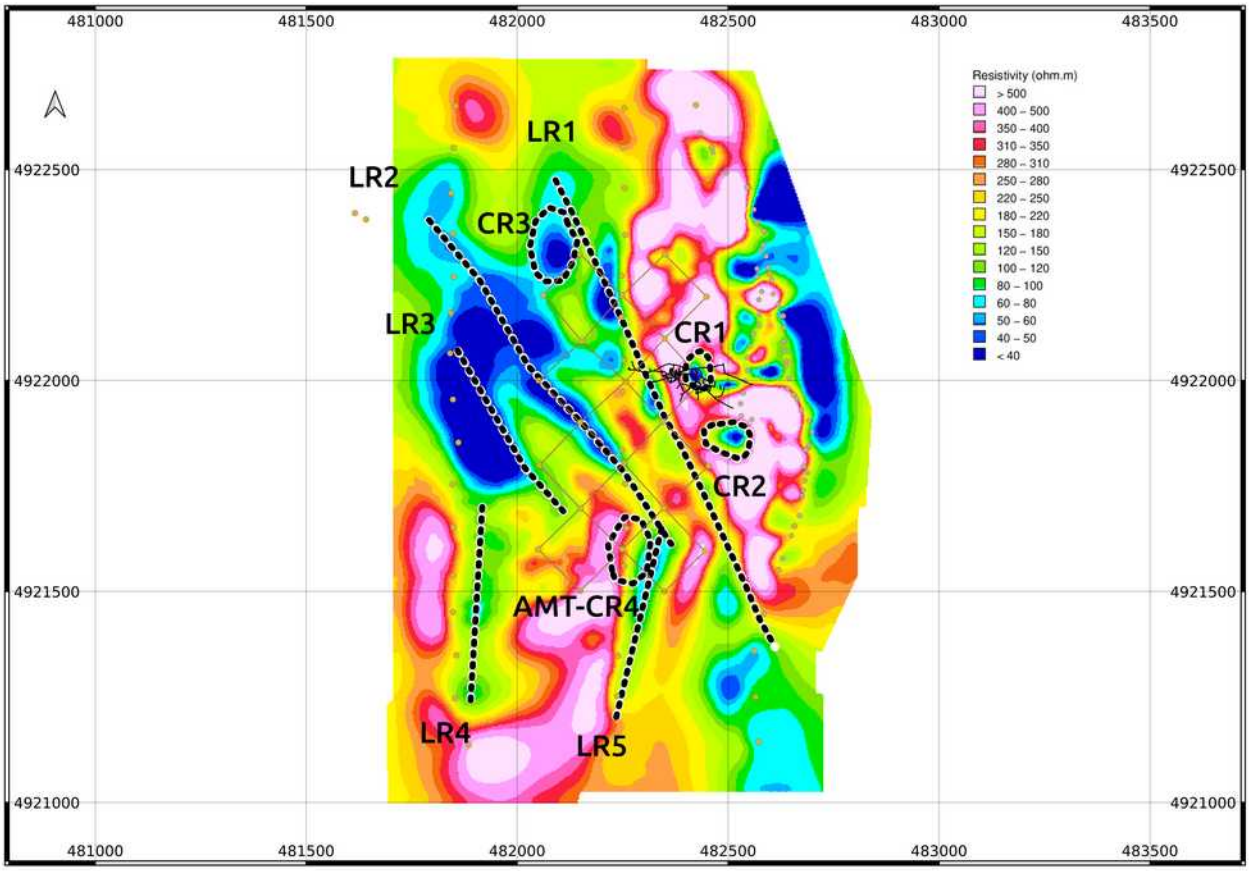


Figure 3: Bayhorse DC resistivity depth slice at 50 m below topography showing resistivity lineaments (LR1–LR5) and low-resistivity features (CR1–CR3).

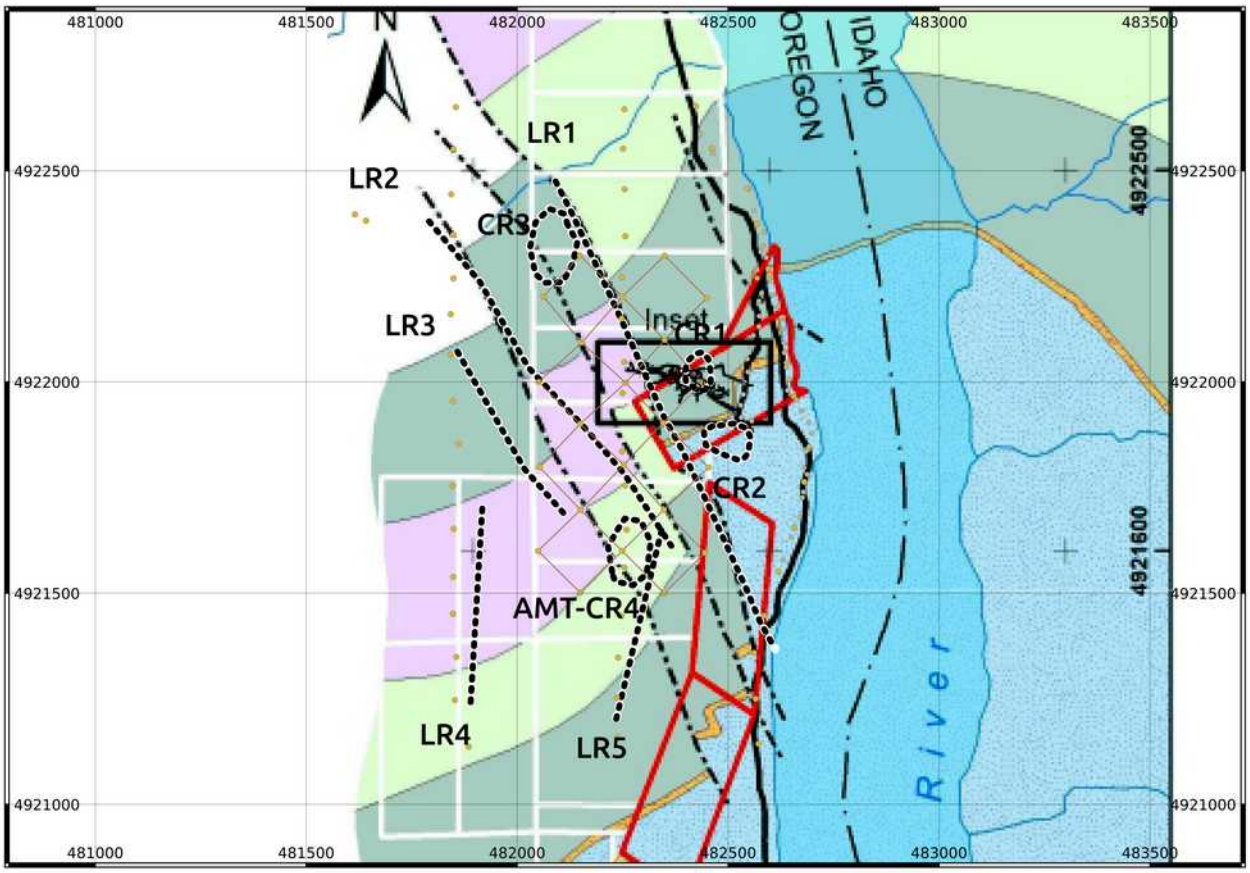


Figure 4: Bayhorse resistivity lineaments overlain on interpreted geology and structural features.

Three localized low-resistivity features (<80 ohm-m), labelled CR1, CR2, and CR3, are identified adjacent to lineament LR1. These features are laterally confined and exhibit limited vertical extent. The upper portion of CR1 coincides with the underground mine tunnel system and forms a sub-vertical feature dipping north. CR2 lies approximately 200 m southeast of CR1 and is smaller in size. Both CR1 and CR2 occur beneath a shallow resistive layer. CR3, located near the northwestern end of LR1, is elongated north–south and dips slightly west; its geometry is less well constrained due to proximity to the grid edge.

Given the known mineralogy and alteration style at Bayhorse, these low-resistivity features are interpreted as structural–alteration corridors associated with fluid flow, rather than direct indicators of massive sulphide mineralization.

4.2 IP Chargeability

Chargeability highs (>30 ms) are shown in Figure 5. Elevated chargeability is observed near

surface around CR1 and CR2, and at depth toward the northeastern portion of the grid. CR1 appears to link at depth with a larger chargeability anomaly to the northeast, while CR2 is associated with a smaller, moderately dipping chargeability feature. CR3 shows chargeability highs primarily near surface. The chargeability response near top portion of CR1 are consistent with sulphide-bearing and structurally controlled mineralization.

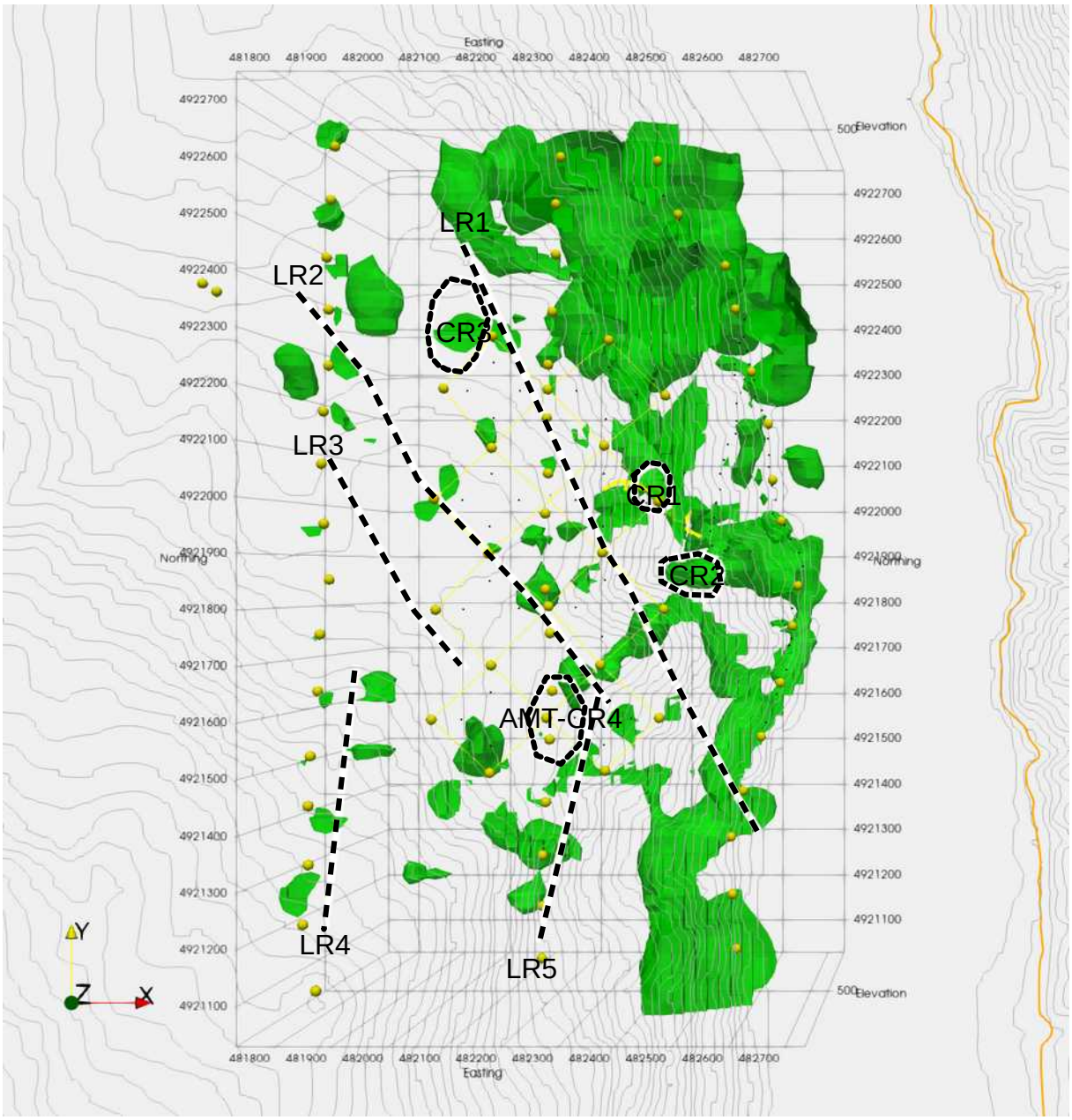


Figure 5: Bayhorse 3D IP chargeability model showing chargeability highs (>30 ms).

4.3 AMT Resistivity and Integration

The AMT resistivity model (Figure 6) images the broader-scale resistivity architecture, including a conductive near-surface layer (~0–150 m), an intermediate resistive layer and a deeper conductive zone. A narrow, vertically extensive low-resistivity feature (AMT-CR4) is evident at depth and spatially coincides with a deep chargeability high, suggesting the presence of a deeper structural or alteration zone that is not fully resolved by the DC data alone.

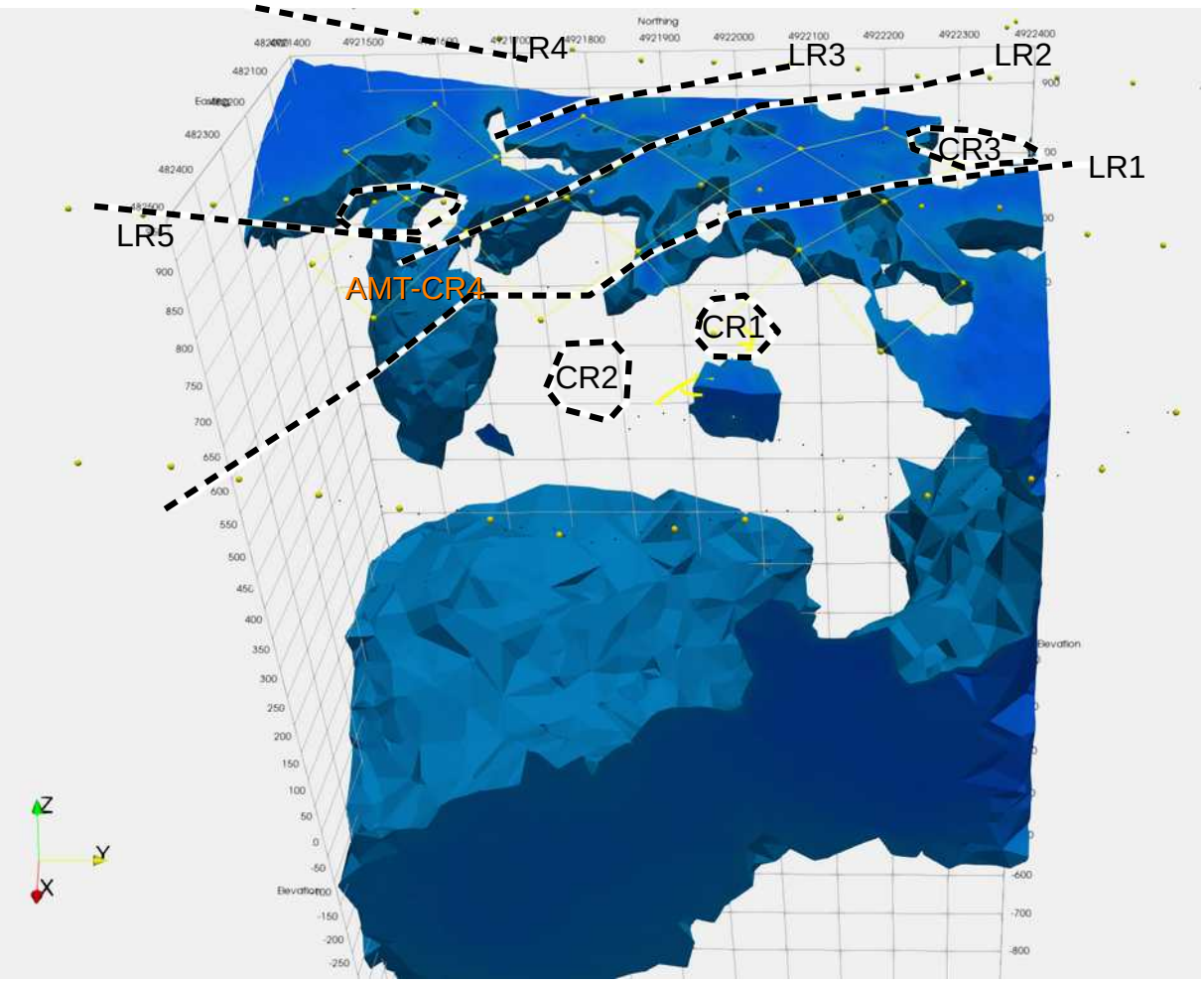


Figure 6: Bayhorse 3D AMT resistivity model highlighting resistivity lows (<200 ohm-m) and AMT-CR4, viewed from the east looking west.

Airborne magnetic data (Figure 7) indicate elevated magnetic values in the southern portion of the grid, spatially overlapping the deeper AMT conductive feature (AMT-CR4). This suggests a structurally complex or lithologically distinct zone that warrants further investigation.

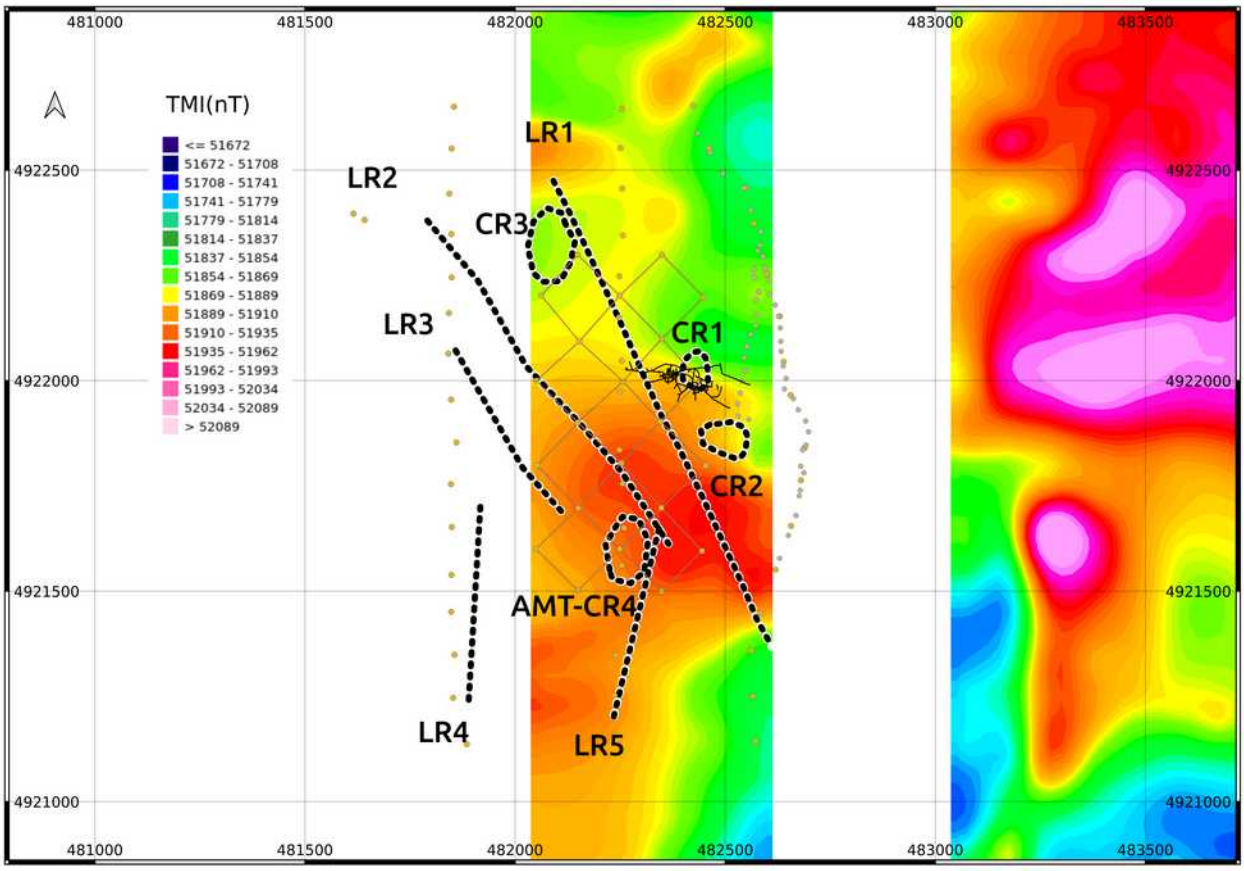


Figure 7: Airborne magnetic data overlain on Bayhorse grid, highlighting elevated magnetic zones near AMT-CR4.

4.4 Bayhorse Conclusions and Recommendations

The Bayhorse geophysical models successfully reproduce features spatially associated with known mineralization, thereby validating the interpreted DCIP–AMT responses. The spatial coincidence of CR1 with underground tunnels provides a valuable calibration point; however, mining-related cultural noise may influence the results and should be carefully considered.

Recommended exploration follow-up at Bayhorse includes:

- Priority follow-up on CR1, CR2, and CR3, as shallow structural–alteration targets analogous to known mineralized zones
- Investigation of AMT-CR4, which may represent vertically extensive structural conduits
- Expansion of the survey grid to the north, west, and south to improve coverage and assess additional prospective targets beyond the current survey limits

5. Model Interpretation – Pegasus Grid

5.1 DC Resistivity

The Pegasus DC resistivity model (Figure 8) shows low-resistivity zones (< 50 ohm-m) with localized resistive domains (>300 ohm-m) in the south-central to western portion of the grid. Shallow depth slices (Figure 9) reveal several NW–NNW-trending resistivity lineaments that are consistent in orientation with those observed at Bayhorse.

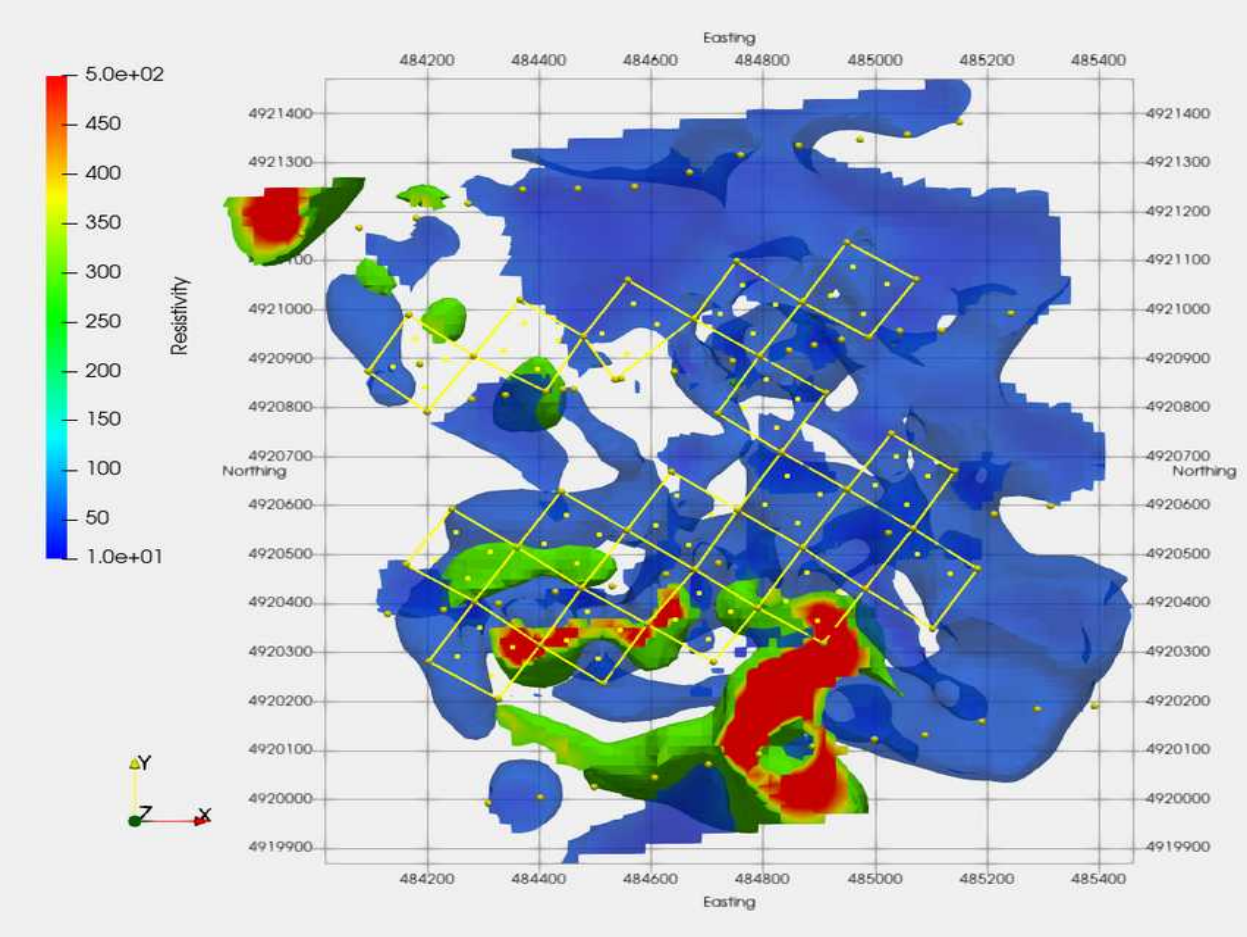


Figure 8: Pegasus 3D DC resistivity model showing low-resistivity zones (< 50 oh-m,blue) and relatively high-resistivity zones (> 300 ohm-m).

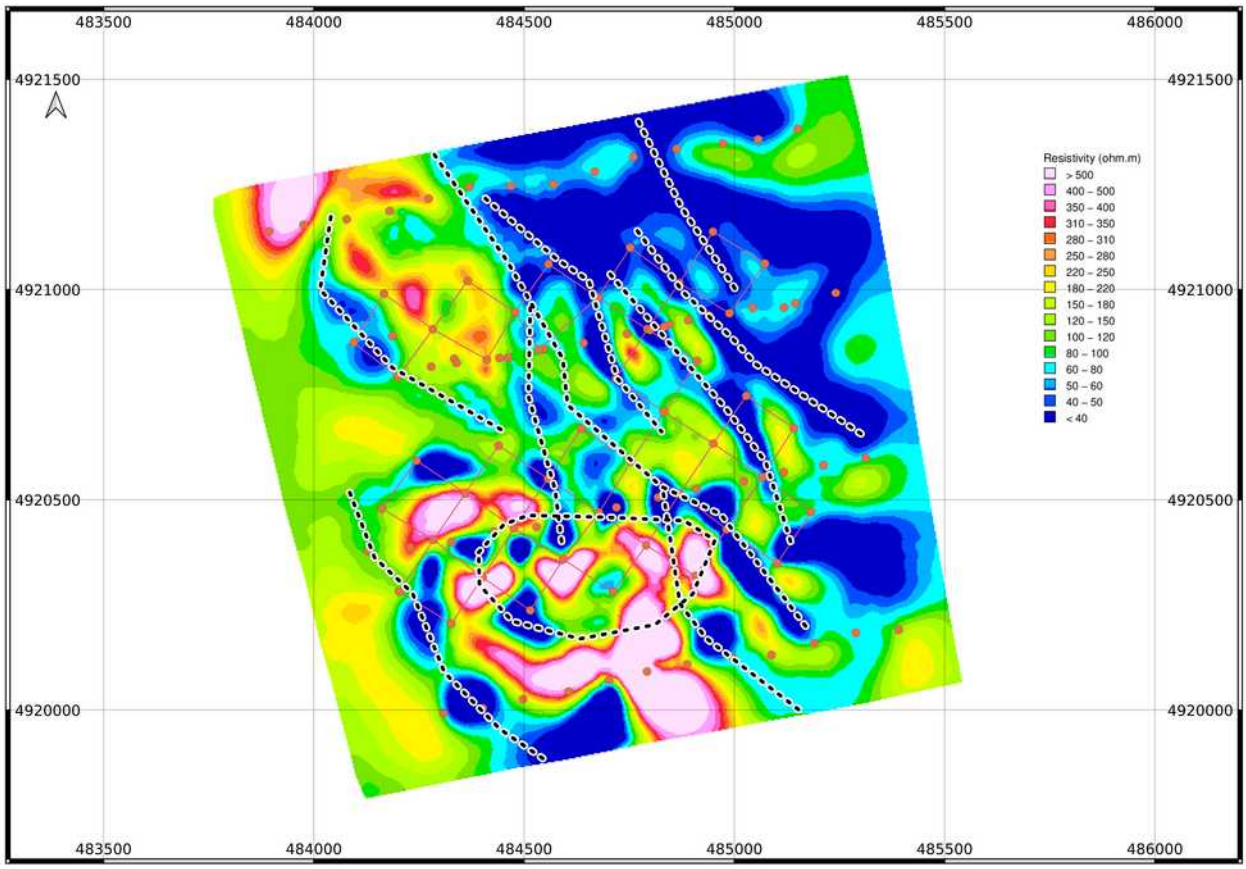


Figure 9: Pegasus DC resistivity depth slice at 50 m below topography showing resistivity lineaments.

5.2 IP Chargeability

Background chargeability is low (approximately 2–3 ms). Moderate chargeability anomalies (7–8 ms) are observed at depth in the southern and northeastern portions of the grid (Figure 10). Some anomalies lie near grid edges and are therefore less well constrained.

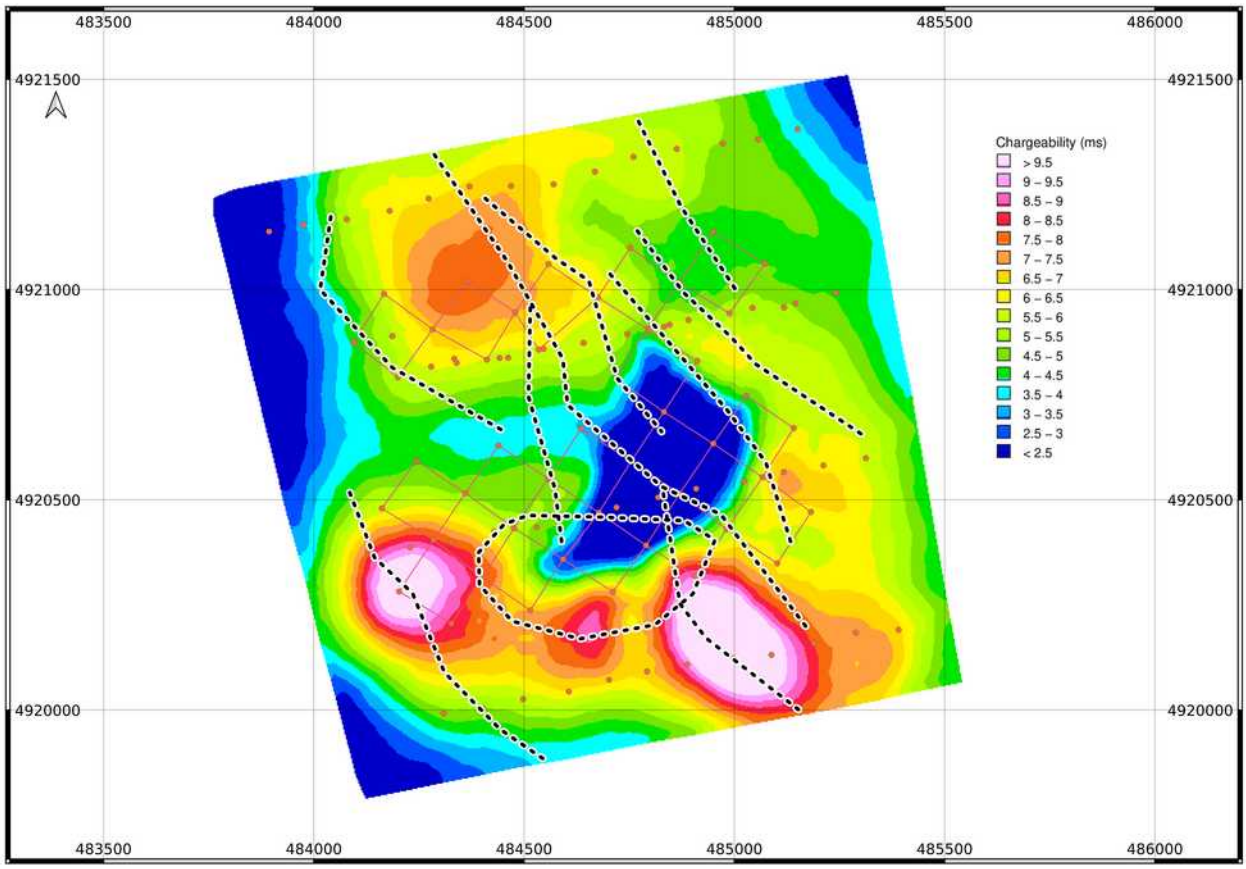


Figure 10: Pegasus IP chargeability depth slice at 300 m below topography highlighting moderate chargeability anomalies at depth.

5.3 AMT Resistivity and Integration

The AMT model (Figure 11) shows conductive zones extending to depth beneath a conductive surface layer approximately 300 m thick. Beneath this layer, discontinuous north–south-trending resistive zones occur in the central grid area. Of particular interest is the southern-central area, where a resistive surface zone overlies elevated chargeability at depth, forming a geophysical configuration analogous to the Bayhorse mineralized response (Figure 12).

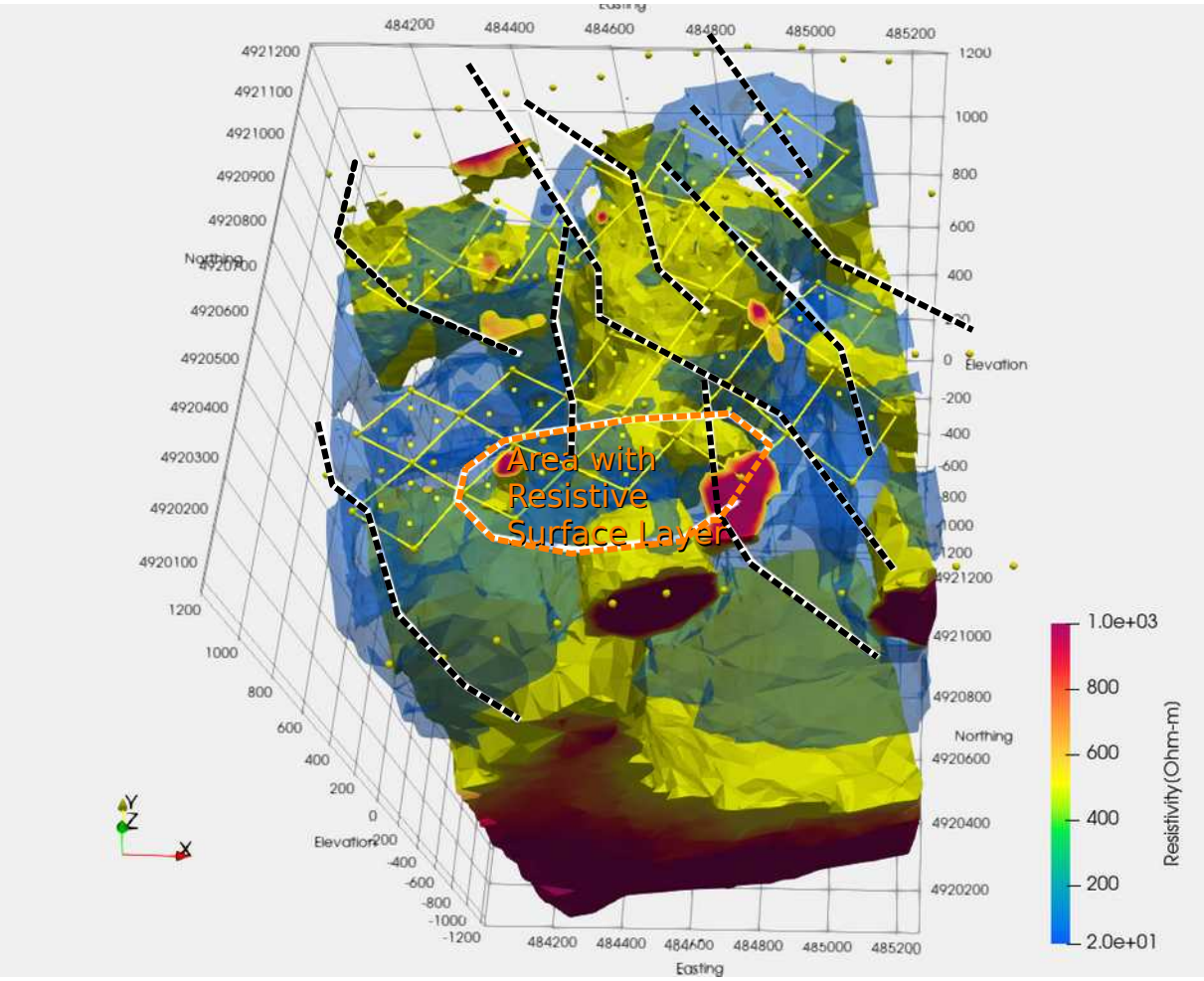


Figure 11: Pegasus 3D AMT resistivity model showing a conductive surface layer and resistive central zones, viewed from the south and looking north.

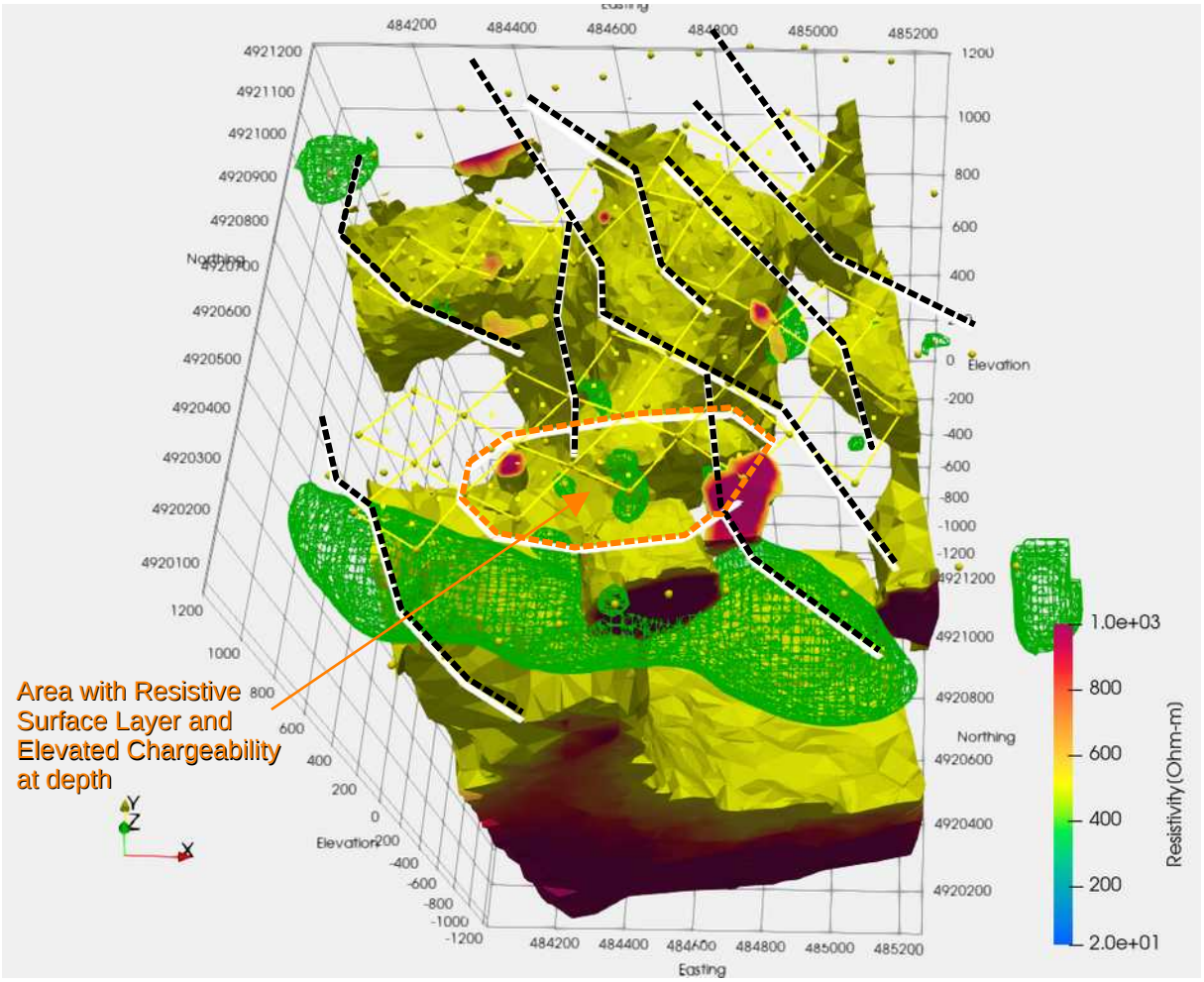


Figure 12: Pegasus 3D AMT resistivity model showing resistive features, with areas of elevated chargeability highlighted by green wireframe, viewed from the south looking north.

3.5.4 Pegasus Conclusions and Recommendations

The Pegasus grid exhibits several geophysical features analogous to those observed at Bayhorse, including similarly oriented resistivity lineaments and chargeability anomalies beneath resistive surface zones.

Recommended exploration follow-up at Pegasus includes:

- Prioritized investigation of the southern-central target area, where resistive surface units overlie elevated chargeability at depth
- Extension of DCIP and AMT survey coverage to better constrain anomalies at the current grid boundaries and to expand the grid in search of additional targets
- Integration of structural interpretation to identify thrusts, splays, and potential rhyolite-related structures
- Complete the remaining part of the planned grid to the north preferably in early spring before the hot summer days and possibly before the cows are let loose

Statement of Qualifications

Brian Chen

I, Brian Chen, of 11034 Southridge Road, Delta, British Columbia, hereby certify that:

1) I hold a Master of Science degree in Mathematical Geology from the South China Sea Institute of Oceanology, obtained in 1992.

2) I hold a Bachelor of Science degree in Geophysics from the University of Science and Technology of China, obtained in 1989.

3) I have been actively engaged in mineral exploration since 2003.

4) I am a registered Professional Geoscientist (P.Geo.) in the province of British Columbia.

Brian Chen, P.Geo.

Geophysicist