

February 22, 2015

BHS2016-01

BAYHORSE SILVER CLOSES US\$100,000 THIRD TRANCHE OF ITS US\$ NET REVENUE PARTICIPATION, CONVERTIBLE, SILVER-CONVERTIBLE, DEBENTURE OFFERING.

Bayhorse Silver Inc. BHS: TSX-V (the "**Company**" or "**Bayhorse**") has closed a third tranche of its previously announced financing consisting of a three year, Convertible, Silver-Convertible, Net Revenue Participation Debentures (the "Debenture") for 20 Debenture Units of US\$5,000 per Debenture Unit for gross proceeds of US\$100,000. The Company has now received US\$450,000 in proceeds of the US\$750,000 Debenture.

The Debenture proceeds are to complete extraction of up to 5,000 cu/yds (approximately 15,000 tons) from the Bayhorse Silver Mine. High to bonanza grade silver has been identified at the Bayhorse Silver Mine. (news release BHS2014-01) In 1984, Silver King Mines extracted approximately 5,700 tons from the historic workings, of which 23% reportedly grade between 20 – 100 oz/ton Ag, 71% graded between 6 and 20 oz/ton Ag, while 6% was rejected as below the cut-off grade of 6 oz/t Ag. As announced in the Company's news release [BHS2015-33](#), the Bayhorse Silver Mine mineralization is amenable to upgrading using Ore-Sorting technology. HRD Mining Services of Kellogg, in Idaho's "Silver Valley" under the direction of Mining Engineer Ron Krusemark, has been engaged to extract the first 2,000 tons of mineralized material.

The Debenture has been structured to enable existing non-accredited investor shareholders the opportunity to participate in the Bayhorse Mine financing. The recent increase in the price of silver has created increased interest in the Company's prospects at both the Bayhorse Silver Mine in east-central Oregon and the Bridging the Gap silver/lead/zinc project in Idaho's highly prolific "Silver Valley".

The Debenture shall bear interest at a rate of twelve (12%) percent per annum, payable bi-annually in arrears. Additionally, at the election of the Holders, the Debenture will be convertible into common shares of the Company at C\$0.125 cents per share in accordance with the policies of the TSX-V, or, conditional upon notification by the Corporation of silver production, the Debenture holder may elect to convert the Debenture principal and accrued interest into ounces of silver at a conversion rate of US\$15.50 an ounce.

The Debenture Holders (the "Holders") shall also be entitled to a pro-rata payment representing an aggregate of 2% of net revenues from any silver production from the Bayhorse Silver Mine during the term of the Debenture.



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The Company may, twelve months after the date of issue, elect to redeem the US\$5,000 Debentures, in part or in full, at a price of US\$5,600 per each redeemed Debenture, plus payment of all accrued amounts due in respect of the redeemed Debentures. Each Debenture shall entitle the Holder to twenty thousand Warrants (the "Debenture Warrants") exercisable into common shares of the Company at Canadian \$0.25 per Debenture Warrant Share until three years from the date of issue. 400,000 Debenture Warrants are to be issued to the third tranche Debenture holders on closing.

Purchasers of the Debentures shall be granted pre-emptive rights during the time they hold the Debentures to participate in any future issuance of debt securities of the Company where the principal purpose of the financing is to mine and/or upgrade mineralized material to direct shipping material on any other patented ground properties it identifies, where it is permitted to do so under existing permitting exemptions.

Graeme O'Neill, a Director and Officer of Bayhorse Silver Inc, has subscribed for 4 units of the Debenture.

In addition to any other exemption available to the Company, participation in the Debenture financing is also open to all existing shareholders, even if not accredited investors, under the "existing shareholder" exemption of National Instrument 45-106 as promulgated in Multilateral CSA notice 45-313 in participating jurisdictions. Finder fees may be payable on a portion of the financing according to the policies of the TSX-V.

The 2,000,000 Unit financing at \$0.10 cents announced April 17, 2015 was replaced with a 2,000,000 Unit financing dated July 5, that closed September 2015. The April 17, 2015 financing was not completed and was subsequently cancelled.

Bayhorse Silver Inc. is a junior exploration company that is earning an 80% interest in the historic Bayhorse Silver Mine in Oregon, USA, that has the potential for a substantial silver discovery, and is earning a 75% interest in the past producing Bridging the Gap Project, consisting of ASARCO's historic Crown Point, Silver King, Ranger, Wyoming, Curlew, and Blackhawk silver/lead/zinc mines. The Company has an experienced management and technical team with extensive exploration expertise. This News Release has been prepared on behalf of the Bayhorse Silver Inc. Board of Directors, which accepts full responsibility for its contents.

The technical content of this press release has been reviewed by Dr. S. A. Jackson, PGeo., a Qualified Person and Technical Advisor to the Company

On Behalf of the Board

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