Form 45-106F1
Report of Exempt Distribution

Except in British Columbia, this is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution. In British Columbia, the required form is Form 45-106F6.

ISSUER INFORMATION

Item 1: **State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.**

BAYHORSE SILVER INC.
137 Ranelagh Avenue
Burnaby, BC V6B 3N2
Telephone: (604) 684-3394

Item 2: **State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.**

The Issuer is a reporting issuer in British Columbia, Alberta and Ontario.

Item 3: **Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.**

- ☐ Bio-tech
- Financial Services
  - ☐ investment companies and funds
  - ☐ mortgage investment companies
- ☐ Forestry
- ☐ Hi-tech
- ☐ Industrial
- Mining
  - ☒ exploration/development
  - ☐ production
- ☐ Oil and gas
- ☐ Real estate
- ☐ Utilities
- ☐ Other (describe)

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DETAILS OF DISTRIBUTION

Item 4: **Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.**

Item 5: **State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.**

(1) *May 18, 2016*

(2) *May 20, 2016*

Item 6: **For each security distributed:**

(a) describe the type of security,

(1) *Common Shares*

(2) *Convertible Debenture Units and Share Purchase Warrants*

(a) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

(1) *86,956 Common Shares*

(2) *5 Convertible Debenture Units for US$5,000 each ("Debenture") and 100,000 share purchase warrants ("Warrants").*

The Debentures are for a three year term and bear interest at a rate of 12% percent per annum, payable bi-annually in arrears. Additionally, at the election of the holder, the Debenture is convertible into common shares of the Issuer at C$0.125 cents per share or, conditional upon notification by the Issuer 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 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.

The Issuer may, twelve months after the date of issue, elect to redeem the 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, with each Warrant being exercisable into one common shares of the Issuer at a price of C$0.25 per share for a term of three years from the date of issuance.

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 Issuer 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.

(b) state the exemptions relied on.

S. 2.3 of NI 45-106

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of Purchasers	Price per security (Canadian $)	Total dollar value raised from purchasers in the jurisdiction (Canadian $)
Alberta	*1*	*$0.115*	*$9,999.94*
Yukon Territories	*5*	*$6,450*	*$32,250.00*
Total number of Purchasers	***6***		
Total dollar value of distribution in all jurisdictions (Canadian $)			***$42,249.94***

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

COMMISSIONS AND FINDER'S FEES

ITEM 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian $)	Securities			Total dollar value of compensation (Canadian $)
		Number and type of securities issued (1)	Price per security	Exemption relied on and date of distribution	
Canaccord Genuity Corp. 2200 – 609 Granville St. Vancouver, BC V7Y 1H2	*$2,257.50*	*1,750 Share Purchase Warrants*	*N/A*	*s. 2.3 of NI 45-106*	*$2,257.50*

(1) Each share purchase warrant entitles the holder to pruchase one additional common share at a price of $0.25 per share, for a period of three years from the date of issuance.

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: **May 25, 2016**

BAYHORSE SILVER INC.
Name of issuer (please print)

Graeme O'Neill, President & CEO (604) 684-3394
Print name, title and telephone number of person signing

/s/ Graeme O'Neill
Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

Donna M. Moroney
Wiklow Corporate Services Inc.
604.696.4236

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

NOTICE – COLLECTION AND USE OF PERSONAL INFORMATION

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.