



BAYHORSE SILVER INC.

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MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2025

Accompanying the December 31, 2025 Consolidated Financial Statements

This Management's Discussion & Analysis ("MD&A"), prepared as of April 24, 2026, is intended to be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025 and related notes thereto which have been reported in Canadian dollars (unless noted otherwise), and prepared in accordance with IFRS Accounting Standards ("IFRS"). Amounts in this MD&A are stated in Canadian dollars unless noted otherwise.

This discussion relates to the operations of Bayhorse Silver Inc. (the "**Company**"), during the period up to the date of this MD&A, being April 24, 2026.

Additional information, including press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") and is available under the Company's profile at www.sedarplus.ca.

OVERVIEW

Bayhorse Silver Inc. was incorporated under the Canada Business Corporations Act on April 6, 2004 and continued its incorporation into British Columbia on May 3, 2010. The Company is engaged in the acquisition and exploration of mineral property interests. The Company's consolidated financial statements include the records of the Company's wholly owned US based subsidiary, Bayhorse Silver (USA) Inc. The Company is listed on the TSX-V under ticker symbol "BHS.V" as a Tier 2 mining issuer, in the USA on the OTCQB under the symbol "BHSIF", and the Frankfurt Exchange, Germany, under the symbol "7KXN".

The Company is a junior natural resource company engaged in the acquisition, exploration and development of prospective mineral properties in areas of low political risk, close to support facilities and with ready access. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly, the Company has no operating income or cash flows. As a result, the Company has relied almost exclusively upon equity and debt financing activities, which is not expected to significantly change in the immediate future.

The Company is USA focused that holds a 100% interest in both the historic Bayhorse Silver Mine in Oregon and the nearby Pegasus Project in Idaho. The Bayhorse Silver Mine hosts a significant critical and strategic mineral endowment of silver, antimony, copper and zinc that is being advancing towards production.

Once the permitting process is complete, the Company anticipates a mining rate of 200 tons per day to deliver around one million ounces of payable silver per annum. Use of a state of the art Steinert Ore-Sorter at the mine site significantly reduces waste rock with the sorted material to be trucked to the Company's 60 ton per day mill in nearby Payette County, Idaho for processing into concentrate. The Company has an offtake agreement with Ocean Partners UK Limited for this concentrate.

DISCUSSION OF OPERATIONS

Mineral Properties

Bayhorse Silver Mine Property, Oregon State

The Company owns a 100% interest in the Bayhorse Silver Mine, Oregon USA.

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

Property expenditures

As of December 31, 2025, the cumulative property expenditure incurred was US \$12.5 million.

The Company is required to make minimum advance royalty payments of US\$50,000 annually on June 26, of which the Company has completed payments up to June 2024 and has partially completed payments for June 2025. The Company is obligated to pay a net smelter royalty on all development and production ores and minerals extracted, milled, and sold from the Bayhorse Silver Mine as shown in the following table:

Value Per Ton (US\$)	NSR
\$200/per ton or less	2%
More than \$201/ton up to \$300/ton	3%
More than \$301/ton up to \$400/ton	4%
More than \$401/oz up to \$1000/ton	5%
More than \$1001/per	6.5%

Maiden Resource Estimate

In September 2018, the Company completed and filed on SEDAR+ a National Instrument 43-101 Technical Report on a Maiden Inferred Mineral Resource for the Bayhorse Silver Mine comprising 292,300 short tons at an average grade of 21.65 troy ounces per ton (opt) silver (Ag) at a cutoff of 7.5 opt Ag, for a total of 6,328,400 oz silver. Mr. Michael Dufresne, M.Sc., P.Geo., has supervised the preparation of and takes responsibility for the Mineral Resource Estimate, and is the President and a Principal of APEX Geoscience Ltd. ("Apex") Mr. Dufresne is independent of the Company and is a Qualified Person and Consultant to the Company.

An additional conceptual exploration target of 200,000 to 250,000 tons at a range of grades of 10 to 20 opt Ag for a range of 2 million to 5 million ounces of silver has been modelled. The additional exploration target is conceptual in nature, there has been insufficient exploration to define a mineral resource for the exploration target and it is uncertain if further exploration will result in the definition of additional resources.

APEX of Edmonton, Alberta has provided the Inferred Mineral Resource Estimate in Table 1 below that is primarily based upon historic underground channel sampling and drilling, supported and confirmed by recent underground sampling by APEX and Bayhorse personnel. A total of 364 channel or drill hole samples have been used in the estimate. Silver grades for composites have been capped at 135 opt, which resulted in the capping of seven composites. The resource was calculated using inverse distance squared (ID2) and all blocks intersecting the known and modelled underground workings were removed. At a lower cut-off

grade of 7.5 opt Ag, the mineralized material removed from the resource was approximately 20,700 tons at an average grade of 24.34 opt Ag for a total of 503,000 ounces of contained Ag. Based upon historic reports of mining, this is in line with what was thought to have been removed historically. The Bayhorse Silver Mine is reported to have produced at an average grade of 35 opt Ag in the 1920's, and the last time it was mined in 1984, the grades averaged 16.7 opt Ag.

Table 1: Bayhorse Inferred Mineral Resource Estimate for silver at a variety of lower cut-off grades. The current mineral resource is bolded.

Classification*	Ag Cutoff (ounces per ton - opt)**	Tonnage (in Short Tons)	Ag Grade (ounces per short ton - opt)	Ag Grade (parts per million)***	Contained Ag*** (troy ounces)
Inferred	0	312,800	20.51	703.3	6,417,300
	2.5	305,800	20.94	718.1	6,404,100
	5	301,700	21.18	726.0	6,388,900
	7.5	292,300	21.65	742.4	6,328,400
	10	275,500	22.43	769.0	6,178,100
	12.5	253,700	23.39	801.9	5,934,000

* Inferred mineral resources are not mineral reserves. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. There has been insufficient exploration to allow for the classification of the inferred resources tabulated above as an indicated or measured mineral resource, however, it is reasonably expected that the majority of the inferred mineral resources could be upgraded to indicated mineral resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources have been classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).

** A price of \$US15/oz Ag with a conceptual underground mining and processing cost of \$100US/ton has been utilized to derive the favoured lower cut-off for Ag of 7.5 opt.

*** Grade in ppm and contained ounces may not add due to rounding.

The Company is not basing any decision to produce on a feasibility study of mineral reserves demonstrating economic and technical viability and advises there is an increased uncertainty and specific economic and technical risk of failure with any production decision. These risks include, but are not limited to, (i) a drop in price of commodities produced, namely silver, copper, lead and zinc, from the pricing used to make a production decision; (ii) failure of grades of the produced material to fall within the parameters used to make the production decision; (iii) an increase in mining costs due to changes within the mine during development and mining procedures; and (iv) metallurgical recovery changes that cannot be anticipated at the time of production.

APEX has estimated a remnant maiden inferred mineral resource for the historic Bayhorse Silver Mine utilizing a total of 364 underground channel and drill hole samples including 20 underground drill holes that have intersected or bracket mineralization. Modeled 3D geologic 'solids' were used to constrain mineralization in the block model and grades for silver were interpolated into blocks by Inverse Distance Squared (ID2). The Bayhorse Silver mineralized zone is hosted within a rhyolite that is structurally controlled along a modest dipping thrust fault. Geological 3D solids were developed using cross-sections and level plans in conjunction with modern surveys to constrain the mineralization at the historic Bayhorse Silver Mine. East and west domains were created to accommodate elevation differences in the mineralization. In both cases a rough cut-off value of about 2 opt Ag was used to define and wireframe the 3D solids.

Based upon statistical treatment of the silver data for each of the two mineralized domains capping was employed at 135 opt Ag but had little effect on the overall estimate. A 2.0 m composite length was selected

to approximate a potential underground mining height for the Bayhorse mineralized zone. In both zones, uniform down-hole composites were formed honoring the domain boundaries. Variography on the composite data was used to model prominent search directions for silver in the two domains. Silver was modeled along strike (Azimuth 099° Plunge -1° to the north), dip (Azimuth 189° Dip -18°) and across dip (Azimuth 186° Dip 72°). Separate block models were completed for each of the two remnant domains and the mined-out areas within those domains. The block model was dimensioned at 4 x 4 x 4 m with sub-blocking down to 1 x 1 x 1 m in order to fit to the mineralization solids for the Bayhorse mineralized zone. Based on available data the historic underground workings at the historic Bayhorse Mine were block modelled separately within the mineralized zone and were not included in the mineral resource estimate.

Specific gravity measurements were done on sample pulps by ALS Chemex and American Assay Laboratories based upon Archimedes methodology and resulted in 29 measurements for mineralization of different grades within the Bayhorse mineralized zone. Based upon this data blocks within the Bayhorse mineralized zone were assigned an average specific gravity of 2.80 g/cm³.

Grades for silver were interpolated into blocks by ID2 using the search ellipsoid dimensions and orientation established by variography. For the Bayhorse block models, the grade interpolation was completed in a series of passes with expanding search ellipsoids. As a verification tool for the selected ID2 block model, the composite average grades, the ID2 block model average grade and an average grade of an OK (ordinary Kriging) block model were compared along 20 m windows east - west, north - south and 5 m windows with elevation. Block grades matched the composite grades relatively well with no significant bias indicated in any of the modelled domains.

No economic evaluations have been completed on the Bayhorse mineralized zone, and as a result an economic cut-off for the mineralized zone is unknown. A number of small operating mines were surveyed and reviewed for their existing operating costs for mining and processing. It was found that a lower silver cut-off grade corresponding to 7.5 opt Ag should be adequate for the mineral resource estimation and satisfy reasonable prospects for eventual future extraction. The Ag grade was determined for each estimated block utilizing a price for silver of US\$15/oz. and 90% recovery. Conceptual mining and processing costs were estimated at \$US100 per ton of mineralized material for the purposes of establishing the lower cut-off grade for the mineral resource.

Operations Update

The Company has established through engineering and testing work that the Bayhorse Mine mineralization is amenable through X-Ray Sorting and Dense Media processing to be readily upgraded to direct shipping material.

The Company has completed the excavation of over 1,100 feet of underground haulage-ways and drifts. A secondary escape-way has been established and the necessary underground services (ventilation, water and air lines) have been installed. The Company has also completed the installation of a primary crushing circuit and the Steinert Ore-Sorter.

Since reopening the western end of the underground workings, the Company has inspected and rehabilitated a number of the historic slusher drifts that were installed by Silver King Mines in the 1980's in preparation for mining the western zone of the deposit, much of which is unmined. The historical western most workings comprise a horizontal distance of about 320 feet (~95 m) from the western end of the Big Dog Zone. The mineralization is flat lying to shallow south dipping above the main historic haulage-way for approximately 30 - 40 feet. To the north, the mineralization then appears to incline upward toward the north at approximately 45 to 70 degrees for another 60-70 feet for a total horizontal across strike width of approximately 100 feet. The southern end of the flat lying area of mineralization appears to dip to the south.

The thickness of the mineralization has historically been reported as between 20 feet to 40 feet. The Company has developed a 20-foot vertical raise from the main haulage level up into mineralization, and was still in mineralization at 30 feet. The raise and working stope is 50 feet south of, and towards what was reported by Silver King Mines as a 1,000 ton block of mineralized material. The raise and working stope are being developed in mineralized material and suggest the block identified on the historic plans 50 feet to the north may be more extensive than historically reported. The Company has extracted a bulk sample from the raise and stope in excess of 1,200 tons of mineralized material already from this zone and has stored it on the all-weather pad.

Samples taken from the extracted material have been assayed and the Company has received assay results from metallurgical samples conducted by Met-solve Metallurgical Labs of Langley, BC. Three 8 kg (17lb) metallurgical samples were taken from a homogenous 50 kg channel sample. From each 8kg sample, three 0.7 kg (1.5 lbs) were taken and submitted for assay and the results were 175.3 oz/t Ag (5,452.42 g/t), 166.6 oz/t Ag (5,175.60 g/t), and 169.7 oz/t Ag (5,278.25 g/t) per ton, respectively. Two duplicates from the same sample group as well as a further sample from a separate channel sample were also submitted for assay. The two duplicate samples assayed 186.2 oz/t Ag (5791.47 g/t) and 147 oz/t Ag (4,572 g/t) respectively, while the third sample assayed 91.2 oz/t Ag (2,836.63 g/t).

The Company has produced the first refined silver from a 25 kg sample taken from a 10 foot by 2.5 foot by 3 inch thick panel of the Big Dog Zone vein. This first bar contained 37.69 ounces (1.172 kg) of .9999 fine silver and was produced by Mineral Solutions LLC and Liberty Refiners of Coeur d Alene Idaho in February 2019.

Drilling in March 2022 directly above and to the north of the main mine haulage way, and adjacent to the historic access to the Goldilocks mineralized zone, has identified a 3.5 meter (12 ft) intersection averaging 24.65 oz/t (766 g/t) silver that is located 3 meters (10 feet) east of a historic 24.5 meter (80 ft) raise. This mineralization rises at a 45 – 50 degree angle to the north and is between 2.5 – 3.0 meters (6 – 8 ft) thick. This intersection confirms the high grade mineralization in the Goldilocks zone reported in 1984 when the mine was shut down due to low silver prices (<\$5.00/oz). This intersection appears to demonstrate a solid zone of mineable, high grade mineralization (each square on the above illustration is 5 meters (16.5 ft) that is open to the north, east, and west. This zone will provide immediate high grade mill feed. Assays of material from the top of the raise reached as high as 100 oz/t silver in mined rounds (approx. 70 tons/round)

In March 2022, drill hole BHDD-019 intersected 2.9 meters (9.5 feet) of anomalous gold up hole from 30.5 feet to 40 feet (9.3 – 12.2 meters) including the 1.71 ppm Au sample from 37 to 40 ft. (11.3 – 12.2 meters). The gold intersection is located in the upper Goldilocks Zone at the extreme western end of the Mine development, where 100 feet (30 meters) to the east, during its 1984 mining operations, Silver King Mines reported silver grades in mined rounds (between 50 and 70 tons) of 100 ounces per ton. While Silver King reported mining gold grades of up to 10 g/t, the historic records did not identify in which part of the workings the gold was mined, this gold intersection indicates it was probably in this section of the mine.

The first development stope working face at the Big Dog Zone has exposed a 2.5 foot wide, and 10 foot high seam of high grade silver mineralization from the floor of the working face to the back, and is open to both depth and elevation. The current stope working face has been panel sampled across and down the face prior to blasting, returning combined silver assays of 1,642 g/t (54.8 oz/t). Two prior faces sampled before blasting returned 549 g/t (17.65 oz/t) and 112.6 g/t (3.63 oz/t) respectively. Panel samples are considered select samples and may not represent actual mined silver grades.

A geological structural review by Dr. Clay Conway in April 2022 of the mineralized system deep inside the historic mine at the Big Dog and Goldilocks Zones indicated strongly altered andesite and locally richly mineralized rhyolite are interlensed as 'fault slices' in the complex Sunshine thrust fault zone. Historically mined Ag-rich mineralization has been taken from rich pockets in the fault zone which may be considered

to have been a controlling factor for the mineralization. The Sunshine thrust zone is more than 63 feet thick in the Goldilocks area; the bottom is seen but not the top; and an inaccessible raise extends another 25 feet higher. In comparison, the mineralized fault zone at the Sunshine stope near the historical upper adit, is about 20 feet thick. The large proportion of rhyolite (greater than 60%) in the thick fault zone of the Goldilocks area, at the far western end of the mine, indicates there is strong potential for further westward extension of silver mineralization. In sampling from the Goldilocks zone, silver is as high as 145 ounces/tonne (4,500 grams/tonne). Mineralization here is similar to, and continuous with, the historically extensively stoped Big Dog zone. Grab samples taken during the review at the Big Dog zone returned 218.2 oz/t (6,786.76 g/t) and 30.17 oz/t (938.4 g/t) silver respectively, while a Goldilocks sample returned 145.05 oz/t (4,511.5 g/t) silver. The reader is cautioned that chip, channel and panel samples are considered select samples that may not be reflective of average or mined grades.

The Company completed the Geotech Ltd. helicopter-borne VTEM and Horizontal Magnetic Gradiometer Geophysical Survey over its Bayhorse Silver Mine. Resistivity data from the survey show two pronounced low-resistivity anomalies. The anomaly extends from beneath the Company's silver/copper rich Bayhorse Silver Mine in Oregon, and extends northward for over 5,000 ft (1.5km) and is open to the north.

The Company completed IP surveys in March 2025 and January 2026. The IP survey results have generated four near mine targets (CR1, CR2, CR3, MW2) that the Company believes can add significantly to the project's mineral inventory as well as a deep target for later evaluation. Additional IP layers and analysis indicate the strong possibility of mineralized material both above and below the current mine workings over 300m (1000 feet) of vertical extent. They are allowing the Company to develop a new three dimensional model of the geological structures surrounding the Bayhorse Mine and the Company's increased drilling objective is to further refine its understanding of the extent, structure and mineralization of the Bayhorse silver endowment and to increase inferred ounces to the Company's National Instrument 43-101 Mineral Resource Estimate of 292,300 tons at a grade of 21.65 opt (673 g/t) for 6.3 million ounces of silver (Turner et al. 2018) and to determine whether inferred ounces can be brought to an indicated category.

While the upper portion of CR1 coincides with the historic and current underground mine workings including the Big Dog and Goldilocks mineralized zones that will be initially targeted for mining operations upon receipt of the Operating Permit, the analysis shows the low-resistivity features extend at least 840 m (2755 ft) above sea level ("ASL") and 97 m (320 ft) above the current mine workings at the main portal level of 707 m (2320 ft) and extending down to 200 m (656 ft) below the main portal and 507 m (1663 ft) ASL.

CR-2 lies approximately 200 m (656 ft) 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.

One of these targets was intersected by groundwater test well MW2 at a depth of between 22 m and 33.5 m (72 -110 ft) from surface with a 3 m (10 ft) intersection of 1.5 m (5 ft) grading an average of 1104 g/t (35.46 opt) silver and 1.5 m (5 ft) averaging 770 g/t (23.12 opt) silver. This intersection lies at an elevation of 667 m (2190 ft) ASL and 91 m (300 ft) NE and 60 m (200 ft) lower than the historic, mined, Sunshine Stope at an elevation of 728 m (2390 ft) ASL.

The Company is executing an aggressive drill program for 2026 to expand and upgrade the existing NI 43-101 compliant mineral resource while continuing to advance the permitting process with receipt of the Full Operating Permit anticipated in the first half of 2027.

The Bayhorse exploration model holds that the silver/copper rich mineralized rhyolite at the Bayhorse Silver Mine could have its source in underlying shallow granites that may be conductive porphyry copper bodies as reflected by the low-resistivity anomalies (Conway, 2024).

The Company's milling and silver flotation circuit is located at its purchased 1-acre site of industrial land in Payette, Idaho. The capacity of the circuit at 50-60 ton/day, has been increased to allow for processing at an "as mined" tonnage of 200 tons per day from the Bayhorse Silver Mine. The Company's metallurgical testing has achieved 87% silver recovery, with the expectation the recoveries will reach 90%.

The Company has been in discussions with various independent operators at other nearby mines to process their mainly gold production, at the Bayhorse Mill. The Company intends to seek JV's with some of these independent operators and will increase the Mill capacity as required.

The Company has conducted extensive metallurgical work at Met-solve Metallurgical Labs of Langley, BC on a high grade sample from the Bayhorse Silver Mine to establish a smelter concentrate. A select 62.52 kg sample was milled and subjected to a known standard open circuit batch concentration process whereby a gravity concentrate is made and the middling gravity recovery would normally be resented through the milling circuit for further gravity upgrading. The subsequent mineralized tails are subjected to further gravity recovery and flotation to create an overall concentrate. On a weighted average basis, the first gravity concentrate yielded 9,171.5 grams that contained 19,512.9 g/t (570.30 oz/short ton) silver, 25.9% copper, 14% antimony, 12.4% zinc, 4.1% arsenic, and 6.2% silica. The partial results are tabulated below.

Concentrate	Weight grams	Ag g/tonne	Ag oz/short ton	Cu %	Zn %	Sb %	As %	Si %
Weighted Avg	9,171.50	19,512.00	570.30	25.90	12.40	14.17 *	4.10	6.2

(*Antimony is over limit by the assay method and should be viewed as approximate)

While normally the middlings of 7.63 kg would be recirculated through the mill to create additional gravity concentrate, in this instance the middlings are already of direct shipping grade of 10,443 g/t (313.97 oz/st) and are added directly to the gravity concentrate without further concentration. Silver recovery was 27.8% to gravity concentrate, rising to 40.6% when middlings are added to give an average grade of 15,528 g/t (439.7 oz/t). The table gravity tails of 45.7 kg, (73.1%) containing 59.4% of the silver, also of direct shipping grade, were subjected to additional recovery analysis using a Falcon Concentrator plus flotation. Three passes of the Falcon Concentrator gave similar results of 11,646 g/t (340.4 oz/t) indicating more passes would recover more silver. This gave a preliminary silver recovery of 67.9%. A separate sample of the high grade table tailings was subjected to flotation at starvation reagent levels. 45.3% of the residual silver was recovered at a grade of 13,450 g/t (393.4 oz/t), which is equivalent to a combined gravity and flotation silver recovery of 67.2%. The resultant concentrate analysis will give an indication of overall recovery. Concentrate test work is ongoing.

The results as shown are not indicative of actual mining grades. The analytical method for silver analysis consists of 1 Assay Ton (AT) samples subjected to fire assay with gravimetric finish. Base metal assays for the samples were subjected to an ICP MS35 element, four acid digestion assay.

As part of the extensive metallurgical work on mineralization from the Bayhorse Silver Mine, the Company has received assay results on the Ore-Sorter rejects as noted in the table below. A 35 kg sample of Ore-Sorted material at a crush size of ¾ inch minus size, and screened to plus 8 mm, was split, and a 250g assay sample was taken to establish working grades of the rejected material.

The low silver level of 15 g/t, or 0.42 oz/short ton silver in the rejected material demonstrates the highly selective nature of the Ore-Sorter. The Ore-Sorter has achieved reduction of the as-mined tonnage by up to 90-95% above 8 mm. Everything over 8 mm (0.32 Inch) of the as-mined material goes through the Ore-Sorter, while all mineralized material under 8 mm (0.32 in) by-passes the Ore-Sorter and goes directly to milling.

	Ag g/tonne	Ag oz short ton	Cu %	Zn %	Sb %	As %	Pb%
Ore-Sorter Rejects	15.00	0.42	0.047	0.15	0.12	0.011	<0.01

The milling and gravity concentration program conducted by Met-solve Metallurgical Labs of Langley, BC, was supervised by Consulting Metallurgist, John Fox.

The Company submitted its Full Operating Permit Application for the Bayhorse Silver Mine to the Oregon Department of Geological and Mining Industries ("DOGAMI") in mid-January 2023. The Full Operating Permit is required for the Company to increase mining extraction above the 5,000 cu/yds permitted per year under the exemptions. The Company has received its first formal response from DOGAMI, that includes, among other things, a notice that based upon their GIS interpretation, the Company has exceeded its 1 acre surface disturbance. The Company was allowed to operate under the 1 acre surface disturbance and 5,000 cu/yds exemption without an operating permit. Due to exceeding the permitted 1 acre surface disturbance, DOGAMI has formally advised that the Company is restricted from conducting mining operations at the Bayhorse Mine until a Full Operating Permit is issued by DOGAMI. A Full Operating Permit will allow the Company to mine above the 5,000 cu/yds per year it has been restricted to. The Company is currently working with DOGAMI to address all concerns.

The Company is required to submit a number of baseline studies to DOGAMI in support of its application. These baseline studies include vegetation, soil/overburden, climate/air quality/ precipitation (including modeling 100-year, 24-hour precipitation event), fish/aquatic biology, wildlife (terrestrial/avian), surface water, groundwater, area seismicity, geology and geographic hazards, mineralogy and chemistry and noise. The Company has completed the installation of three groundwater test wells as the final part of its baseline studies required for the Company's full Mine Operating Permit. The groundwater testing requires the installation of three test wells on the Bayhorse property. The test wells were installed under the direction and supervision of HDR Engineering, of Boise, Idaho, through a ground water test plan approved by DOGAMI. The Company has purchased pumping equipment for the test water wells for installation and will resume testing when they are installed.

Leach Testing

Mineralized material was submitted to Metals US, of Missoula, Montana, for leach testing to establish whether silver and the secondary metals (copper, zinc, antimony, lead) can be recovered more economically than via flotation by using their Total Metals Recovery Process. Test results received from Metals US indicate near total silver recovery from the recent two stage leaching test program conducted for the Company. In the leaching test (hydrometallurgical process) on 25 kg of Bayhorse Silver Mine mineralized material grading 25.6 oz/ton (796 g/ton) silver, near total recovery of the silver was achieved as shown in the table below. Using ion exchange purification and reduction, the resultant silver can be formed into pure silver bars.

Summary of 2 Stage Silver leach results		ppm Ag
Head assay	grams Ag/ton	796
Tails after leaching	grams Ag/ton	< 2
Ag in leach solutions	grams Ag/ton	792

The leach testing of the Bayhorse silver run of mine mill feed, concentrate and flotation tails at SGS Australia using the advanced leaching techniques developed by Clean Earth Technologies of Singapore, in conjunction with CSIRO, Australia has ceased because the results were not favourable.

Pegasus Project, Idaho

The Bayhorse Pegasus Project lies one half mile east of the Bayhorse Silver Mine in Oregon and comprises 103 claims of approximately four square miles in Sections 16, 17, 20, 21, 22, 28 and 29 of T13N R7W, in Washington County, Idaho. The Bayhorse Silver Mine and the Pegasus Project are 44 km southwest of Hercules Silver Corp.'s porphyry copper discovery. Both areas have similar geological settings with silver mineralization, including significant copper, antimony, and zinc credits. A review of Bureau of Land Management ("BLM") files shows Barrick Gold Exploration has staked ground in Section 14 of the same Township, as close as one mile east of the Bayhorse Pegasus Idaho claims.

The Company completed its geological mapping program at Pegasus. There are a number of small intrusive rhyolite bodies in the Pegasus claim group area. The mineralized aphanitic rhyolite in the western part of the area extends westward across the Brownlee Reservoir to the Bayhorse mine in Oregon where it is spatially and apparently genetically related to silver mineralization. Geologic mapping has outlined a stratigraphic succession with significant fault offsets. Mineralization associated with rhyolite has been identified, which is correlative with the mineralization at the Bayhorse mine.

The rhyolite bodies in the Pegasus area intrude the Weatherby Formation. A rhyolite tuff in the lower part of the Weatherby in the Mineral district has been dated at 180.7 million years by Northrup and others (2011). Also in the Mineral district, rhyolite and rhyodacite of the upper member of the Huntington Formation have yielded three dates at 187 million years (Ware and others, 2022). These numbers would require that the rhyolite intrusion and associated silver mineralization of the Bayhorse/Pegasus area cannot be older than 187 million years and likely no older than 180 million years. The younger age limit of rhyolite magmatism and silver mineralization is not at present constrained, but it is most likely Jurassic. If the model holds that silver mineralization and porphyry copper mineralization are co-genetic then these same age constraints hold for porphyry copper.

In January 2024, the Company completed the Geotech Ltd. helicopter-borne VTEM and Horizontal Magnetic Gradiometer Geophysical Survey over its Bayhorse Silver Mine Property in Oregon and the Pegasus Project in Idaho, USA. This survey showed the presence of three significant magnetic anomalies, within an area 1.8 km by 1.2 km (1.13 miles by 0.75 miles) in the northern section of the property from where the "Low Resistivity" signatures were identified.

There are possibly two different mineralized targets on the newly acquired Pegasus Project claims. A Bayhorse Mine style silver rich massive sulphide target related to the strong magnetic signatures and a possibly Hercules Silver-type copper porphyry target marked by the strong minimal Resistivity results.

Two silver exploration targets, BGP_T1 and BGP_T2 have been identified. BGP_T1 covers the western half of the Bayhorse Silver Mine while BGP_T2 is located in the NE region of the Pegasus Project. A helicopter based survey of the entire property was conducted and is being used to review potential alternative drill site locations and identification of drill water sources for an up to 3,000 meter (10,000 ft) diamond drill program targeting depths of up to 550 meters (1800 ft) at the Pegasus Project.

In January 2026, the Company completed the Pegasus IP survey, which confirmed the presence of high chargeability, highly conductive and low resistivity targets lying in the southern half of the almost 4 square miles. The area mapping by Dr. Conway showed the expected silver/antimony/copper/zinc mineralization as well as anomalous gold.

The Pegasus IP/AMT results compare favorably with the earlier VTEM results showing the low resistivity areas that extend 1 km or more along strike and at least 550 m down to sea level. This anomaly may mark

an eastward extension of the Bayhorse Mine silver-rich mineralization because initial indications from the IP/AMT survey show strong similarities to that at the Bayhorse Mine.

The Geophysicists Interpretation Report states that the AMT model shows conductive zones extending beneath a conductive surface layer that is 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 Mine mineralized response. Thus, the Pegasus grid exhibits several geophysical features analogous to those observed at the Bayhorse Mine, including similarly oriented resistivity lineaments and chargeability anomalies beneath resistive surface zones.

Recommended follow-up work at Pegasus includes:

- Explore the southern-central target area, where resistive surface units overlie elevated chargeability at depth.
- Extend DCIP and AMT survey coverage to better constrain the significant anomalies at the current grid boundaries and expand the grid to search for additional targets.
- Integrate structural interpretation to identify thrusts, splays, and potential rhyolite-related structures.
- Complete the remaining part of the planned grid to the north.

The Bayhorse Mine Rhyolite, that host the Bayhorse Mine mineralization, extends from the Bayhorse Mine on the west bank of the Snake River in Oregon, across to the Pegasus Property into Idaho and extends a minimum 45 km to Mt. Cuddy in the north, where Hercules Metals is drilling their porphyry copper discovery.

The Pegasus exploration model holds that the mineralized rhyolite could have its source in underlying shallow granites that may have porphyry copper potential as reflected by the low-resistivity anomalies. Pronounced low-resistivity anomalies lie beneath the mineralized rhyolite at both the Bayhorse Mine and at the Hercules Metals Corp's property lying 45 km north of Pegasus. On January 15, 2025, Hercules reported drilling into a similar breccia in hole HER-24-20, which intersected rich copper-gold porphyry-style mineralization.

A further IP survey will be conducted on the northern section of the Pegasus Property as soon as weather permits. Initial exploration drilling is planned on the five identified Pegasus drill targets, and further drilling will occur following positive results.

Work Program For 2026

The Company plans the following work program for 2026:

- Commence up to 10 diamond drill holes for a 2,000 m (6,600 ft) underground drill program targeting IP anomalies CR-1, CR-2 and CR-3 and two IP targets (MR-1 and Deep-1) that lie east of and below the inferred resource area.
- Complete a further IP survey on the northern section of the Pegasus Property.
- Completing the final Bayhorse Mine groundwater baseline study for the Full Mine Operating Permit application.

- Conduct the approved, underground 25 ton “run of mine” metallurgical bulk sample.
- Complete milling and floating the existing “sorted and upgraded” mine development material at its Payette, Idaho, flotation mill.
- Subject to the results of the underground bulk sample, the planned underground drilling, upgrade the current NI-43-101 inferred silver resource and include antimony, copper and zinc values, as with the 99.9% antimony leach results.

Brandywine, British Columbia

On April 5, 2019, the Company entered into a letter of intent for an Option Agreement to acquire an 80% interest in the Brandywine precious metals-rich, volcanogenic massive sulfide deposit located near Squamish, BC from Turnagain Resources of Richmond, BC.

On March 20, 2025, the Company and Turnagain Resources mutually agreed to terminate the Option Agreement and the Company no longer has any interest or further obligations related thereto.

MINERAL PROPERTY AND EXPLORATION EXPENSES BY PROPERTY

Mineral expenses by property in Canadian dollars for the years ended December 31, 2025 and 2024 are as follows:

	Year Ended December 31, 2025			
	Bayhorse	Brandywine	Pegasus	Total
	\$	\$	\$	\$
Access rights	-	-	5,536	5,536
Acquisition and holding costs	13,781	-	29,251	43,032
Assays and analysis	20,825	-	-	20,825
Depreciation	274,080	-	-	274,080
Drilling	46,975	-	-	46,975
Equipment & other rentals	111,467	-	53,536	165,003
Geological	133,997	2,942	10,489	147,428
Labour	277,686	-	45,127	322,813
Mining claims	78	-	12,537	12,615
Project management	78,000	6,000	60,000	144,000
Supplies	49,487	-	6,288	55,775
Technical	111,238	-	136,446	247,684
Travel and accommodation	90,854	-	37,428	128,282
Miscellaneous	18,897	-	-	18,897
	1,227,365	8,942	396,638	1,632,945

Year Ended December 31, 2024

	Bayhorse	Brandywine	Pegasus	Total
	\$	\$	\$	\$
Acquisition and holding costs	811,932	-	68,417	880,349
Assays and analysis	18,223	1,777	11,548	31,548
Depreciation	274,674	-	-	274,674
Drilling	89,994	-	-	89,994
Equipment & other rentals	50,420	-	3,848	54,268
Geological	27,141	7,305	141,976	176,422
Labour	194,253	-	23,789	218,042
Mining claims	-	-	34,138	34,138
Project management	65,000	35,000	35,000	135,000
Property preparation	15,624	-	14,600	30,224
Supplies	50,700	67	864	51,631
Technical	50,833	-	84,305	135,138
Travel and accommodation	94,504	1,934	24,067	120,505
Miscellaneous	10,536	-	-	10,536
	1,753,834	46,083	442,552	2,242,469

SUMMARY OF ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the periods indicated. The information set forth in the table should be read in conjunction with the audited financial statements and notes, prepared in accordance with IFRS for the periods indicated.

	Year ended December 31, 2025 (\$)	Year ended December 31, 2024 (\$)	Year ended December 31, 2023 (\$)
Operations:			
Revenues	nil	nil	nil
Net loss	(5,392,126)	(3,988,279)	(2,025,043)
Net loss per share (basic and diluted)	(0.02)	(0.01)	(0.01)
Cash used in operating activities	(2,106,719)	(1,250,136)	(633,212)
Statement of financial position:			
Total assets	2,099,122	2,557,282	2,516,397

Net loss – The net loss for the year ended December 31, 2025, increased compared to December 31, 2024, mainly due to an increase in financing fees and decrease in rental income, which was offset by a decrease in exploration expenses. The net loss for the year ended December 31, 2024, increased compared to December 31, 2023, due mainly to increased exploration expense and financing fees partially offset by rental income.

Cash used in operating activities – The increase of cash used in operating activities for the year ended December 31, 2025, compared to December 31, 2024, was primarily due to increased payments made on accounts payable and decrease of rental income. The increase of cash used in operating activities for the year ended December 31, 2024, compared to December 31, 2023, was primarily due to an increase in expenditures for mineral properties.

Total assets – The decrease in total assets for the year ended December 31, 2025, compared to the year ended December 31, 2024, was primarily due to depreciation taken on property and equipment and decreases in cash and accounts receivable. The increase in total assets for the year ended December 31, 2024, compared to December 31, 2023, was primarily due to an increase in cash and prepaid expenses due to an increase in advance royalty payments and prepayment of certain exploration expenses.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

A summary of the last eight quarterly financial results is as follows:

Three Months Ended	General administrative expenses (\$)	Exploration Expenses (\$)	Net Loss (\$)	Loss per Share (\$)
December 31, 2025	3,123,133	619,438	(3,725,596)	(0.01)
September 30, 2025	276,273	267,927	(462,926)	(0.00)
June 30, 2025	92,662	188,143	(146,986)	(0.00)
March 31, 2025	630,953	557,437	(1,056,618)	(0.00)
December 31, 2024	368,506	741,997	(966,135)	(0.00)
September 30, 2024	981,756	708,106	(1,588,549)	(0.01)
June 30, 2024	457,320	470,037	(797,044)	(0.00)
March 31, 2024	444,772	322,329	(636,551)	(0.00)

General administrative expenses decreased for the quarter June 30, 2025, mainly due to a decrease in financing fees and a recovery due to foreign exchange. General administrative expenses increased for the quarters ended September 30, 2024 and March 31, 2025, mainly due to increased financing fees from warrant modifications. General administrative expenses increased for the quarter ended December 31, 2025, mainly due to costs associated with warrant modifications and stock option grants.

The increase in exploration expenses for the quarters ended September 30, 2024, to March 31, 2025 and December 31, 2025, was mainly due to increased work conducted at the Bayhorse mine and the addition of the Pegasus project to the Company's mineral properties. The decrease in exploration expenses for the quarters ended June 30, 2025 and September 30, 2025, was mainly due to the termination of the Option Agreement for the Brandywine property and work reductions at the Bayhorse mine and Pegasus project.

RESULTS OF OPERATIONS

The following table sets forth expense items with variances between the three and twelve months ended December 31, 2025 and 2024:

	Three months ended			Twelve months ended		
	December 31, 2025	December 31, 2024	increase/ (decrease)	December 31, 2025	December 31, 2024	increase/ (decrease)
	\$	\$	\$	\$	\$	\$
Mineral property costs	619,438	741,997	(122,559)	1,632,945	2,242,469	(609,524)
Expenses						
Communications	10,230	13,515	(3,285)	68,419	61,400	7,019
Financing fees and interest expense	2,624,380	118,455	2,505,925	3,153,139	1,213,472	1,939,667
Foreign exchange and bank charges	(3,591)	56,509	(60,100)	(54,430)	103,351	(157,781)
Insurance	8,373	6,012	2,361	24,607	24,059	548
Management fees	23,000	18,000	5,000	77,000	81,000	(4,000)
Office and other	16,569	15,765	804	67,179	62,422	4,757
Office rent	3,000	3,000	-	12,000	12,000	-
Professional fees	163,628	64,754	98,874	362,221	273,579	88,642
Share-based compensation	254,760	56,219	198,541	346,600	367,609	(21,009)
Transfer, listing and filing fees	11,122	13,268	(2,146)	48,224	47,430	794
Travel	11,662	3,009	8,653	18,062	6,032	12,030
	(3,123,133)	(368,506)	(2,754,627)	(4,123,021)	(2,252,354)	(1,870,667)
Loss before other items	(3,742,571)	(1,110,503)	(2,632,068)	(5,755,966)	(4,494,823)	(1,261,143)

Three Months Ended December 31, 2025

Exploration expenditures decreased for the 2025 period compared to the 2024 period mainly due to work reductions at the Bayhorse mine and Pegasus project in 2025 in comparison to 2024. There was increased technical work conducted at the Pegasus project in 2024.

Financing fees increased for the 2025 period compared to the 2024 due to the higher incremental value for warrants modified in 2025 in comparison to 2024.

Foreign exchange, interest and bank charges decreased for the 2025 period compared to the 2024 period primarily due to exchange rate changes of the US dollar vis-à-vis the Canadian dollar as the Company's convertible debentures are denominated in US dollars.

Professional fees increased for the 2025 period compared to the 2024 period due to a one-time compensation granted to management in 2025 in comparison to 2024.

Share-based compensation increased for the 2025 period compared to the 2024 period due to more options being granted in the 2025 period in comparison the 2024 period.

Travel increased for the 2025 period compared to the 2024 period due to more site visits by management in 2025 in comparison to 2024.

During the three months ended December 31, 2025, the Company recorded rental income of \$nil compared to rental income of \$137,309 during the three months ended December 31, 2024, from the rental of its X-Ray Sorter. The X-Ray Sorter lease ended on August 31, 2025.

Year Ended December 31, 2025

Exploration expenditures decreased for the 2025 period compared to the 2024 period mainly due to work reductions at the Bayhorse mine and Pegasus project in 2025 in comparison to 2024. There was increased technical work conducted at the Pegasus project in 2024.

Communications expenses increased for the 2025 period compared to the 2024 period mainly because the Company increased its communications to shareholders in 2025 in comparison to 2024.

Financing fees increased for the 2025 period compared to the 2024 period due to the higher incremental value recorded for warrants modified in 2025 in comparison to 2024.

Foreign exchange, interest and bank charges decreased for the 2025 period compared to the 2024 period primarily due to exchange rate changes of the US dollar vis-à-vis the Canadian dollar as the Company's convertible debentures are denominated in US dollars.

Professional fees increased for the 2025 period compared to the 2024 period due to a one-time compensation granted to management in 2025 in comparison to 2024.

Share-based compensation decreased for the 2025 period compared to the 2024 period due to the granting of fewer options with lower incremental values in 2025 in comparison to 2024.

Travel increased for the 2025 period compared to the 2024 period due to more site visits by management in 2025 in comparison to 2024.



During the year ended December 31, 2025, the company recorded rental income of \$364,406 compared to rental income of \$534,222 during the year ended December 31, 2024, from the rental of its X-Ray Sorter. The X-Ray Sorter lease ended on August 31, 2025.

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Working Capital and Cash

The Company's cash decreased by \$136,326 from \$568,130 to \$431,804 during the year ended December 31, 2025.

Cash used in operations of \$2,106,719 during the year ended December 31, 2025, was mainly due to exploration expenses.

During the year ended December 31, 2025, the Company received gross proceeds of \$2,051,010 from private placements and exercise of options and warrants and recorded rental income of \$364,406.

Going Concern

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity and debt markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

The Company is in the mineral exploration and development business and is exposed to a number of risks and uncertainties inherent to the mineral resource industry. This activity is capital intensive at all stages and subject to fluctuations in metal prices, market sentiment, currencies, inflation and other risks. The Company currently has no source of material revenues and relies primarily on equity and debt financings to fund its exploration, development and administrative activities. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The current severe recessionary credit conditions have significantly limited the Company's ability to raise financing through its usual methods and if these conditions persist, they will materially decrease the Company's liquidity and capital resources.

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern" which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At December 31, 2025, the Company had a working capital deficit of \$734,394 (2024 – \$1,109,390), an accumulated deficit of \$50,849,658 (2024 – \$45,457,532), had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended December 31, 2025, the Company reported a loss and comprehensive loss of \$5,392,126 (2024 – \$3,988,279). The Company does not have sufficient funds to meet its committed obligations for the next twelve months from December 31, 2025. These circumstances comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent on equity and debt financings to fund its operations. The recoverability of the underlying value of assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain

the necessary financing to complete development, and future profitable production. These circumstances comprise a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's consolidated financial statements for the year ended December 31, 2025 do not reflect adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

Capital Management

The Company manages its capital structure, being its share capital, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. At December 31, 2025, the Company had share capital of \$32,201,423 and debentures of \$390,621. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Planning, annual budgeting, cash flow forecasting and implementing controls over major investment decisions are primary tools used to manage the Company's capital.

The Company's investment policy is to hold cash in interest bearing bank accounts.

The Company currently has no source of revenues. During the year ended December 31, 2025, the Company recorded \$364,406 (2024 – \$534,222) of rental income from its leasing activities. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

Contractual Obligations

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

	2026	2027	2028	2029	2030	Total
Accounts payable and accrued liabilities	\$ 1,463,264	\$ -	\$ -	\$ -	\$ -	\$ 1,463,264
Advance royalty payment obligations*	82,236	68,530	68,530	68,530	68,530	356,356
Consulting agreement obligations	297,600	168,000	60,000	60,000	60,000	645,600
Convertible debentures**	390,621	-	-	-	-	390,621
	\$ 2,233,721	\$ 236,530	\$ 128,530	\$ 128,530	\$ 128,530	\$ 2,855,841

* Represents advance royalty payments for the Bayhorse mineral property.

** The amount represents the actual face value of the debt obligation as at December 31, 2025.

	One time payment
CFO *	\$ 300,000
President **	120,000
CEO ***	432,000
Controller ****	132,000
	\$ 984,000

* The consulting obligation shall be payable to the CFO if the Company elects to continue with the contract on an ongoing basis. The contract has a two year's lump sum termination clause with a total commitment of \$300,000.

** The consulting obligation shall be payable to the President if the Company elects to continue with the contract on an ongoing basis. The contract has a two year's lump sum change of control clause with a total commitment of \$120,000.

*** The consulting obligation shall be payable to the CEO if the Company elects to continue with the contract on an ongoing basis. The contract has a two year's lump sum termination clause with a total commitment of \$432,000.

**** The consulting obligation shall be payable to the Controller if the Company elects to continue with the contract on an ongoing basis. The contract has a two year's lump sum termination clause with a total commitment of \$132,000.

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

Flow-through shares

During the year ended December 31, 2025, the Company recorded penalties and interest on late payment of the Part XII.6 tax of \$8,000 (2024 – \$569). As at December 31, 2025, the Company had total Part XII.6 payable of \$141,330 (December 31, 2024 – \$133,330).

Subsequent Events

Subsequent to December 31, 2025:

- (a) A total of 880,000 options with an exercise price of \$0.125 expired unexercised.
- (b) A total of 2,655,660 warrants were exercised with an exercise price ranging from \$0.06 to \$0.10 for gross proceeds of \$205,928.
- (c) The Company announced a warrant exercise incentive program (the "Warrant Incentive Program") to encourage the exercise of up to approximately 20,000,000 outstanding warrants. Under the incentive plan, the Company offered one warrant as an incentive exercisable at a price of \$0.16 for a period of 12 months from date of issuance, should the warrant holder exercise their warrants on or before January 30, 2026. Any warrants not exercised prior to the expiry of the Warrant Incentive Program will remain outstanding in accordance with their original terms.

In connection with Warrant Incentive Program, a total of 3,894,500 warrants were exercised for gross proceeds of \$584,175. The remaining 16,105,500 warrants expired unexercised. As a result of this program, the Company issued 3,894,500 incentive warrants with an exercise price of \$0.16 and an expiry date of February 1, 2027.

- (d) On March 31, 2026, an aggregate of 775,000 stock options with exercise prices ranging from \$0.06 to \$0.25 were forfeited due to the resignation of a consultant.
- (e) On April 10, 2026, the Company granted 400,000 stock options to officers, directors, consultants and investor relations consultants. The options have an exercise price of \$0.10 and expire five years from date of grant. Of the options granted, 300,000 vest immediately and 100,000 shall vest quarterly in equal instalments every 3 months over a 12 month period.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel compensation

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

The following table summarizes transactions with related parties during the years ended December 31, 2025 and 2024:

	Note	Year Ended December 31,	
		2025	2024
Management fees	(a)	\$ 77,000	\$ 81,000
Mineral property costs – project management fees	(a)	144,000	135,000
Mineral property costs – geological	(b)	87,956	121,821
Professional fees	(c)	250,000	150,000
Corporate services	(d)	39,600	39,600
Office rent	(e)	12,000	12,000
Financing fee	(f)	5,720	5,480
Share-based compensation	(g)	265,861	279,833
		\$ 882,137	\$ 824,734

- (a) Management fees were paid to Highcard Exploration Inc. ("Highcard") (\$216,000), a company controlled by the Company's CEO, Graeme O'Neill and Bast Consulting Ltd. ("Bast") (\$5,000), a company controlled by the Company's President, Christos Doulis. Mineral property costs – project management fees were paid to Highcard.
- (b) Mineral property costs – geological were paid to Mark Abrams ("Abrams"), a director of the Company.
- (c) Fees paid to RHL Enterprise Corp. ("RHL") (\$150,000), a company controlled by the Company's CFO, Rick Low ("Low") and compensation of \$50,000 each to Highcard and RHL related to the change in management and delay of payment of their fees for the past 2 years.
- (d) Fees paid to Wiklow Corporate Services Inc. ("Wiklow"), a company controlled by the Company's Corporate Secretary, Donna Moroney.
- (e) Office rent was paid to Low.
- (f) Financing fee was paid to O'Neill.
- (g) During the year ended December 31, 2025, the Company issued 4,625,000 (2024 – 4,625,000) stock options to related parties.

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

	December 31, 2025	December 31, 2024
Trade payable to Abrams	\$ 1,919	\$ 15,301
Trade payable to Low	-	10,000
Trade payable to O'Neill	2,438	-
Trade payable to Highcard	213,915	79,000
Trade payable to RHL	230,875	156,850
Trade payable to Wiklow	5,625	42,195
Trade payable to Bast	5,600	-
	\$ 460,372	\$ 303,346

During the year ended December 31, 2025, O'Neil purchased 12,302,125 units which consisted of 12,302,125 common shares and 12,302,125 warrants for total proceeds of \$492,085. The warrants have an exercise price of \$0.06.

During the year ended December 31, 2025, Low purchased 1,125,000 units which consisted of 1,125,000 common shares and 1,125,000 warrants for total proceeds of \$45,000. The warrants have an exercise price of \$0.06.

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

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

During the year ended December 31, 2025, O'Neil exercised 300,000 stock options for gross proceeds of \$15,000.

During the year ended December 31, 2025, Low exercised 250,000 stock options for gross proceeds of \$12,500.

During the year ended December 31, 2025, James Walker ("Walker"), a director of the Company, exercised 225,000 stock options for gross proceeds of \$13,500.

During the year ended December 31, 2025, Corey Klassen, a director of the Company, exercised 100,000 stock options for gross proceeds of \$5,000.

During the year ended December 31, 2024, Walker exercised 100,000 stock options for gross proceeds of \$5,000.

During the year ended December 31, 2025, O'Neil exercised 2,850,000 warrants for gross proceeds of \$158,000.

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



During the year ended December 31, 2025, the Company issued shares for indebtedness owed to Wiklow. The amount settled of \$56,114, resulted in the issuance of an aggregate of 1,402,850 common shares in the capital stock of the Company at a price of \$0.06 per share. In addition, the Company recorded a loss of \$28,057 on the debt settlement.

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

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

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of financial instruments

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

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

		Level 1		Level 2		Level 3
December 31, 2025						
Cash	\$	431,804	\$	-	\$	-
Contract liabilities	\$	(52,098)	\$	-	\$	-
December 31, 2024						
Cash	\$	568,130	\$	-	\$	-
Contract liabilities	\$	(22,967)	\$	-	\$	-

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

There were no transfers between Level 1, 2 and 3 for the years ended December 31, 2025 and 2024.

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

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

Financial Risk

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

Industry Risk

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts. This risk is managed through the use of major banks that are considered to be high credit quality financial institution as determined by rating agencies.

Currency Risk

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

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

These are all shown on the statement of loss and comprehensive loss. The Company does not engage in any hedging activities to reduce its foreign currency risk. A 10% variance in the foreign exchange rates would expose the Company to a positive or negative impact on its comprehensive loss of approximately \$110,995 during the year ended December 31, 2025.

Interest Rate Risk

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

Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

The Company is not subject to externally imposed capital requirements but must maintain the minimum listing requirements in order to maintain its TSX-V listing. The Company manages its capital structure based on the funds available to the Company, in order to fund its general and administration expenses, support acquisition, maintenance, exploration and development of mineral properties.

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

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

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at the date of this report, 358,890,900 shares were issued and outstanding.

As at the date of this report, the following stock options were outstanding and exercisable:

Expiry Date	Number	Weighted Average Exercise Price
April 27, 2026	2,200,000	\$0.25
September 3, 2026	3,400,000	\$0.15
December 14, 2026	200,000	\$0.15
January 29, 2029	400,000	\$0.10
June 10, 2029	4,300,000	\$0.10
December 3, 2029	1,050,000	\$0.06
September 15, 2030	2,350,000	\$0.06
October 2, 2030	250,000	\$0.10
December 3, 2030	3,200,000	\$0.10
April 10, 2031	400,000	\$0.10
	17,750,000	

As at the date of this report, the following warrants were outstanding and exercisable:

Expiry Date	Number	Weighted Average Exercise Price
October 28, 2026	12,303,750	\$0.08
December 10, 2026	5,547,500	\$0.08
December 23, 2026	3,500,000	\$0.15
February 1, 2027	3,894,500	\$0.16
March 28, 2027	11,497,000	\$0.15
May 9, 2027	925,000	\$0.06
June 18, 2027	7,670,700	\$0.06
August 16, 2027	12,750,000	\$0.10
September 15, 2027	8,976,000	\$0.06
September 18, 2027	16,474,040	\$0.06
December 20, 2028	13,167,500	\$0.10
January 18, 2029	7,310,000	\$0.10
	104,015,990	

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

- i. Valuation of equity instruments and share-based compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, and dividend yield and making assumptions about them.
- ii. Valuation of derivatives – derivatives issued by the Company are valued using the commodity spot prices and foreign exchange rates. Changes in the inputs could impact the carrying value of the derivatives and the amount of gains or losses recognized in profit or loss.

- iii. Deferred income taxes – The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated statement of financial position. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.
- iv. Provision for indemnity - The Company utilizes significant judgement in assessing its compliance with relevant flow-through financing tax requirements including the determination of qualified eligible expenditures to reduce flow through spending obligations. Management makes estimates when determining tax rates used in calculating provisions recorded.
- v. Useful lives of property and equipment – Management exercises professional judgement when determining the useful life and residual values of property and equipment. Management estimates these inputs based on industry standards and previous experience assessing similar capital assets.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

- i. The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.
- ii. The determination of functional currency. Management has determined that the functional currency of the Company is the Canadian dollar.
- iii. The determination or absence of asset retirement obligation.
- iv. Assessment of impairment indicators of non-financial assets.

NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new accounting pronouncements

Certain pronouncements have been issued by the IASB that are effective for accounting periods beginning on or after January 1, 2025.

IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify the accounting requirements when a currency lacks exchangeability and to provide guidance on how to estimate an appropriate exchange rate in such circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

New accounting standards and interpretations issued but not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, providing clarifications on recognition, derecognition, and classification requirements, along with enhanced disclosure requirements. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the effect of this new standard on its consolidated financial statements.

RISKS AND UNCERTAINTIES

Certain risks are faced by the Company, which could affect its financial position. In general, they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under its mineral property option agreement. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interest in the property covered by the agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

The Company's properties are in the exploration stage and without known reserves. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few exploration properties are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes-off its mineral properties from time to time and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

FORWARD LOOKING INFORMATION

Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of this MD&A, being April 24, 2026.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical facts, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans",

“anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. In particular, these forward-looking statements are based on assumptions regarding: (i) stability in precious metals markets and silver prices; (ii) no further significant macroeconomic shocks or disruptions; (iii) continued market liquidity and investor access to capital; (iv) recovery of investor sentiment in the junior mining sector; and (v) timely receipt of required regulatory approvals. Factors that could cause the actual results to differ materially from those in forward-looking statements include: fluctuations in metal and commodity prices; continued availability of equity capital and financing; extreme market volatility and changes in investor sentiment; general economic, market, and business conditions; macroeconomic shocks and trade policy uncertainty; market liquidity constraints; timing and receipt of regulatory approvals (including from the TSX Venture Exchange); and risk that market recovery timing may differ materially from management expectations. Readers are cautioned not to place undue reliance on forward-looking statements. For a complete discussion of risk factors affecting the Company, please refer to the “Risks and Uncertainties” section. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change.

QUALIFIED PERSON

All geotechnical information about the Company’s mineral properties contained in this MD&A has been prepared under the supervision and approval of Mark Abrams, CPG., a consultant to and director of the Company, who is a “Qualified Person” within the meaning of National Instrument 43-101.