

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended August 31, 2022

Background

The following discussion and analysis, prepared as of October 31, 2022, should be read together with the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2022 (the "Financial Statements") and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Boroyeca Gold & Silver de Mexico S.A. de C.V. All inter-company transactions and balances have been eliminated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Overview

Baroyeca Gold & Silver Inc. (the "Company") was incorporated on February 17, 2006 and commenced business at that time. The Company is a mineral exploration and evaluation company with no revenue generating operations, other than some incidental revenue from the sale of gold from its Colombian Properties which is reported as a recovery of costs incurred on those properties. Accordingly, any funds raised for the Company's operations are through the sale of shares of its capital stock or from debt financing. The Company's fiscal year end is May 31. The Company is listed on the TSX Venture Exchange under the symbol **BGS**.

During the 2012 fiscal year, the Company reviewed and acquired certain patented mineral claims and unpatented lode claims situated near Tombstone, Arizona, U.S.A. (the "Tombstone Property"). During the 2018 fiscal year, the Company granted an option to Aztec Minerals Corp. to acquire up to a 75% undivided interest in the Tombstone Property. The Company's remaining interest in the Tombstone Property was transferred to the lender pursuant to the Loan Payable (See Note 11 to the 2020 Financial Statements) on September 25, 2020.

During the fiscal year ended May 31, 2021, the Company entered into two agreements, each to acquire a 100% interest in a mineral property located in Colombia, South America and known respectively as the Santa Barbara Property and the Atocha Property (collectively the "Colombian Properties"). (The Atocha Property was previously referred to as the Falan Property.)

On or about January 24, 2022, the Company entered into a property purchase agreement with a third party (the "Vendor") to acquire a 215 hectare property contiguous to the Company's Santa Barbara Property and situated on strike with the identified veins that the Company is currently bulk sampling. (See "The Santa Barbara Property" below for further particulars.)

During July 2022, while undertaking a prospecting program, the Company discovered a prospective copper bearing property and staked 4,000 hectares around the discovery. See the heading “The Zapacota Property” below under “Results of Operations” for further information.

Results of Operations

Description of Colombian Properties

The Santa Barbara Property

The Santa Barbara Property consists of approximately 315 hectares located in the Municipality of San Martín de Loba, in Bolivar Department, Colombia. The original 110.86 hectares was optioned in February of 2021 and included a facility that is being used to carry out bulk sampling on the Property. All permits are in place to conduct the sampling activities on the Property. The Property is subject to a 2.5% NSR retained by the optionor. The purchase of the option to acquire the Santa Barbara Property closed during February 2021 following acceptance for filing by the TSX Venture Exchange.

Pursuant to the terms of the option agreement, to earn a 100% interest in the Santa Barbara Property, subject to the royalty, the Company must make cash payments of \$1,750,000 (\$1,275,000 paid) and issue 7,000,000 common shares in the capital of the Company (5,250,000 shares issued) to the optionor, and must incur expenditures of \$500,000 on the Santa Barbara Property in the first year of the option.

On or about January 24, 2022, the Company entered into a Property Purchase Agreement (the “PPA”) with certain private vendors (the “Vendors”) resident in Colombia, South America, whereby the Vendors agreed to sell and transfer to the Company a 100% interest in and to a mineral property, the Santa Barbara Extension, comprised of approximately 215 hectares to the south and immediately contiguous to the existing Santa Barbara Property. Pursuant to the terms of the PPA, the Company will pay the Vendors a total of US\$250,000 in cash and issue the Vendors US\$250,000 worth of shares in the capital of the Company all over three tranches, the first at closing of the transaction (which has been paid), the second upon the Colombian Mining Agency issuing an Official Resolution approving the transfer (which has been paid) and the third upon registration of the mining title to the benefit of the Company in the Colombian Mining Registry. During the period of processing the title transfer, the Company is allowed to operate the property under the terms of an autonomous exclusive operating contract. The subject property includes a past producing artisanal gold mine.

The Atocha Property

The Atocha Property (formerly referred to as the Falan Property) consists of 2,585.94 hectares, located in the Municipality of Falan, in Tolima Department, Colombia. Although substantially larger than the Santa Barbara Property, the Atocha Property is less advanced, work being at the exploration stage.

Pursuant to the terms of the option agreement, to earn a 100% interest in the Atocha Property, the Company must make cash payments of \$1,050,000 (\$750,000 paid) and issue 5,000,000 common shares in the capital of the Company (3,750,000 shares issued) to the optionor over the term of the option. The Company will have to conduct, at a minimum, sufficient exploration work on the Property to keep it in good standing under the Colombian regulatory requirements (incurred).

See “Note 5 - Exploration and Evaluation Assets” to the Company’s August 31, 2022 unaudited condensed interim consolidated financial statements (the “Financial Statements”) for further particulars of the terms of the two agreements.

The Zapatoca Property

Discovered as part of a preliminary reconnaissance program in a new mining district in Santander Department, Colombia, located approximately 40 km southwest of Bucaramanga, the Department capital, the Zapatoca Property is a discovery of disseminated to veinlet copper carbonates (malaquite-azurite) constrained in siliciclastic sedimentary rock units. Sediment-hosted stratiform copper deposits haven't previously been found in this part of Colombia and so this represents a true new discovery.

Baroyeca has applied for an area of 4,000 hectares surrounding this new copper discovery. (See the Company's news release date July 18, 2022 filed as part of the Company's disclosure on SEDAR at www.sedar.com.)

Expenditures

The Santa Barbara Property

During the year ended May 31, 2021, the Company closed the acquisition of the Option on the Santa Barbara Property and assumed the operation of the exploration program on the Property that had been ongoing by Malabar Gold Corp., who granted the Option to the Company. The exploration expenses incurred on the Property to May 31, 2021 are set out in the table in Note 6 to the Financial Statements which shows that the Company incurred expenses, net of acquisition costs, of \$126,912. This amount was reduced by gold sample recoveries realized in the period, so the actual expenses incurred towards the \$500,000 work commitment under the Option was \$184,220.

During the year ended May 31, 2022, the Company acquired an additional approximately 215 hectare property immediately contiguous to its original 110 hectare holding and on strike with the veins the Company is currently sampling and bulk sampling. Referred to as the Santa Barbara Extension, this new property contains the workings of the former Mariana artisanal gold mine which workings the Company is in the process of rehabilitating. (See the Company's news release dated April 13, 2022.)

During the year ended May 31, 2022, the Company incurred \$606,493 in exploration expenses on the Property bringing the total expenditures to May 31, 2022 to \$790,713, more than satisfying the required work commitment of \$500,000 for the term of the Option, and made the payments in cash and shares required on the first anniversary of the option to keep the Option in good standing.

During the three months ended August 31, 2022, pursuant to the table in Note 5 to the Financial Statements, the Company incurred \$92,836 in additional exploration expenses bringing the bringing the expenditures on the Property as of August 31, 2022 to \$883,549.

For further particulars of the work conducted and results received please see the Company's news releases dated September 14, October 18, December 7, 2021, March 8, 2022, July 12, 2022, September 12, 2022 and October 3, 2022 filed as part of the Company's disclosure on SEDAR at www.sedar.com.

The Atocha Property

During the year ended May 31, 2021, the Company closed the acquisition of the Option on the Atocha Property and commenced a prospecting program on the property stepping out from known historic vein showings and testing a series of major vein exposures found during the first reconnaissance traverses on the Property. Exploration expenses incurred on the Atocha Property to May 31, 2021 amounted to \$162,455.

During the year ended May 31, 2022, the Company's geological staff expanded the prospecting program over the Property, stepping out from the identified vein structures, and located a number of additional and, at times, parallel vein outcroppings. (For further particulars of the work conducted and the results obtained please see the Company's news releases dated July 6, August 4, August 12, August 30 and October 6, 2021 filed as part of the Company's disclosure on SEDAR at www.sedar.com.) The results of this work were sufficiently encouraging that the Company planned and commenced a preliminary drill program for a target of 2,500 metres of drilling on the Atocha Property. (See the Company's news release dated October 28 and November 16, 2021, January 5, 2022 March 1, 2022, April 13, 2022 and July 13, 2022 for progress results.) Exploration expenses for the year ended May 31, 2022 were \$1,364,307 for a total expenditure for the first year of the Option of \$1,526,762, which more than satisfies the \$250,000 work commitment required under the Option agreement for the Atocha Property. The Company paid the cash and issued the shares required on the first anniversary of the Option to keep the agreement in good standing.

During the three months ended August 31, 2022, the Company extended its drilling contract and continued its drilling program on the Property. (See news release dated October 13, 2022 filed as part of the Company's disclosure on SEDAR at www.sedar.com.) Exploration expenses for the first three months of the fiscal year amounted to \$116,259 bringing the total exploration expenditures to date to \$1,643,021.

Zapatoca Property

During the three months ended August 31, 2022, the Company identified, and staked, 4,000 hectares of prospective copper mineralized property.

SELECTED FINANCIAL DATA

The following table presents audited selected financial information for the years indicated and unaudited information for the stub periods indicated.

	Three Months Ended		Years Ended May 31		
	August 31	August 31			
	2022	2021	2022	2021	2020
	\$	\$	\$	\$	\$
OPERATIONS:					
Revenue	Nil	Nil	Nil	Nil	Nil
Net Income (Loss) for the Period	(296,121)	(189,858)	(1,840,691)	(2,243,213)	143,657
Comprehensive Income (Loss) for the Period	(275,325)	(192,346)	(1,851,396)	(2,242,559)	150,09
Basic and diluted income (loss) per share	(0.02)	(0.02)	(0.04)	(0.13)	(0.04)
BALANCE SHEET:					
Working capital (deficit)	751,555	1,516,605	1,391,198	1,972,299	(690,075)
Total assets	8,886,764	4,914,819	9,197,306	5,141,205	129,182
Total exploration and evaluation assets	7,572,768	2,954,776	7,363,673	2,699,367	-

The financial information presented in the table above is from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

General and Administrative

Discussion of Operating Results – three months ended August 31, 2022

During the three months ended August 31, 2022, the Company incurred a net loss from operations of \$296,121 as compared with net loss of \$189,858 for the three months ended August 31, 2021. The increased loss in the 2022 period is primarily due to: an increase of \$87,115 in marketing, promotion and website expense due to attendances at investor conferences to make presentations and other endeavours to raise market awareness of the Company; an increase of \$15,200 in consulting fees in part due to becoming part of the Discovery Group of Companies during the period; increases of \$7,073 in professional fees and \$4,027 in office and miscellaneous due to increased activity of the Company; as offset by a decrease of \$4,600 in transfer agent and filing fees and \$543 in insurance expense.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended August 31, 2022.

	Aug. 31 2022 \$	May 31 2022 \$	Feb. 28 2022 \$	Nov. 30 2021 \$	Aug. 31 2021 \$	May 31 2021 \$	Feb. 28 2021 \$	Nov. 30 2020 \$
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(296,121)	(1,182,797)	(274,799)	(193,237)	(189,858)	(2,049,941)	(37,773)	(212,919)
Basic and Diluted (Income)Loss/Share	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.12)	(0.02)	(0.03)

The financial information presented in the table above is from the Company's unaudited condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards.

Discussion of Operating Results – three months ended August 31, 2022

Please see discussion under “Selected Financial Data-General and Administrative” above

Discussion of Operating Results - three months ended May 31, 2022

During the three months ended May 31, 2022, the Company incurred a net loss from operations of \$1,182,797 as compared with a net loss of \$2,049,941 for the three months ended May 31, 2021. However, if the 2022 period was reduced by a year-end adjustment of \$763,053 for stock-based compensation which did not occur in 2021 and the 2021 period was reduced by a one-time write-off of accounts payable of \$1,605,000 which did not occur in 2022, the respective loss for 2022 becomes \$430,449 as compared with a loss of \$444,941 for the 2021 period. The decreased loss in the 2022 period is primarily due, amongst other things, to a decrease in advisor, consulting and director fees of \$122,860; a gain of \$43,555 on the write-off of accounts payable and a decrease in interest and bank charges of \$6,069; as offset by an increase in advertising and promotion expenses of \$98,717; an increase in office and miscellaneous expense of \$25,269; a decrease in gain on foreign exchange of \$17,870; an increase of \$9,656 in professional fees; and an increase of \$5,968 in transfer agent and filing fees.

Discussion of Operating Results – three months ended February 28, 2022

During the three months ended February 28, 2022, the Company incurred a net loss from operations of \$274,799 as compared with a net loss of \$37,773 for the three months ended February 28, 2021. This increase in net loss for the 2022 period is primarily due to: an increase of \$79,234 in consulting fees as the Company has increased its activity, having appointed a new President to work with the Chief Executive Officer, both being compensated as consultants, and engaged additional consultants to provide financial and marketing services; an increase of \$51,133 in website, marketing and promotion expenses representing the Company's increase in activity and communication with its investors through establishing and maintaining a website; an unrealized gain of \$46,440 in the value of certain securities held by the Company during the 2021 period, with no such gain in the 2022 period; an increase of \$33,612 in office and miscellaneous due to the additional office and administration costs associated with the Company's exploration activities in Colombia; an increase of \$13,953 in transfer agent and filing fees as a result of increased activity in the Company and in the Company's market for its securities; an increase of \$8,024 in professional fees due to the general increase in activity in the Company; and miscellaneous increases of \$2,269 in insurance expenses and \$1,800 in management and directors fees due to the increased activity of the Company.

Discussion of Operating Results – three months ended November 30, 2021

During the three months ended November 30, 2021, the Company incurred a net loss from operations of \$193,237 as compared with a net loss of \$212,919 for the three months ended November 30, 2020. The net loss experienced in the 2020 period was primarily due to an unrealized loss of \$142,440 in the value of certain securities held by the Company at that time, with no such losses in the 2021 period. Removing that loss from the results for the 2020 period, the Company would have experienced a loss of \$70,479 as compared to the loss of \$193,237 for the 2021 period. This increased loss for the 2021 period is due to: an increase of \$63,651 in consulting fees as the Company has increased its activity, appointed a new President to work with the Chief Executive Officer, both being compensated as consultants, and engaged additional consultants to provide financial and marketing services; an increase of \$25,046 in professional fees as the Company's annual audit occurs in this period and the Company experienced a change in auditors in the period due to the more complex accounting considerations with the Company incorporating its Colombian operations, resulting in an increase in audit fees; an increase of \$23,736 in website, marketing and promotion expenses representing the Company's increase in activity and communication with its investors through establishing and maintaining a website; an increase of \$22,478 in office and miscellaneous due to the additional office and administration costs associated with the Company's exploration activities in Colombia; and miscellaneous increases of \$2,877 in insurance expenses and \$1,800 in management and directors fees due to the increased activity of the Company; as offset by: a decrease of \$21,855 in transfer agent and filing fees due to the higher expenses experienced in the 2020 period resulting from the reactivation activities undertaken by the Company in the 2020 period

Investor Relations

The Company entered into an investor relations agreement on February 2, 2022 with Peak Investor Marketing Corp. ("Peak"). Pursuant to the agreement, the Company pays Peak a monthly fee of \$12,000, in advance, and has granted Peak an incentive stock option to acquire up to 250,000 shares of the Company at a price of \$0.35 per share. The options vest as to 25% every three months following the grant of the option. The agreement is for a term of one year.

Liquidity and Capital Resources

The Company has no revenue generating operations and finances its operations principally through the sale of shares in its capital. In the short-term, directors of the Company have, in the past, provided cash advances to meet urgent operating needs. At June 1, 2022, the Company had a working capital of \$1,415,659.

During the three months ended August 31, 2022, the Company expended \$296,121 in cash on its operating activities, incurred \$364,320 in exploration expenditures on its Colombian properties.

As a result of the foregoing activities, amongst other things, at August 31, 2022, the Company had working capital of \$751,555.

The Company has contracted for a 2022 - 2023 work program of up to 5,000 meters of drilling on its Atocha Property in addition to an expanded program of surface sampling and other preliminary geological testing of the 70% of the Property that remains as yet unexplored. The Company also plans to actively explore and expand its bulk sampling program on the Santa Barbara Property including the newly acquired 215 hectare extension to the property to the south. Estimated costs for this planned work are in the order of \$2,500,000. Ongoing corporate administration is expected to be in the order of \$275,000 per quarter. In addition to these working capital requirements, the Company has further cash payments due to the Optionor of the Colombian Properties that come due on the second anniversary of the closing of the acquisition of the Options in mid-February, 2023. These payments amount to \$475,000 with respect to the Santa Barbara Property and \$300,000 with respect to the Atocha Property. At the end of August 2022, the Company paid the second tranche of the purchase price for the Santa Barbara Extension (US\$75,000) and has one remaining payment to make, the cash portion of which is US\$100,000 and is expected to come due near the end of the year.

Although the Company, at August 31, 2022, had working capital in the order of \$751,555, it will require additional financing to provide all the working capital necessary to meet the requirements set out above. The Company does have share purchase warrants outstanding, however, due to the current market conditions, all the Company's outstanding warrants have exercise prices well above the current trading price of the Company's shares and cannot be relied upon to be exercised to provide working capital to the Company. The Company intends to carry out a private placement financings of its securities to raise the required working capital. On October 27, the Company announced that it was undertaking a private placement financing of 20,000,000 units of its securities at a price of \$0.10 per unit to raise in the order of \$2,000,000 in working capital for the Company, each unit consisting of one common share and one non-transferable share purchase warrant, each warrant exercisable at a price of \$0.20 per share for two years. There can be no assurance that the Company will be able to sell any further, or sufficient, securities by way of private placement to raise the required additional working capital.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company had the following related party transactions during the three months ended August 31, 2022:

- a) Consulting fees of \$30,000 (2021-22,500) plus GST were paid to Richard Wilson, a director of the Company;
- b) Consulting fees of \$30,000 (2021- \$18,000) were paid or accrued to Douglas Eacrett, a director of the Company;
- c) The Company incurred director’s fees of \$1,800 (2021 - \$1,800) to William Carr, a director of the Company; and
- d) The Company incurred consulting fees of \$45,000 (2021 - \$30,000) to a company owned by a Raul Sanabria, a director of the Company

Financial Instruments

The Company’s financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties, loan payable and advance payable. The fair value of the Company’s accounts payable and accrued liabilities, due to related parties, line of credit and loan payable, are estimated by management to approximate their carrying values based on the immediate or short-term maturity of these instruments. Cash is recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities and, in management’s opinion, the Company is not exposed to significant interest or credit risk from these financial instruments. Please refer to Note 13 of the unaudited condensed interim consolidated financial statements for detailed discussion of the financial risk factors.

Accounting standards, amendments and interpretations not yet effective

There are no significant material new standards, amendments to standards and interpretations that have been issued but are not effective during the three months ended August 31, 2022 that are applicable to the Company.

Particulars of Outstanding Securities of the Issuer

As at the dates noted below, the Company had the following securities outstanding:

Common Shares

Date	Number Outstanding
August 31, 2022	53,179,939
October 31, 2022	53,541,050

Share Purchase Warrants

The following Share Purchase Warrants, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding at August 31, 2022 and October 31, 2022:

Date	Number of Share Purchase Warrants Outstanding	Exercise Price per Share	Expiry Date (mm,dd,yy)
August 31, 2022	1,990,000	\$0.165	09/15/22

October 31, 2022	(Expired)	\$0.165	09/15/22
August 31, 2022	6,933,089	\$0.30	01/14/23
October 31, 2022	6,933,089	\$0.30	01/14/23
August 31, 2022	756,911	\$0.30	01/25/23
October 31, 2022	756,911	\$0.30	01/25/23
August 31, 2022	4,954,853	\$0.50	02/18/23
October 31, 2022	4,954,853	\$0.50	02/18/23
August 31, 2022	298,610	\$0.50	02/18/23
October 31, 2022	298,610	\$0.50	02/18/23

Incentive Stock Options

The following Incentive Stock Options, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding August 31, 2022 and October 31, 2022:

Date	Number of Incentive Stock Options Outstanding	Exercise Price per Share	Expiry Date
August 31, 2022:	2,850,000	\$0.215	24/06/26
	150,000	\$0.265	15/07/26
	250,000	\$0.35	02/05/23
October 31, 2022:	2,850,000	\$0.215	24/06/26
	150,000	\$0.265	15/07/26
	250,000	\$0.35	02/05/23