

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended August 31, 2023

Background

The following discussion and analysis, prepared as of October 30, 2023, should be read together with the unaudited condensed interim consolidated financial statements for the three months ended August 31, 2023 (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. 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 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 had previously been 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.

During the summer of 2022, the Presidential election in Colombia resulted in a change in political parties running the country. The investment community viewed this change as not favourable to mining operations continuing in Colombia. During the latter half of fiscal 2023, the Company found that this seriously impacted its ability to raise funds for ongoing activities in Colombia and, decided to terminate its operations in Colombia, forfeited its options on the Santa Barbara and Atocha Properties by not making the final cash

payments and share issuances required under the Option Agreements and returned the properties to the Optionor.

The Company is actively examining opportunities to joint venture or acquire a new mineral interest for the Company with which to move forward.

Results of Operations

Description of Colombian Properties

The Santa Barbara Property

The Santa Barbara Property comprised 110.86 hectares located in the Municipality of San Martín de Loba, in Bolivar Department, Colombia. The purchase included a facility that was being used to carry out bulk sampling on the Property. All permits were in place to conduct the sampling activities on the Property. The Property was subject to a 2.5% NSR retained by the optionor. The purchase of the option to acquire the Santa Barbara Property closed during the 2020 fiscal year 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.

During the fiscal year, with changes that had occurred in the government of Colombia, making it difficult to raise funds for operations in Colombia, the Company decided to terminate its operations in the country and forfeited the Option, not making the final cash payment or share issuance required under the option Agreement and returned title of the Property to the Optionor.

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 agreed to 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. During the year, the Company satisfied the terms of the purchase agreement and acquired title to the Property. With the Company’s decision to withdraw from operations in Colombia, the Company transferred the Santa Barbara Extension Property to Malabar Gold Corp. for, amongst other consideration, cash payments in the order of \$160,000.

The Atocha Property

The Atocha Property (formerly referred to as the Falan Property) consisted 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 was less advanced, work being at the exploration stage. The Atocha Property was subject to a 3.5% NSR payable to an underlying vendor of the Property to the optionor.

Pursuant to the terms of the option agreement, to earn a 100% interest in the Atocha Property, the Company was to 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 was 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 May 31, 2023 Consolidated Financial Statements for further particulars of the terms of the two agreements and expenditures made.

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.

During the year ended May 31, 2023, the Company carried out further exploration activities on the property incurring over \$450,000 in additional expenditures and fully rehabilitating the Santa Barbara Extension Property (the “Extension Property”). The Company also satisfied the balance of its purchase obligations to acquire the Extension Property at a further cost of \$328,722. During May and June of 2022, the Presidential election in Colombia resulted in a change in political parties running the country. The investment community viewed this change as not favourable to mining operations continuing in Colombia. The Company found that this seriously impacted its ability to raise funds for ongoing activities in Colombia and, as mentioned above, decided to terminate its operations in Colombia, and forfeited its option on the Santa Barbara Property by not making the final cash payment and share issuance required under the Option Agreement and returned the property to the Optionor.

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 exceeded \$1,400,000 for a total expenditure for the first year of the Option of \$1,560,000, which more than satisfies the whole \$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 year ended May 31, 2023, the Company carried out additional exploration work on the Property, primarily by way of drilling, and incurred further expenditures in the order of \$908,741. For the reasons set out in the last paragraph of the disclosure above regarding the Santa Barbara property, with the change in investors attitude towards exploration and mining opportunities in Colombia, the Company decided to terminate its operations in Colombia, and forfeited its option on the Atocha Property by not making the final cash payment and share issuance required under the Option Agreement and returned the property to the Optionor.

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			
	2023	2022	2023	2022	2021
	\$	\$	\$	\$	\$
OPERATIONS:					
Revenue	Nil	Nil	Nil	Nil	Nil
Net Income (Loss) for the Period	(90,871)	(296,121)	(9,691,005)	(1,840,691)	(2,243,213)
Comprehensive Income (Loss) for the Period	(90,871)	(275,325)	(9,578,818)	(1,851,396)	(2,242,559)
Basic and diluted income (loss) per share	(0.001)	(0.02)	(0.17)	(0.04)	(0.13)
BALANCE SHEET:					
Working capital (deficit)	(24,126)	751,555	66,745	1,391,198	1,972,299
Total assets	342,245	8,886,764	411,222	9,197,306	5,141,205
Total exploration and evaluation assets	Nil	7,572,768	-	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, 2023

During the three months ended August 31, 2023, the Company incurred a net loss from operations of \$90,871 as compared with net loss of \$275,325 for the three months ended August 31, 2022. The decreased loss in the 2023 period is primarily due to the Company ceasing its exploration activities at the end of the May 31, 2023 fiscal year and giving up its Colombian properties as a result of a decline in investor interest inhibiting the raising of funds to continue exploration activities. The decline in expenses incurred in the period was pretty much across the board with the most significant reductions being in consulting fees, down \$96,000, and website, marketing and promotion expenses, down \$93,840; additional reductions in expenses were experienced in office and miscellaneous, down \$19,808 with the closing of the Colombian office, and transfer agent and filing fees, down \$2,256, along with some minor reductions in insurance costs, \$449, and bank charges, \$298. These reductions were offset in part by an increase in professional fees of \$5,186.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended August 31, 2023.

	Aug. 31 2023 \$	May 31 2023 \$	Feb. 28 2023 \$	Nov. 30 2022 \$	Aug. 31 2022 \$	May 31 2022 \$	Feb. 28 2022 \$	Nov. 30 2021 \$
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(90,871)	(1,674,473)	(8,016,532)	(193,237)	(296,121)	(1,182,797)	(274,799)	(193,237)
Basic and Diluted (Income)Loss/Share	(0.001)	(0.03)	(0.15)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)

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

Discussion of Operating Results – three months ended August 31, 2023

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

Discussion of Operating Results - three months ended May 31, 2023

During the three months ended May 31, 2023, the Company incurred a net loss from operations of \$1,674,473 as compared with a net loss of \$1,182,797 for the three months ended May 31, 2022. However, if the 2023 period was adjusted for a one-time write-off for impairment of its mineral properties of \$1,551,284 which did not occur in 2022, and the 2022 period was adjusted for a year-end adjustment of \$763,053 for stock-based compensation which did not occur in 2023, the respective loss for 2023 becomes \$123,189 as compared with a loss of \$419,744 for the 2022 period. The decreased loss in the 2023 period is primarily due, amongst other things, to decreases of \$137,617 in management and consulting fees, \$114,066 in advertising , promotion and marketing, \$73,963 in professional fees, \$9,545

in advisors and directors fees, \$7,927 in in office expenses and \$2,692 in transfer agent and filing fees all due to the reduction in activities in the Company in connection with terminating its operations in Colombia; as offset by an increase of \$5,323 in interest and bank charges.

Discussion of Operating Results – three months ended February 28, 2023

During the three months ended February 28, 2023, the Company incurred a net loss from operations of \$7,435,515 for the period as compared with a net loss of \$274,799 for the three months ended February 28, 2022. The Company incurred a one-time loss of \$7,239,758 in the period with respect to the write down of its mineral properties in Colombia. If we remove this one-time item from the results, there is a reduced loss in 2023 as compared with 2022. This decreased loss is primarily due to: reductions of \$31,299 in office and miscellaneous expense, \$20,634 in transfer agent and filing fees, \$11,117 in website, marketing and promotion expenses, \$9,454 in consulting fees, \$3,646 in professional fees and \$770 in bank charges representing reduced activity by the Company in the period; as offset by a minor increase of \$425 in insurance expense.

Discussion of Operating Results – three months ended November 30, 2022

During the three months ended November 30, 2022, the Company incurred a net loss from operations of \$284,896 for the period as compared with a net loss of \$194,218 for the three months ended November 30, 2021. The increased loss in the 2022 period is primarily due to: an increase of \$96,934 in marketing, promotional and website expenses as the Company focused on increasing the public awareness of the Company and broadening its investor base through attending and presenting at investor conferences, employing marketing service consultants and updating and enhancing the Company's website; an increase of \$23,349 in consulting fees due to an increase use of consultants during the period; and increases of \$2,585 in transfer agent and filing fees and \$789 in insurance expenses in the period; as offset by: a reduction of \$13,865 in office and miscellaneous fees, \$11,370 in professional fees and \$5,741 in bank charges and an increase of \$1022 in interest income in the 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 was for a term of one year and was not renewed in 2023.

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, 2023, the Company had working capital of \$66,745.

During the three months ended August 31, 2023, the Company expended \$90,871 in cash on its operating activities, as a result of which at August 31, 2023, the Company had a working capital deficit of \$24,126.

The Company is in the process of examining opportunities to joint venture or acquire a new mineral property interest that would serve as a property of merit for purposes of the requirements of the TSX Venture Exchange. On securing such an opportunity, the Company will require additional working capital for purchase funds and to finance exploration programs on such property. The Company does have share purchase warrants outstanding, however, due to the current market conditions, the exercise price of the

Company's outstanding warrants is 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 financing of its securities to raise the required working capital. 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, 2023:

- a) Consulting fees of \$15,000 (2022-30,000) plus GST were paid or accrued to Richard Wilson, a director of the Company;
- b) Consulting fees of \$15,000 (2022- \$30,000) were paid or accrued to Douglas Eacrett, a director of the Company; and
- c) The Company incurred director's fees of \$1,800 (2022 - \$1,800) to William Carr, 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 10 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, 2023 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, 2023	66,484,750
October 30, 2023	66,484,750

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, 2023 and October 30, 2023:

Date	Number of Share Purchase Warrants Outstanding	Exercise Price per Share	Expiry Date (mm,dd,yy)
August 31, 2023	12,490,000	\$0.10	02/14/24
October 30, 2023	12,490,000	\$0.10	02/14/24

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, 2023 and October 30, 2023:

Date	Number of Incentive Stock Options Outstanding	Exercise Price per Share	Expiry Date
August 31, 2023:	2,650,000	\$0.215	24/06/26
	150,000	\$0.265	15/07/26
October 30, 2023:	1,400,000	\$0.215	24/06/26
	150,000	\$0.265	15/07/26