

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended May 31, 2024

Background

The following discussion and analysis, prepared as of September 29, 2024, should be read together with the audited consolidated financial statements for the year ended May 31, 2024 (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 audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Boroyeca Gold & Silver de Mexico S.A. de C.V. until such subsidiary was disposed of at the end of May 2024. 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 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. Additionally, as mentioned above, at the end of May, 2024, the Company sold all of its beneficial interest in the shares of Boroyeca Gold & Silver Inc. de Mexico S. A. de C.V., its subsidiary that has been inactive for over ten years.

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

SELECTED FINANCIAL DATA

The following table presents audited selected financial information for the years indicated.

	Years Ended May 31		
	2024 \$	2023 \$	2022 \$
OPERATIONS:			
Revenue	Nil	Nil	Nil
Net Gain (Loss) from continued operations for the Year	(391,569)	(9,691,005)	(1,840,691)
Comprehensive Gain (Loss) from continued operations for the Year	(391,569)	(9,578,818)	(1,851,396)
Basic and diluted gain (loss) per share, including discontinued operations	(0.005)	(0.17)	(0.04)
BALANCE SHEET:			
Working capital (deficit)	(175,114)	66,745	1,391,198
Total assets	331,824	411,222	9,197,306
Total exploration and evaluation assets	-	-	7,363,673

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 – year ended May 31, 2024

During the year ended May 31, 2024, the Company incurred a net loss from operations of \$391,569 as compared with net loss of \$9,691,005 for the year ended May 31, 2023. 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 principal part of the loss recognized at May 31, 2023 was the loss on termination of Mineral options of \$8,791,042. Additionally, declines in expenses were incurred in the period pretty much across the board with the most significant reductions being in website, marketing and promotion expenses, down \$252,755 and advisor, director and consulting fees, down \$258,561; additional reductions in expenses were experienced in office and miscellaneous, down \$44,405 with the closing of the Colombian office, and transfer agent and filing fees, down \$7,797, along with some minor reductions in insurance costs and bank charges, \$2,337. These reductions were offset in part by an increase in professional fees of \$222,656 and travel of \$11,693.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended February 29, 2024.

	May 31, 2024 \$	Feb. 29 2024 \$	Nov. 30 2023 \$	Aug. 31 2023 \$	May 31 2023 \$	Feb. 28 2023 \$	Nov. 30 2022 \$	Aug. 31 2022 \$
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(391,569)	(370,514)	(234,060)	(90,871)	(1,674,473)	(8,016,532)	(581,017)	(296,121)
Basic and Diluted (Income)Loss/Share	(0.005)	(0.01)	(0.01)	(0.001)	(0.03)	(0.15)	(0.01)	(0.02)

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 May 31, 2024

During the three months ended May 31, 2024, the Company incurred a net income from operations of \$21,055 for the period as compared with a net loss of \$1,674,483 for the three months ended May 31, 2023. The Company incurred a one-time loss of \$1,551,284 in the 2023 period with respect to the write down of its mineral properties in Colombia and a one-time gain in the 2024 period with respect to the write-off of \$161,868 in accounts payable. If we remove these one-time events from their respective periods, the result for the 2024 period becomes a loss of \$91,918 as compared to a loss of \$182,923 for the 2023 period. This decreased loss in the 2024 period is primarily due to: reductions of \$45,250 in consulting fees, \$16,915 in advertising, marketing and promotion expenses, \$9,561 in advisor and director fees, \$5,002 in office and miscellaneous, and \$1,914 in transfer agent and filing fees; as offset by a increases of \$143,750 in professional fees, and \$2,282 in bank charges.

Discussion of Operating Results – three months ended February 29, 2024

During the three months ended February 29, 2024, the Company incurred a net loss from operations of \$136,454 for the period as compared with a net loss of \$7,435,515 for the three months ended February 28, 2023. The Company incurred a one-time loss of \$7,239,758 in the 2023 period with respect to the write down of its mineral properties in Colombia. If we remove this one-time item from the 2023 results, the result for the 2024 period remains \$136,454 as compared to \$195,758 for the 2023 period. This decreased loss is primarily due to: reductions of \$50,750 in consulting fees, \$43,140 in website, marketing and promotion expenses, and \$2,000 in office and miscellaneous, as offset by a increases of \$31,404 in professional fees, \$2,126 in bank charges and \$1,830 in transfer agent and filing fees..

Discussion of Operating Results – three months ended November 30, 2023

During the three months ended November 30, 2023, the Company incurred a net loss from operations of \$143,189 as compared with net loss of \$284,896 for the three months ended November 30, 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 website, marketing and promotion expenses, down \$115,647 and consulting fees, down \$57,000; additional reductions in expenses were experienced in office and miscellaneous, down \$5,899 with the closing of the Colombian office, and transfer agent and filing fees, down \$5,457, along with some minor reductions in insurance costs, \$666, and bank charges, \$106. These reductions were offset in part by an increase in professional fees of \$42,266.

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.

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. The stock options were not exercised and have subsequently expired.

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 year ended May 31, 2024, the Company expended \$165,310 on its operating activities, as a result of which at May 31, 2024, the Company had a working capital deficit of \$175,114.

Subsequent to May 31, 2024, the Company carried out a private placement financing through the sale of 19,623,720 units of its securities at a price of \$0.025 per unit (the “Offering”) raising a total of \$490,593 in additional working capital for the Company. Each unit in the Offering consisted of one common share and one full common share purchase warrant (a “Warrant”) with each Warrant entitling the holder to acquire one additional common share at an exercise price of \$0.05 per share for a period of 60 months. The Company paid cash finder’s fees totalling \$13,250.00 to certain eligible parties on the basis of 5% of the gross proceeds of the Offering provided by subscribers introduced to the placement by those eligible parties.

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 may 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 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 further private placement financing of its securities to raise any additional 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 year ended May 31, 2024:

- a) Consulting fees of \$45,000 (2023- \$94,500) plus GST were paid or accrued to Richard Wilson, a director of the Company;
- b) Consulting fees of \$59,250 were paid or accrued to Douglas Eacrett, a director of the Company; and
- c) The Company incurred director's fees of \$7,200 (2023 - \$7,200) 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 11 of the audited 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 year ended May 31, 2024 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
May 31, 2024	66,484,750
September 29, 2024	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 May 31, 2024 and September, 2024:

Date	Number of Share Purchase Warrants Outstanding	Exercise Price per Share	Expiry Date (mm,dd,yy)
May 31, 2024	50,000	\$0.10	02/14/25
September 29, 2024	50,000	\$0.10	02/14/25
September 29, 2024	19,623,720	\$0.05	06/14/29

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 May 31, 2024 and September 29, 2024:

Date	Number of Incentive Stock Options Outstanding	Exercise Price per Share	Expiry Date (mm,dd,yy)
May 31, 2024	1,400,000	\$0.215	06/24/26
September 29, 2024:	1,400,000	\$0.215	06/24/26