

BAROYECA GOLD & SILVER INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of:
BAROYECA GOLD & SILVER INC.

Opinion

We have audited the consolidated financial statements of Baroyeca Gold & Silver Inc. ("the Company"), which comprise the consolidated statements of financial position as at May 31, 2024 and 2023 and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$391,569 during the year ended May 31, 2024, and as of that date, had accumulated losses since inception of \$19,248,576. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants Professional Accountants

Vancouver, B.C.
September 30, 2024



Baroyeca Gold & Silver Inc.
Consolidated Statements of Financial Position
As at May 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
ASSETS			
CURRENT			
Cash		262,880	282,648
Term deposit		54,178	50,000
Account receivable and sales taxes receivable		7,416	30,126
Prepaid expenses		7,350	48,448
		331,824	411,222
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6	387,067	279,862
Due to related parties	8	119,871	64,615
		506,938	344,477
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	7	18,489,501	18,489,501
Subscription received in advance		149,468	-
Share-based payment reserve		332,115	630,210
Deficit		(19,248,576)	(19,155,102)
Accumulated other comprehensive loss		102,378	102,136
		(175,114)	66,745
		331,824	411,222

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on September 30, 2024:

“Richard Wilson”
Richard Wilson – Director

“Douglas Eacrett”
Douglas Eacrett – Director

The accompanying notes are an integral part of these consolidated financial statements.

Baroyeca Gold & Silver Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

	Note	Common Shares number	Share Capital \$	Subscriptions Received in Advance \$	Share-Based Payment Reserve \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Total Shareholders' Equity (Deficiency) \$
Balance, May 31, 2022		53,179,939	17,802,909	-	1,478,596	(10,312,483)	(10,051)	8,958,971
Shares issued for cash	7(b)(i)	12,440,000	622,000	-	-	-	-	622,000
Shares issued for exploration and evaluation assets	7(b)(ii)(iii)	864,811	67,092	-	-	-	-	67,092
Share issuance costs	7(b)(i)	-	(2,500)	-	-	-	-	(2,500)
Fair value of options/warrant expired	7(c)(d)	-	-	-	(848,386)	848,386	-	-
Net loss for the year		-	-	-	-	(9,691,005)	-	(9,691,005)
Translation adjustment		-	-	-	-	-	112,187	112,187
Balance, May 31, 2023		66,484,750	18,489,501	-	630,210	(19,155,102)	102,136	66,745
Subscriptions received in advance		-	-	149,468	-	-	-	149,468
Fair value of options/warrant expired	7(c)(d)	-	-	-	(298,095)	298,095	-	-
Net loss for the year		-	-	-	-	(391,569)	-	(391,569)
Translation adjustment		-	-	-	-	-	242	242
Balance, May 31, 2024		66,484,750	18,489,501	149,468	332,115	(19,248,576)	102,378	(175,114)

The accompanying notes are an integral part of these consolidated financial statements.

Baroyeca Gold & Silver Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
EXPENSES			
Advertising, promotion and marketing		6,600	259,355
Advisors and directors fees	8	7,200	16,761
Insurance		12,250	14,027
Interest and bank charges		737	1,297
Management and consulting fees	8	104,250	353,250
Meals and entertainment		5,906	22,693
Office		1,105	45,513
Professional fees	8	390,053	167,397
Travel		11,693	-
Transfer agent and filing fees		24,106	31,903
Loss before other items		(563,900)	(912,196)
Foreign exchange loss		(1,156)	-
Gain on write off of accounts payable		161,868	-
Loss on write off of advance receivable		(241)	-
Gain on sale of Mexico subsidiary	3b	10	-
Interest and miscellaneous income		11,850	12,233
Loss on termination of mineral options	5	-	(8,791,042)
NET LOSS FOR THE YEAR		(391,569)	(9,691,005)
Translation adjustment		242	112,187
COMPREHENSIVE LOSS FOR THE YEAR		(391,327)	(9,578,818)
Basic and diluted loss per share for the year		(0.005)	(0.17)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		66,484,750	57,904,096

The accompanying notes are an integral part of these consolidated financial statements.

Baroyeca Gold & Silver Inc.
Consolidated Statements of Cash Flows
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	\$	\$
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net loss for the year	(391,569)	(9,691,005)
Items not involving cash:		
Gain on write off account payable	(161,868)	-
Loss on termination of mineral options	-	8,791,042
Shares issued for mineral property	-	67,092
Net changes in non-cash working capital items:		
Account receivable and sales taxes receivable	22,701	37,004
Prepaid expenses	41,098	55,192
Accounts payable and accrued liabilities	269,075	113,062
Due to related parties	55,255	(6,918)
NET CASH USED IN OPERATIONS	(165,308)	(634,531)
FINANCING ACTIVITIES		
Shares issued for advisor and finder fees	-	(2,500)
Subscription received in advance	149,468	-
Shares issued for cash, net of cost	-	622,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	149,468	619,500
INVESTING ACTIVITIES		
Exploration costs	-	(1,438,314)
Proceeds from mineral property settlement	-	160,000
Exploration advances	-	55,044
Term deposit	(4,178)	-
Proceeds from sale of Mexico Subsidiary (Note 6)	10	-
NET CASH USED FOR INVESTING ACTIVITIES	(4,168)	(1,223,270)
NET EFFECT OF FOREIGN EXCHANGE RATE	4,418	112,187
DECREASE IN CASH FOR THE YEAR	(15,590)	(1,126,114)
CASH AND TERM DEPOSIT, BEGINNING OF YEAR	332,648	1,458,762
CASH AND TERM DEPOSIT, END OF YEAR	317,058	332,648

The accompanying notes are an integral part of these consolidated financial statements.

Baroyeca Gold & Silver Inc.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

NOTE 1 - NATURE AND CONTINUANCE OF OPERATIONS

Baroyeca Gold & Silver Inc. (the "Company") was incorporated under the laws of British Columbia on February 17, 2006. The Company's registered office is located at Suite 2500 – 700 West Georgia Street, Vancouver, British Columbia. The Company's principal business activities include the acquisition and exploration of its exploration and evaluation assets. During the year ended May 31, 2008, the Company incorporated a wholly-owned subsidiary, Baroyeca Gold & Silver de Mexico, S.A. de C.V. under the laws of Mexico and it ceased to be a subsidiary effective as of May 28, 2024.

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and exploration and evaluation programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is primarily dependent upon its ability to generate such financing. These uncertainties may cast significant doubt on the entity's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

	2024	2023
	\$	\$
Working capital (deficiency)	(175,114)	66,745
Net loss	(391,569)	(9,691,005)
Deficit	(19,248,576)	(19,155,102)

NOTE 2 – STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on September 30, 2024.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

b) Basis of Consolidation

For the years ended May 31, 2024 and 2023, the consolidated financial statements include the accounts of the Company and its subsidiaries (collectively, the "Company"). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

Baroyeca Gold & Silver Inc.
Notes to the Consolidated Financial Statements
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

The following companies have been consolidated within these consolidated financial statements at year ended May 31, 2024 and 2023:

Entity	Country of Incorporation	Voting Control	Functional Currency
Baroyeca Gold & Silver Inc.	Canada	Parent Company	Canadian Dollar
Baroyeca Gold & Silver de Mexico, SA de CV*	Mexico	*0%/100%	Mexican Peso

* On May 28, 2024, the company had sold 49,999 common share in the capital of Baroyeca Gold & Silver de Mexico, S.A de C.V for \$10.

c) Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency (Note 3(b)) and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rate at the date when fair value was determined.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date and their revenues and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

d) Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

e) Exploration and Evaluation Assets and Expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. All costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as resource assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a resource property is impaired, that property is written down to its estimated net realizable value. A resource property is reviewed for impairment at each financial statement date or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Interest on borrowings incurred to finance resource assets is capitalized until the asset is capable of carrying out its intended use.

Baroyeca Gold & Silver Inc.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

From time to time the Company may acquire or dispose of a resource property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof. Revenues from saleable material produced during the exploration phase are applied as a reduction to capitalized exploration and evaluation assets.

f) Share Capital

The Company records proceeds from share issuances, net of commissions and issuance costs. Shares issued for other than cash consideration are valued at either: (i) the fair value of the asset acquired or the fair value of the liability extinguished at the measurement date under current market conditions, or (ii) the quoted market price for the Company's shares based on the earlier of: the date the shares are issued, or the date the agreement to issue the shares is reached.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

g) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest. Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon the expiry or cancellation of stock options and other share-based payments, their fair value previously recorded in reserve is transferred to deficit.

h) Impairment

The Company reviews and evaluates its property, including exploration and evaluation assets, and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

Baroyeca Gold & Silver Inc.
Notes to the Consolidated Financial Statements
For the Years Ended May 31, 2024 and 2023
(Expressed in Canadian dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

i) Classification

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets	Classification under IFRS 9
Cash and term deposit	Amortized cost
Trade and other receivables	Amortized cost
Financial liabilities	Classification under IFRS 9
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Other financial liabilities	Amortized cost

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statements of Comprehensive Income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statements of Comprehensive Income in the period in which they arise.

iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Baroyeca Gold & Silver Inc.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

The Company shall recognize in the Consolidated Statements of Comprehensive Income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

j) Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive loss and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. The Company's translation of its foreign subsidiaries into Canadian dollars is the only item currently affecting comprehensive loss for the years presented.

k) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

l) Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

m) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's consolidated statements of financial position include 'Share Subscriptions Received', 'Share-based Payment Reserve', and 'Deficit'.

- 'Share Subscriptions Received' is used to recognize the value of cash received towards share subscriptions that have not been issued by year-end.

Baroyeca Gold & Silver Inc.

Notes to the Consolidated Financial Statements

For the Years Ended May 31, 2024 and 2023

(Expressed in Canadian dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

- ‘Share-based Payment Reserve’ is used to recognize the fair value of stock option grants and warrants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- ‘Deficit’ is used to record the Company’s change in deficit from earnings from period to period.

n) New accounting standards and interpretations

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2023:

IAS 1, Presentation of Financial Statements (“IAS 1”) and IFRS Practice Statement 2, Making Materiality Judgements - Disclosure of Accounting Policies(the "Practice Statement"): In February 2021, the IASB issued amendments to IAS 1 and the Practice Statement to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The adoption of these amendments did not have a material impact on the Financial Statements.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company’s accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

a) Exploration and Evaluation Assets

The carrying amount of the Company’s exploration and evaluation assets does not necessarily represent present or future values, and the Company’s exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management’s assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company’s mineral properties.

To the extent that any of management’s assumptions change, there could be a significant impact on the Company’s future financial position, operating results and cash flows.

b) Deferred Tax Assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

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NOTE 5 – EXPLORATION AND EVALUATION ASSETS

Total expenditures on the Company’s mineral property in Colombia are as follows:

	Santa Barbara Colombia, SA \$	Atocha (Falan) Colombia, SA \$	Total \$
Balance, May 31, 2022	3,918,161	3,445,512	7,363,673
Additions			
Acquisition cost	328,722	-	328,722
Automobile	33,678	17,240	50,918
Consulting and Geologists	-	24,349	24,349
Exploration, drilling, lab and survey	45,000	524,756	569,756
Equipment, tools and materials	22,168	5,684	27,852
License and Dues	4,327	27,563	31,890
Rent	-	5,809	5,809
Repairs and maintenance	18,554	754	19,308
Travel and accommodations	20,283	16,851	37,134
Taxes	3,442	13,974	17,416
Wages, benefits and contractors	380,517	271,761	652,278
Total acquisition and exploration costs during 2022	856,691	908,741	1,765,432
Effect of foreign currency translation	(50,751)	(127,312)	(178,063)
Write off of exploration cost	(4,724,101)	(4,226,941)	(8,951,042)
Balance, May 31, 2023 and May 31, 2024	-	-	-

During the year ended May 31, 2023, due to a decline in investor interest in its Colombia Properties, the Company was unable to raise the necessary funds to exercise the options it held on the Santa Barbara and Atocha Properties, decided to abandon the options, dispose of the Santa Barbara Extension Property, and withdraw from its operations in Colombia. In doing so, the Company wrote off all costs incurred to date on its Colombia Properties resulting in a loss of \$8,951,042 after offsetting \$160,000 in cash received as part consideration for the Santa Barbara Extension Property.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 \$	2023 \$
Trade accounts payable	302,832	230,662
Accrued liabilities	84,235	49,200
	387,067	279,862

NOTE 7 – SHARE CAPITAL

a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued Common Shares

No common share was issued during the year ended May 31, 2024.

During the year ended May 31, 2023, the Company issued a total of 13,304,811 shares of its capital stock, as follows:

- i) 12,440,000 units of its securities at \$0.05 per unit, each unit consisting of one common share and one non-transferable share purchase warrant, each warrant (a “Warrant”) entitling the holder to acquire one additional common share of the Company at a price of \$0.10 per share for a period of one year. The Company incurred \$2,500 in share issuance costs related to this financing and issued 50,000 finder’s warrants.

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NOTE 7 – SHARE CAPITAL (continued)

- ii) 361,111 common shares at \$0.13 per share pursuant to the Purchase of Santa Barbara Property (Extension).
- iii) 503,700 common shares at \$0.04 per share pursuant to the Purchase of Santa Barbara Property (Extension).

c) Stock options

The Board of Directors is authorized, pursuant to the Company’s Stock Option Plan, to grant options to directors, officers, consultants or employees to acquire up to 10% of issued and outstanding common shares. The exercise price of options granted shall not be less than the price permitted by any stock exchange on which the common shares are then listed or other regulatory body having jurisdiction. The options can be granted for a maximum term of 5 years and are subject to such vesting terms and conditions as may be specified by the Board of Directors.

The award of stock options is at the discretion of the Board of Directors. The Company has no formal objectives or criteria and relies on the recommendations of the Board of Directors.

The Company’s options outstanding as at May 31, 2024 and the changes for the years then ended are as follows.

	Options outstanding Numbers	Weighted average exercise price \$
Balance, June 1, 2022	3,250,000	0.228
Expired	(450,000)	0.20
Balance, May 31, 2023	2,800,000	0.218
Expired	(1,400,000)	0.265
Balance, May 31, 2024	1,400,000	0.215

The following table displays outstanding and exercisable options at May 31, 2024:

Expiry date	Number outstanding #	Number exercisable #	Weighted average exercise price \$	Weighted average remaining contractual life Years
June 24, 2026	1,400,000	1,400,000	0.210	1.90

d) Warrants

As at May 31, 2024, warrants outstanding were as follows:

- i) 50,000 finder’s warrants at an exercise price of \$0.100 per share until February 14, 2025.

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NOTE 7 – SHARE CAPITAL (continued)

A summary of the Company's issued and outstanding warrants as at May 31, 2024 is presented below:

	Warrants Outstanding Numbers	Weighted average exercise price \$
Balance, June 1, 2022	14,573,463	0.349
Warrants issued under finder's fee	50,000	0.100
Warrants issued under private placement	12,440,000	0.100
Warrants expired	(14,573,463)	0.349
Balance, May 31, 2023	12,490,000	0.100
Warrants expired on February 14, 2024	(12,440,000)	0.100
Balance, May 31, 2024	50,000	0.100

NOTE 8 – RELATED PARTY TRANSACTIONS

a) Compensation of key management

Key management includes the Company's directors. Key management compensation for the years ended May 31, 2024 and 2023, comprised the following:

	2024 \$	2023 \$
Director fees	7,200	7,200
Consulting fees	104,250	303,100
	111,450	310,300

b) Other related party transactions

In addition to the compensation paid to directors, the Company had the following transactions with related parties:

- i) As at May 31, 2024, the Company incurred consulting fees of \$59,250 to a director of the Company. As of May 31, 2024, the Company had a balance payable of \$70,650 (2023 - \$31,500) to a Company director, which was included in due to related parties.
- ii) During the year ended May 31, 2024, the Company incurred consulting fees of \$45,000 (2023 - \$94,500) to a director of the Company. The director had decided to write off \$35,000 plus GST from his accrued consulting fees included in the payable. As at May 31, 2024 the Company had a balance payable of \$36,738 (2023 - \$27,832) to this director which was included in due to related parties.
- iii) During the year ended May 31, 2024, the Company incurred director's fees of \$7,200 (2023 - \$7,200) to a director of the Company. As at May 31, 2024 the Company had a balance payable of \$12,000 (2023 - \$4,800) to this director which was included in due to related parties.
- iv) As at May 31, 2024, the Company owed \$483 (2023 - \$483) to a former director of the Company, who resigned on September 28, 2012, which is included in due to related parties.

The amounts due to/from related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

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NOTE 9 – INCOME TAXES

a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income.

A reconciliation of income taxes at statutory rates is as follows:

	2024	2023
	\$	\$
Net loss for the year	(391,569)	(9,691,005)
Income tax expense	-	-
Loss excluding income tax	(391,569)	(9,691,005)
Income tax recovery using the Company’s domestic tax rate	(139,000)	(1,737,000)
Adjustment to prior year’s tax provision	106,000	(23,000)
Permanent differences	(1,787,000)	1,528,000
Other	57,000	(39,000)
Change in unrecognized temporary differences	1,763,000	271,000
	-	-

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

As at May 31, 2024, the Company has unused non-capital loss carry forward balance of approximately \$9,097,719 (2023 - \$8,533,386) in Canada and \$Nil (2023 - \$1,786,598) in Mexico.

In addition, the Company has approximately \$6,627,306 (2023 - \$13,959,883) of resource tax pools available, which may be used to shelter certain resource income in Canada.

As at May 31, 2024, the Company had the following deductible temporary differences in respect of which no deferred tax asset was recognized:

Expiry	Tax Losses	Resource Pools	Equipment and Other
	\$	\$	\$
Within one year	-	-	-
One to five years	362,721	-	81,980
After five years	8,734,458	-	-
No expiry date	-	6,627,306	-
Net deferred income tax assets	9,097,719	6,627,306	81,980

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NOTE 10 – SEGMENTED INFORMATION

The Company has one reportable segment, which is exploration and evaluation activities in Mexico. During the year ended May 31, 2024, the Company ceased its operations in Mexico, resulting in only one operating segment as of May 31, 2024.

Geographic information of identifiable assets is as follows:

	Canada		Total
	\$		\$
Cash	262,880		262,880
Term Deposits	54,178		54,178
Account receivable and GST receivable	7,416		7,416
Prepaid Expense	7,350		7,350
Total Identifiable Assets as at May 31, 2024	331,824		331,824

	Canada	Mexico	Total
	\$	(Inactive) \$	\$
Cash	282,648	-	282,648
Term Deposits	50,000	-	50,000
GST receivable	30,126	-	30,126
Prepaid Expense	48,448	-	48,448
Exploration Advances	-	-	-
Total Identifiable Assets as at May 31, 2023	411,222	-	411,222

NOTE 11 – FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Fair Value

The fair value of the Company's accounts receivable, accounts payable and accrued liabilities, due to related parties approximate carrying value due to their short terms to maturity, which is the amount recorded on the consolidated statement of financial position. The Company's cash and term deposit are recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities.

b) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. As the Company's cash is held in major financial institutions, and the major component of amounts receivable is GST receivable from the government of Canada, the Company believes it has no significant credit risk.

c) Liquidity and funding risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2024, the Company had a cash balance of \$262,880 (2023 - \$282,648) to settle current liabilities of \$506,938 (2023 - \$344,477). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand.

The Company has historically relied on equity and debt financing to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing market conditions.

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NOTE 11 – FINANCIAL RISK FACTORS (continued)

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. As at May 31, 2024, the carrying value of the financial instruments approximates their fair values.

e) Interest rate risk

The Company has short-term deposit balance of \$54,178 as at May 31, 2024 and no financial liabilities whose future settlements will vary with changes in interest rates. The effect of fluctuations in interest rates, are considered to be insignificant.

f) Foreign currency risk

The functional and reporting currency is the Canadian dollar transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations. The Company is not exposed to material currency risk.

g) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the prices of commodities, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

NOTE 12 – CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and evaluation of its mineral property interests. Capital is comprised of the Company's shareholders' equity. As at May 31, 2024, a negative shareholders' equity of \$175,114. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended May 31, 2024.

Note 13 – SUBSEQUENT EVENT

Subsequent to the year ending May 31, 2024, on August 20, 2024, the Company closed a private placement. The Company issued an aggregate of 19,623,720 units (the "Units") for gross proceeds of \$490,593. The Units were offered at a price of \$0.025 per Unit with each Unit consisting of one common share and one full common share purchase warrant (a "Warrant") with each Warrant entitling the holder to acquire an additional common share at an exercise price of \$0.05 for a period of 60 months from the date of issuance.