

BAROYECA GOLD & SILVER INC.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**Three Months Ended
August 31, 2024**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

BAROYECA GOLD & SILVER INC.
August 31, 2024

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BAROYECA GOLD & SILVER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited – See Notice)

| | | August 31, 2024 | | May 31, 2024 |
|---|----|--------------------|----|------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ | 505,453 | \$ | 262,880 |
| Term deposit | | 54,178 | | 54,178 |
| Accounts Receivable and Sales Taxes Receivable | | 12,420 | | 7,416 |
| Prepaid expenses | | 4,200 | | 7,350 |
| | | 576,251 | | 331,824 |
| LIABILITIES | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities – Note 5 | \$ | 344,198 | \$ | 387,067 |
| Due to related parties – Note 7 | | 137,421 | | 119,871 |
| | | 481,619 | | 506,938 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | | | |
| Capital Stock – Note 6 | | 18,963,219 | | 18,489,501 |
| Subscription received in Advance | | - | | 149,468 |
| Share-Based Payment reserves | | 332,115 | | 332,115 |
| Deficit | | (19,303,078) | | (19,248,576) |
| Accumulated other comprehensive income | | 102,376 | | 102,378 |
| | | 94,632 | | (175,114) |
| | | 576,251 | | 331,824 |

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved on behalf of the Board:

“Richard Wilson”

Richard Wilson – Director

“Douglas Eacrett”

Douglas Eacrett – Director

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

BAROYECA GOLD & SILVER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

| | Three Months Ended August 31, 2024 | Three Months Ended August 31, 2023 |
|--|---|---|
| <hr/> | | |
| EXPENSES | | |
| Bank charges | \$ 166 | \$ 156 |
| Consulting fees – Note 7 | 15,000 | 29,250 |
| Insurance | 3,150 | 3,000 |
| Management and director fees – Note 7 | 1,800 | 1,800 |
| Office and miscellaneous | 1,124 | 6,507 |
| Professional fees | 49,566 | 49,346 |
| Transfer agent and filing fees | 4,754 | 1,567 |
| Website, marketing and promotion | 1,650 | 2,155 |
| <hr/> | | |
| NET LOSS BEFORE OTHER INCOME | (77,210) | (93,781) |
| Interest income | 5,102 | 2,388 |
| Write off of Accounts Payable | 17,850 | - |
| Foreign exchange | (244) | 522 |
| <hr/> | | |
| NET INCOME (LOSS) FOR THE PERIOD | (54,502) | (90,871) |
| Translation adjustment | - | - |
| <hr/> | | |
| COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | (54,502) | (90,871) |
| <hr/> | | |
| INCOME (LOSS) PER SHARE | | |
| <i>Basic and diluted</i> | \$ (0.001) | \$ (0.001) |
| <hr/> | | |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 86,108,470 | 66,484,750 |
| <hr/> | | |

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

BAROYECA GOLD & SILVER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited – See Notice)

| | Three Months Ended August 31, 2024 | Three Months Ended August 31, 2023 |
|---|---|---|
| CASH FLOWS PROVIDED BY (USED FOR): | | |
| OPERATING ACTIVITIES | | |
| Gain (Loss) for the period | \$ (54,502) | \$ (90,871) |
| Adjusted for: | | |
| Write off of Accounts Payable | 17,850 | - |
| Net changes in non-cash working capital items: | | |
| Decrease (increase) in amounts receivable | (5,004) | (910) |
| Decrease (Increase) in Prepays | 3,150 | 12,204 |
| Increase (decrease) in accounts payable and accrued liabilities | (60,719) | 5,845 |
| Increase in due to related parties | 17,550 | 16,048 |
| | (81,675) | (57,684) |
| INVESTING ACTIVITIES | | |
| Deferred exploration cost | - | - |
| Exploration advances | - | - |
| | - | - |
| FINANCING ACTIVITIES | | |
| Subscriptions received in Advance | (149,468) | - |
| Advisor and Referral Fees | (16,875) | - |
| Shares issued for cash, net of costs | 490,593 | - |
| | 324,250 | - |
| EFFECT OF FOREIGN EXCHANGE RATE | (2) | - |
| INCREASE (DECREASE) IN CASH | 242,573 | (57,684) |
| CASH, BEGINNING OF PERIOD | 262,880 | 282,648 |
| CASH, END OF PERIOD | \$ 505,453 | \$ 224,964 |

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

BAROYECA GOLD & SILVER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited – See Notice)

| | <i>Capital Stock</i> | | <i>Subscription Received in advance</i> | <i>Share-based Payment Reserves</i> | <i>Deficit</i> | <i>Accumulated Other Comprehensive Income</i> | <i>Total Shareholders' Equity (Deficiency)</i> |
|---------------------------------|-----------------------------|----------------------|---|---|------------------------|---|--|
| | <i>Number of Shares</i> | <i>Amount</i> | | | | | |
| Balance, May 31, 2024 | 66,484,750 | \$ 18,489,501 | 149,468 | \$ 332,115 | \$ (19,248,576) | \$ 102,378 | \$ (175,114) |
| Addition in the period | 19,623,720 | 473,718 | (149,468) | - | - | - | 324,250 |
| Net Loss for the period | - | - | - | - | (54,502) | - | (54,502) |
| Translation adjustment | - | - | - | - | - | (2) | (2) |
| Balance, August 31, 2024 | 86,108,470 | \$ 18,963,219 | - | \$ 332,115 | \$ (19,303,078) | \$ 102,376 | \$ 94,632 |
| Balance, May 31, 2023 | 66,484,750 | \$ 18,489,501 | - | \$ 630,210 | \$ (19,155,102) | \$ 102,136 | \$ 66,745 |
| Addition in the period | - | - | - | - | - | - | - |
| Net loss for the period | - | - | - | - | (90,871) | - | (90,871) |
| Translation adjustment | - | - | - | - | - | - | - |
| Balance, August 31, 2023 | 66,484,750 | \$ 18,489,501 | - | \$ 630,210 | \$ (19,245,973) | \$ 102,136 | \$ (24,126) |

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

BAROYECA GOLD & SILVER INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024
(Expressed in Canadian dollars)
(Unaudited – See Notice)

NOTE 1 - NATURE AND CONTINUANCE OF OPERATIONS

General business description

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, Boroyeca Gold & Silver de Mexico, S.A. de C.V. under the laws of Mexico, which ceased to be a subsidiary effective May 28, 2024 (See note 3(b) herein).

The Company is in the process of searching for a mineral property interest to acquire. Upon acquisition of an interest the Company will commence exploration and evaluation activities determine whether the property contains 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 condensed interim 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 development 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 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 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.

| Working capital deficiency | August 31, 2024 | May 31, 2024 |
|-----------------------------------|------------------------|---------------------|
| Working capital (deficit) | \$ 94,632 | \$ (175,114) |
| Net loss | \$ (54,502) | \$ (391,569) |
| Deficit | \$ (19,303,078) | \$ (19,248,576) |

NOTE 2 – STATEMENT OF COMPLIANCE

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

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 29, 2024.

BAROYECA GOLD & SILVER INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024
(Expressed in Canadian dollars)
(Unaudited – See Notice)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

b) Basis of Consolidation

These consolidated financial statements include only the accounts of the Company for the period ended August 31, 2024 and the accounts of the Company and its subsidiary for the period ended August 31, 2023. Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

For the period ended August 31, 2023, The following companies have been consolidated within these consolidated financial statements:

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

Note: On May 28, 2024, the Company sold its beneficial interest in 49,999 shares of Boroyeca Gold & Silver de Mexico, SA de CV 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.

BAROYECA GOLD & SILVER INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024
(Expressed in Canadian dollars)
(Unaudited – See Notice)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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. As at August 31, 2024 and August 31, 2023 the Company had no cash equivalents on hand.

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.

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 price on the TSX Venture Exchange based on the earliest 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.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024
(Expressed in Canadian dollars)
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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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 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.

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:

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)
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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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 | Amortized cost |
| 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. 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.

BAROYECA GOLD & SILVER INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – CONT'D

j) Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (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 operations incurred in foreign currencies into Canadian dollars is the only item currently affecting comprehensive income (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.

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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – CONT'D

m) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement 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.
- '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) Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period. These reclassifications have no effect on the net loss for the period ended August 31, 2024.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGEMENTS, 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 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.

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NOTE 4 – SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS -CONT'D

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.

c) Share-based Compensation

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | August 31, 2024 | May 31, 2024 |
|------------------------|----------------------------|-------------------------|
| Trade accounts payable | \$ 299,198 | \$ 302,832 |
| Accrued liabilities | 45,000 | 84,235 |
| | \$ 344,198 | \$ 387,067 |

NOTE 6 – 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

During the period ended August 31, 2024, the Company issued 19,623,720 Units of its securities at a price of \$0.025 per Unit for total proceeds of \$490,593. Each Unit is comprised of one Common Share and one share purchase warrant (a “Warrant”) with each Warrant entitling the holder to acquire on additional Common Share at a price of \$0.05 for a period of 60 months from the date of issue.

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NOTE 6 – SHARE CAPITAL – CONT'D

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.

No stock options were awarded during the three months ended August 31, 2024.

As at August 31, 2024 options outstanding were as follows:

- 1,400,000 shares purchase option at an exercise price of \$0.215 per share until June 24, 2026.

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

| | Options Outstanding Numbers | Weighted average exercise price \$ |
|---------------------------------|--|---|
| Balance, June 1, 2024 | 1,400,000 | 0.215 |
| Option granted | - | - |
| Balance, August 31, 2024 | 1,400,000 | 0.215 |

BAROYECA GOLD & SILVER INC.
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(Expressed in Canadian dollars)
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NOTE 6 – SHARE CAPITAL – CONT'D

d) Warrants

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

- 50,000 share purchase warrants at an exercise price of \$0.100 per share until February 14, 2025.
- 19,623,720 share purchase warrants at an exercise price of \$0.05 per share until June 14, 2029.

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

| | Warrants Outstanding Numbers | Weighted average exercise price \$ |
|---|------------------------------------|--|
| 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 | 0.10 |
| Warrants issued under private placement | 19,623,720 | 0.05 |
| Balance, August 31, 2024 | 19,673,720 | 0.05 |

NOTE 7 – RELATED PARTY TRANSACTIONS

Compensation of key management

Key management includes the Company's directors. Key management compensation for the periods ended August 31, 2024 and August 31, 2023, comprised:

| | August 31, 2024 | August 31, 2023 |
|-----------------|--------------------|--------------------|
| Director fees | \$ 1,800 | \$ 1,800 |
| Consulting fees | 15,000 | 29,250 |
| | \$ 16,800 | \$ 31,050 |

Other related party transactions

The Company had the following transactions with related parties:

- a) During the period ended August 31, 2024, the Company paid consulting fee of \$15,000 (May 2023 - \$59,250) to a director of the Company. As of August 31, 2024 the Company had a balance payable of \$86,400 (May 31, 2024 - \$70,650) to this director of the Company, which was included in due to related parties.

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NOTE 7 – RELATED PARTY TRANSACTIONS – CONT'D

- b) During the period ended August 31, 2024, the Company paid consulting fee of \$NIL (May 2024 – \$45,000) to a director of the Company. As of August 31, 2024 the Company had a balance payable of \$36,738 (May 31, 2024 - \$36,738) to this director of the Company, which was included in due to related parties.
- c) As of August 31, 2024, the Company owed \$483 (May 31, 2024 - \$483) to a former director of the Company, who resigned on September 28, 2012, which is included in accounts payable and accrued liabilities.
- d) As at August 31, 2024, the Company paid director fees of \$1,800 (May 31, 2024 - \$7,200) to a director of the Company. As of August 31, 2024 the Company had a balance payable of \$13,800 (May 31, 2024 - \$12,000) to this director of the Company, which was included in due to related parties.

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

NOTE 8 – 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 amounts receivable, due from related parties, accounts payable and accrued liabilities, advance payable and line of credit 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 loan payable is recorded at amortized cost, and the Company's cash and marketable securities 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 August 31, 2023, the Company had a cash balance of \$505,453 to settle current liabilities of \$481,619. 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 financings 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 the prevailing market conditions.

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NOTE 8 – FINANCIAL RISK FACTORS – CONT'D

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 August 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 August 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 9 – 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 August 31, 2024, the shareholders' equity was \$94,632. 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 period ended August 31, 2024.