

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended May 31, 2025

Background

The following discussion and analysis, prepared as of September 29, 2025, should be read together with the audited consolidated financial statements for the year ended May 31, 2025 (the "Financial Statements") and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

These audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 1460971 B.C. Ltd. All inter-company transactions and balances have been eliminated.

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

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

Overview

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

Since its inception, the Company has reviewed, acquired and explored a variety of mineral interests, all of which properties were subsequently abandoned for a variety of reasons, including disappointing exploration results.

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

Proposed Amalgamation

On October 30, 2024, the Company entered into an amalgamation agreement with Terra Rossa Gold Ltd. ("Terra Rossa"), as amended March 17, 2025 and May 29, 2025, pursuant to which agreement the operations of the two companies would be merged in a transaction considered by the TSX Venture Exchange to be a reverse takeover and the issued share capital of the Company would be consolidated on a 1 new share for every 14 issued shares outstanding. One of the conditions to the amalgamation agreement is that Terra Rossa complete a concurrent non-brokered private placement of 7,000,000 special warrants for minimum aggregate proceeds of \$3,500,000 (the "Financing"). At the date of this Management Discussion, the transaction has received conditional approval from the Exchange and is expected to close subsequent to the date of this Management Discussion. Terra Rossa has completed the Financing on an amended basis raising in the order of \$6,000,000. For further information, please see the Company's news release dated March 18, 2025 filed on www.sedarplus.com.

SELECTED FINANCIAL DATA

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

	Years Ended May 31		
	2025	2024 <i>As Restated</i>	2023
	\$	\$	\$
OPERATIONS:			
Revenue	Nil	Nil	Nil
Net Loss for the Year	(82,974)	(289,191)	(9,691,005)
Comprehensive Loss for the Year	(82,974)	(289,191)	(9,578,818)
Basic and diluted loss per share,	(0.001)	(0.004)	(0.17)
BALANCE SHEET:			
Working capital (deficit)	66,162	(175,114)	66,745
Total assets	454,877	331,824	411,222
Total exploration and evaluation assets	-	-	-

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

General and Administrative

Discussion of Operating Results – year ended May 31, 2025

During the year ended May 31, 2025, the Company incurred a net loss from operations of \$82,974 as compared with net loss of \$289,191 for the year ended May 31, 2024. The decreased loss in the 2025 year is primarily due to the Company's continued decline in activity following its ceasing its exploration activities at the end of the May 31, 2023 fiscal year and pursuing a search for a new mineral interest or other business venture for the Company. The loss for the 2025 year was primarily due to: a reduction of \$131,005 in professional fees resulting from the settlement of a legal proceeding part way through the year that had been ongoing through the entire previous year; a reduction of \$24,250 in management and consulting fees due to the reduced activity in the year; and a general reduction across the board in most other expense categories also due to the reduce activity in the Company: as offset principally by a recovery of \$245,583 in legal expenses due to a settlement of a legal proceeding on which the court awarded costs.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended May 31, 2025.

	May 31 2025 \$	Feb. 28 2025 \$	Nov. 30 2024 \$	Aug. 31 2024 \$	May 31 2024 \$	Feb. 29 2024 \$	Nov. 30 2023 \$	Aug. 31 2023 \$
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(88,591)	115,862	(55,743)	(54,502)	81,323	(136,454)	(143,189)	(90,871)
Basic and Diluted (Income)Loss/Share	(0.001)	0.002	(0.001)	(0.001)	0.001	(0.002)	(0.002)	(0.001)

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

Discussion of Operating Results – three months ended May 31, 2025

During the three months ended May 31, 2025, the Company incurred a net loss from operations of \$88,591 for the period as compared with a net income of \$81,323 for the three months ended May 31, 2024. The 2024 period results were significantly impacted by a one-time gain of \$161,868 on the write-off of accounts payable from former exploration activities which debts were statute barred from any legal actions for recovery and a \$102,378 cumulative foreign translation gain upon sale of the subsidiary in Mexico. In removing these one-time gains from the 2024 period results, the loss for the 2024 period becomes \$182,923. The resulting decreased loss in the 2025 period is primarily due to: a reduction of \$69,085 in legal fees as a result of the termination in the intervening period of a legal action brought against a director of the Company, in his capacity as an officer of a subsidiary of the Company, for which the Company was reimbursing the director pursuant to the Company's articles, which action resulted in a settlement in favour of the director and a recovery of approximately 90% of the costs that had been incurred; a reduction of \$15,000 in consulting fees, a reduction of \$11,060 in travel expenses and \$9,764 in transfer agent and filing fees and general reductions in most other categories of expense all due to the reduced activity of the Company following the shut down of exploration activities.

Discussion of Operating Results – three months ended February 28, 2025

During the three months ended February 28, 2025, the Company incurred net income from operations of \$115,862 as compared with a net loss of \$136,454 for the three months ended February 29, 2024. The increased income in the 2025 period is primarily due to: a one-time payment of \$245,583 received as a recovery of costs incurred in a litigation matter; a decrease of \$24,833 in professional, \$2,242 in bank charges and interest expense, \$2,144 in marketing and promotion expense, \$2,050 in insurance expense and \$1,145 in office and administration expense all primarily due to a cut back in operations; and an increase of \$2,100 in interest income received in the period: as offset by: an increase of \$25,000 in consulting fees; an increase of \$2,338 in transfer agent and filing fees; and a minor decrease in miscellaneous income of \$443.

Discussion of Operating Results – three months ended November 30, 2024

During the three months ended November 30, 2024, the Company incurred a net loss from operations of \$55,743 as compared with net loss of \$1453,189 for the three months ended November 30, 2023. The decreased loss in the 2024 period is primarily due to: a savings of \$24,732 on accounts payable as a result of discounts received on settling outstanding accounts; a decrease of 37,312 in professional and \$20,000 in consulting fees primarily due to a cut back in operations; a reduction of \$1,028 in office and administration expense due in part to the Company ceasing its Colombian operations at the end of the May 31, 2023; a decrease of \$5,776 in marketing and promotion expenses; an increase of \$3,524 in interest income received and a decrease of \$391 in foreign exchange losses incurred in the period: as offset by: an increase of \$5,257 in transfer agent and filing fees; and minor increases in bank charges (\$90) and insurance expenses (\$150).

Discussion of Operating Results – three months ended August 31, 2024

During the three months ended August 31, 2024, the Company incurred a net loss from operations of \$54,502 as compared with net loss of \$90,871 for the three months ended August 31, 2023. The decreased loss in the 2024 period is primarily due to: a savings of \$17,850 on accounts payable as a result of discounts received on settling outstanding accounts; a decrease of \$14,250 in consulting fees; a reduction of \$5,383 in office and administration expense due in part to the Company ceasing its Colombian operations at the end of the May 31, 2023; an increase of \$2,714 in interest income received and a decrease of \$505 in marketing and promotion expenses: as offset by an increase of \$3,187 in transfer agent and filing fees; an increase in foreign exchange losses of \$766; and minor increases profession fees (\$220) and insurance expenses (\$150).

Investor Relations

The Company was not subject to any investor relations agreements and conducted no investor relations activities during the year.

Liquidity and Capital Resources

The Company has no revenue generating operations and finances its operations principally through the sale of shares in its capital. In the short-term, directors of the Company have, in the past, provided cash advances to meet urgent operating needs. As at June 1, 2024, the Company had working capital deficit of \$175,114.

During the year ended May 31, 2025, the Company incurred a loss of \$82,974 from its operating activities and carried out a private placement financing through the sale of 19,623,720 units of its securities at a price of \$0.025 per unit (the “Offering”) raising a total of \$490,593 in additional working capital for the Company. Each unit in the Offering consisted of one common share and one full common share purchase warrant (a “Warrant”) with each Warrant entitling the holder to acquire one additional common share at an exercise price of \$0.05 per share for a period of 60 months. The Company paid cash finder’s fees totalling \$16,875 to certain eligible parties on the basis of 5% of the gross proceeds of the Offering provided by subscribers introduced to the placement by those eligible parties. The Company also received a sum of \$245,583 (See following paragraph for further particulars.) in the year as a settlement in a litigation matter representing legal costs that had been incurred. As a result of these activities, as at May 31, 2025, the Company had a working capital balance of \$66,162.

During the period, on or about the last week of December 2024, the Company received payment of damages awarded in a legal action, representing legal fees incurred in defence of a director who was sued solely because he was a director and officer of a former US subsidiary of the Company and to which positions he

was appointed by the Company. The US agency that brought the suit did not attempt to sue the Company but rather pursued the officers and directors of the US subsidiary conducting exploration in the US. The Company's Articles provide that in such circumstances the Company reimburse the director for such legal expenses. As a result of this award, the Company received a cash payment in the order of \$115,900 as reimbursement of legal costs paid and the balance of the outstanding account with the U.S. legal counsel was paid.

As set out above under the heading "Proposed Amalgamation" on page 1, part of the conditions required to be met prior to completion of such amalgamation, if approved, is that a concurrent financing in the order of \$3,500,000 be completed. Prior to the date of this Management Discussion, Terra Rossa completed the concurrent financing and raised in the order of \$6,000,000 in working capital with which to carry the planned operations of the resulting company.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

The Company had the following related party transactions during the year ended May 31, 2025:

- a) Consulting fees of \$50,000 (2024 - \$45,000) plus GST were paid or accrued to Richard Wilson, a director of the Company;
- b) Consulting fees of \$30,000 (2024 - \$59,250) were paid or accrued to Douglas Eacrett, a director of the Company; and
- c) The Company incurred director's fees of \$6,600 (2024 - \$7,200) to William Carr, a director of the Company.

Financial Instruments

The Company's financial instruments consist of cash and term deposits, amounts receivable, accounts payable and accrued liabilities and due to related parties. The fair value of the Company's accounts payable and accrued liabilities and due to related parties are estimated by management to approximate their carrying values based on the immediate or short-term maturity of these instruments. Cash and term deposits is recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities and, in management's opinion, the Company is not exposed to significant interest or credit risk from these financial instruments. Please refer to Note 9 of the Company's audited consolidated financial statements for detailed discussion of the financial risk factors.

Accounting standards, amendments and interpretations not yet effective

There are no significant material new standards, amendments to standards and interpretations that have been issued but are not effective during the year ended May 31, 2025 that are applicable to the Company.

Particulars of Outstanding Securities of the Issuer

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

Common Shares

Date	Number Outstanding
May 31, 2025	86,108,470
September 29, 2025	86,108,470

Share Purchase Warrants

The following Share Purchase Warrants, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding at May 31, 2025 and September 29, 2025:

Date	Number of Share Purchase Warrants Outstanding	Exercise Price per Share	Expiry Date (mm/dd/yy)
May 31, 2025	19,623,720	\$0.05	06/10/29
September 29, 2025	19,623,720	\$0.05	06/10/29

Incentive Stock Options

The following Incentive Stock Options, each entitling the holder to acquire one previously unissued common share of the Company at the prices and for the periods of time set out in the table below are outstanding May 31, 2025 and September 29, 2025:

Date	Number of Incentive Stock Options Outstanding	Exercise Price per Share	Expiry Date (mm/dd/yy)
May 31, 2025	1,400,000	\$0.215	06/24/26
September 29, 2025:	1,400,000	\$0.215	06/24/26