Form 51-102F1

BAROYECA GOLD & SILVER INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended February 29, 2020

Background

The following discussion and analysis, prepared as of May 21, 2020, should be read together with the unaudited condensed interim consolidated financial statements for the nine months ended February 29, 2020 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Boroyeca Gold & Silver de Mexico S.A. de C.V., Tombstone Gold & Silver Inc. and Tombstone Resources Inc. Tombstone Gold & Silver Inc. and Tombstone Resources Inc. are both Arizona, USA companies. All inter-company transactions and balances have been eliminated.

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

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

Overview

Baroyeca Gold & Silver Inc. (the "Company") was incorporated on February 17, 2006 and commenced business at that time. The Company is a mineral exploration and evaluation company with no revenue generating operations, other than some incidental revenue from the sale of gravel from its Tombstone Properties which is reported as a recovery of costs incurred on those properties. 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 completed its initial prospectus offering in December 2010 and is listed on the TSX Venture Exchange under the symbol **BGS**.

During the 2012 fiscal year, the Company reviewed and acquired certain patented mineral claims and unpatented lode claims situated near Tombstone, Arizona, U.S.A. (the "Tombstone Property").

Results of Operations

Description of Properties

<u>The Tombstone Properties</u>

Pursuant to the terms of a purchase and sale and option agreement dated as of May 16, 2011, (the "Tombstone Option Agreement") entered into with Tombstone Development Company, of Tucson, Arizona, Dale Turner, its principal, and several affiliated companies (collectively, the "Vendor"), the Company, through its wholly-owned Arizona subsidiary, Tombstone Gold & Silver Inc, acquired a parcel of historic patented mining claims comprising in the order of 200 acres, and was granted options to acquire two additional parcels of claims contiguous to the group acquired comprising respectively an additional 135 and 150 acres. The three parcels contain the bulk of the historic patented claims on the hill just south of the town of Tombstone, Arizona. The price for the first parcel of claims was US$250,000 in cash and the price for the two optioned parcels, also all cash, is US$180,000 and US$250,000 respectively. The Company and its subsidiaries had until September 17, 2011 to exercise the first option, which was exercised by Tombstone Gold & Silver Inc. ("TGSI") and Tombstone Resources Inc. ("TRI") with closing occurring on September 30, 2011. Accordingly, the Company and its subsidiaries had until November 29, 2011 to exercise the second option. On November 29, 2011, the Company and the Vendor amended the Tombstone Option Agreement to extend the exercise date for the second option to February 29, 2012. In consideration of this amendment, the Company paid US$40,000 of the exercise price to the Vendor which the Company will forfeit if the second option is not exercised. By further amendments to the Tombstone Option Agreement agreed to with the Vendor, the closing date for the second option was extended to June 30, 2012 in consideration of which the Company paid the Vendor an additional US$50,000 and agreed to issue the Vendor 10,000 shares in the capital of the Company at closing. The Company was unable to pay the remaining balance due of US$160,000 by June 30, 2012 and has since received a notice of default pursuant to which the Company was to make the payment by October 19, 2012. Due to the very difficult market conditions for junior resource companies, at October 19, 2012, the Company was still without sufficient funds to complete the purchase and spoke with the Vendor who verbally agreed, due to the market conditions, to extend the deadline generally for the payment of the balance of the exercise price.

The first parcel of claims acquired by Tombstone Gold & Silver Inc. comprise, amongst others, the former Tombstone Contention Mine and the Grand Central Mine, previously operated principally as silver mines. The Company was considering further exploration of these properties.

In addition to the patented claims that were acquired or optioned to be acquired, the Company staked approximately 900 acres of claims in several packages, some contiguous and some adjacent, to the purchased and optioned properties, increasing the Company's holdings on completing the two option purchases to approximately 1,400 acres. During the year ended May 31, 2016, due to a shortage of funds, certain of these staked claims were allowed to lapse, accordingly reducing the property so held.

In conjunction with the purchase of the group of claims, the Company agreed to purchase a number of pieces of equipment and an office facility located on the properties that had been used in operations carried out by the vendor for a total of US$176,000 which has been fully paid.

In addition to the mineral potential of the purchased claims, the property contains a quantity of stockpiled construction aggregate material created as a by-product of previous mining operations. In the current economic circumstances, the Company will be concentrating on extracting, and building the sales of, aggregate from the property as a source of cash flow for the Company.

The former owners of the claims acquired had made an application to the Arizona Department of Environmental Quality ("ADEQ") for closure of the Tombstone Contention Mine on the properties based on their decision that, at that time, the best use of the property was real estate development. Tombstone Gold & Silver Inc. ("TGSI") has agreed with the vendor to carry out the requirements of the ADEQ with respect to that closure application, or otherwise resolve the matter. The Company has met with the ADEQ to discuss the conditions on the property and to develop a process to satisfy the requirements of an Aquifer Protection Plan. Such discussions are ongoing.

During the year ended May 31, 2018, the Company entered into an option agreement with Aztec Minerals Corp. ("Aztec") whereby Aztec can acquire a 75% interest in the Tombstone Properties held by the Company. To earn an interest in the property, Aztec must incur exploration expenditures of CAD $1,000,000 on the property, make cash payments of CAD$100,000 and issue 1,000,000 Aztec common shares to the Company over a three year period.

During the year ended May 31, 2019, Aztec incurred sufficient exploration expenses (minimum required $50,000) on the property, paid the Company the cash payment required in the first year ($30,000) and issued the Company the shares in its capital (100,000 shares) necessary to maintain the Option in good standing.

During the period ended May 21, 2020, Aztec incurred additional exploration expenses of at least $300,000, the minimum required, paid the Company an additional $30,000 in cash (the required payment in the second year of the Option) and issued to the Company an additional 300,000 shares in its capital stock all as required to maintain its Option in good standing.

Expenditures

Tombstone Properties

During the year ended May 31, 2013, the Company engaged a party to monitor the property and to negotiate and supervise, as needed from time to time, the sale and loading and weighing of aggregate from the property for use in roads and other construction projects. The Company received $190,385 in sales of aggregate during that year, which was offset in the financial statements against the expenses incurred on the property.

In June 2013, the Company acquired a crushing plant for use in its aggregate operations in order to be able to provide a broader variety of product to the market. In the same month, the Company successfully bid to be accepted as a supplier of aggregate to Cochise County, Arizona. Unfortunately, the County activities were slower than anticipated during the year ended May 31, 2014 with sales amounting to a total of only $214,124 during that year. Sales were a little stronger during the year ended May 31, 2015, amounting to a total of $278,993, but were very soft in the year ended May 31, 2016, amounting to sales of only $129,309. Aggregate sales for the year ended May 31, 2017 improved as compared to 2016, amounting to $327,206 for the period. Aggregate sales for the year ended May 31, 2018 amounted to $276,820, for the year ended May 31, 2019 amounted to $149,647 and for the nine months ended February 29, 2020 totalled $95,556 all of which amounts were offset in the consolidated financial statements for the respective periods as a recovery of expenses incurred on the property.

Details of the expenditures for the years ended May 31, 2019 and the period ended February 29, 2020 can be seen in Note 5 to the Company's condensed interim consolidated financial statements for the nine months ended February 29, 2020.

SELECTED FINANCIAL DATA

The following table presents audited selected financial information for the years indicated and unaudited information for the stub periods indicated.

	Nine Months Ended		Years Ended May 31		
	February 29 2020 $	February 28 2019 $	2019 $	2018 $	2017 $
OPERATIONS:					
Revenue	Nil	Nil	Nil	Nil	Nil
Net Loss for the Period	161,296	63,654	385,574	862,261	303,822
Comprehensive Loss for the Period	162,142	63,362	383,716	873,723	294,017
Basic and diluted loss per share	0.03	0.00	0.07	0.18	0.01
BALANCE SHEET:					
Working capital (deficit)	(3,256,630)	(2,862,664)	(2,989,216)	(2,707,445)	(2,167,068)
Total assets	645,836	716,314	564,150	630,816	1,346,723
Total exploration and evaluation assets	608,249	678,451	500,000	570,446	1,191,283

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

General and Administrative

Discussion of Operating Results – nine months ended February 29, 2020

During the nine months ended February 29, 2020, the Company incurred a net loss of $161,296 as compared with net loss of $63,654 for the nine months ended February 28, 2019. The increase in the loss experienced in 2020 as compared to the 2019 period is primarily due to a one-time gain of $91,781 realized in the 2019 period on the sale of equipment no longer required for the Company's operations. Removing that gain from the results for 2019 leaves the 2019 period with an adjusted loss of $155,435. The increase in the adjusted loss of $5,861 in 2020 is primarily due to: an increase of $8,588 in transfer agent and filing fees due to the Company undertaking its share consolidation during this period; an increase of $5,699 in bank charges during the 2020 period; and an increase of $2,378 in office and miscellaneous expenses in 2020 net of miscellaneous income; all as offset by decreases of: $6,106 in travel and promotion expenses, $2,867 in finance costs; $2,483 in insurance expenses; and $436 in professional fees during the period.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for each of the last eight quarters ended February 29, 2020.

	Feb. 29 2020 $	Nov. 30 2019 $	Aug. 31 2019 $	May 31 2019 $	Feb. 28 2019 $	Nov. 30 2018 $	Aug. 31 2018 $	May 31 2018 $
Total Revenues	-	-	-	-	-	-	-	-
Net Income (Loss)	(50,019)	(55,459)	(55,924)	(321,920)	(55,442)	(55,056)	46,844	(38,666)
Basic and Diluted (Income)Loss/Share	(0.01)	(0.01)	(0.01)	(0.07)	(0.00)	(0.00)	0.00	(0.00)

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 February 29, 2020

During the three months ended February 29, 2020, the Company incurred a net loss of $50,019 as compared with net loss of $55,442 for the three months ended February 28, 2019. The decrease in the loss of $5,423 in 2020 is primarily due to: a decrease of $5,354 in professional fees; a decrease of $2,670 in travel and promotion expenses as a result of reduced activity in the 2020 period; a decrease of $1,703 in insurance expenses and a decrease of $1,612 in finance costs in the period; all as offset by increases of $3,420 in bank charges; and $3,032 in transfer agent and filing fees during the 2020 period.

Discussion of Operating Results – three months ended November 30, 2019

During the three months ended November 30, 2019, the Company incurred a net loss of $55,459 as compared with net loss of $55,056 for the three months ended November 30, 2018. The minor increase in the loss of $403 in 2019 is primarily due to a number of offsetting increases and decreases in expenses in the 2019 period as follows: an increase of $2,364 in professional fees due to the Company's audit being carried out during the period; an increase of $1,630 bank charges during the 2019 period; and minor increases of $261 in office and miscellaneous expenses and $182 in transfer agent and filing fees in the 2019 period; all as offset by decreases of $1,997 in finance costs, $1,265 in insurance expenses and $1,048 in travel and promotion expenses during the period.

Discussion of Operating Results – three months ended August 31, 2019

During the three months ended August 31, 2019, the Company incurred a net loss of $55,818 as compared with net income of $46,844 for the three months ended August 31, 2018. The turn-around in 2019 to a loss from the gain recorded in 2018 is primarily due to a one-time gain of $91,781 realized in the 2018 period on the sale of equipment no longer required for the Company's operations. Removing that gain from the results for 2018 leaves the 2018 period with a loss of $45,756. Compared to this figure, the increased loss in 2019 is primarily due to: an increase of $5,374 in transfer agent and filing fees due to activities carried out during the period, including the processing of the Company's share consolidation; an increase of $2,744 in office and miscellaneous and $2,554 in professional fees all due to increased activity in the Company during the period; and small increases of $742 in finance costs, $649 in bank charges and $485 in insurance costs; all as offset by a decrease of $2,388 in travel and promotion expenses during the period.

Discussion of Operating Results – three months ended May 31, 2019

During the three months ended May 31, 2019, the Company incurred a net loss of $321,920 as compared to a net loss of $38,666 for the three months ended May 31, 2018. The increased loss in the 2019 period is primarily due to: the increase of $211,122 in the impairment loss taken in the 2019 period being the period when the 2019 adjustment was booked; an increase of $52,446 in foreign exchange loss incurred in the 2019 period; an increase of $14,345 in professional fees incurred in the 2019 period; an increase of $12,969 in finance costs incurred in the 2019 period; an unrealized loss of $8,000 incurred in 2019 on the market value of securities held by the Company; and increases of $2,166 in insurance expenses, $1,883 in transfer agent and filing fees and $389 in office and miscellaneous expenses experienced in the 2019 period; as offset by: a decrease in of $11,505 in depreciation expense in 2019 due to the sale of some of the surplus equipment; a reduction of $5,678 in travel and promotion expenses in 2019 due to reduced activity in 2019; a reduction of $2,037 in interest and bank charges in 2019; a reduction of $687 in utilities expense in 2019 and an increase of $159 in miscellaneous income received in 2019.

Investor Relations

No investor relations activities were undertaken by or on behalf of the Company during the period and no investor relations arrangements or contracts were entered into by the Company during the period.

Liquidity and Capital Resources

The Company has minor ongoing operating revenues from its aggregate operations on its Tombstone Property (reflected in the consolidated financial statements as an offset to expenditures on exploration and evaluation assets in Note 5 to the statements) and finances its operations principally through the sale of shares in its capital and through loans secured against its equipment and other assets. In the short-term, directors of the Company have, in the past, provided cash advances to meet urgent operating needs. At June 1, 2019, the Company had a working capital deficit of $2,989,216.

During the nine months ended February 29, 2020, the Company expended: $159,447 in working capital on its operating activities and a total of $175,137 on its aggregate operations on its property, from which it realized a total of $95,556 from the sales of aggregate.

As a result of the foregoing activities, amongst other things, at February 29, 2020, the Company had a working capital deficit of $3,256,630.

The Company estimates that with contraction of its activities that have occurred due to the current shortage of operating funds, operating expenses for the ensuing the fiscal year will be in the order of $200,000 before charges for depreciation.

The Company will require funds to satisfy its working capital deficit and make payments to the regulatory authorities with respect to assessments levied on its operations.

Subsequent to February 29, 2020, the Company entered into two mineral property option agreements (the "Option Agreements") with respect to two mineral properties located in Colombia, South America as described more fully in the Company's news release dated April 22, 2020. The Option Agreements allow for a period of 120 days for the Company to conduct its due diligence with respect to proceeding with the options. This due diligence period may be extended should the current Covid-19 pandemic result in certain restrictions in travel to and within Colombia, and otherwise that prevent the Company from adequately conducting its due diligence review. The Option Agreements anticipate the Company conducting a financing in the order of $5.0 million to meet the cash requirements of the Option Agreements and required exploration expenditures.

In conjunction with the announcement of the Option Agreements, the Company announced that it was undertaking a private placement of up to 2,000,000 shares of its capital stock at a price of $0.05 per share. Subsequent to that announcement and due to delays experienced because of shut-downs implemented to limit the spread of the Covid-19 virus, the Company was unable to file these financial statements on April 29, 2020 when due. The regulatory authorities granted an extension to file such statements in the circumstances but imposed a cease trade order on management of the Company until such time as the statements were filed. As a result, the Company has had to delay proceeding with its proposed private placement.

The Company will require additional financing to provide all the working capital necessary to meet its requirements. There can be no assurance that the Company will be able to sell any further, or sufficient, securities by way of private placement to raise the required additional working capital.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

The Company had the following related party transactions during the nine months ended February 29, 2020:

a) Management fees of $45,000 were accrued to Mercap Investments Inc., a private company owned 50% by Richard Wilson, President, CEO and a director of the Company;

b) Professional fees of $15,950 were accrued to a law firm of which Douglas Eacrett, a director of the Company, is principal;

c) $201,435 of the loan payable of $369,298 (US$275,000) was made to the Company through a partnership of individuals including William Carr, a director of the Company, who is also the manager of the partnership. $22,401 of the finance costs incurred during the period (2019 -

$23,679) were incurred with respect to the portion of the loan advanced by the partnership. Refer to Notes 12 and 13 of the unaudited condensed interim consolidated financial statements for the nine months ended February 29, 2020 for further particulars; and

d) A company controlled by William Carr, a director of the Company advanced $25,598 (2019 - $16) to the Company in the form of a line of credit which has been used for exploration and evaluation assets. The outstanding balance bears interest at 18% per annum and is repayable on demand.

Financial Instruments

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

New accounting standards adopted

IFRS 16

In January 2016, the IASB issued IRFS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This Standard sets out a new model for lease accounting. A lessee can choose to apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. The Company has applied IFRS 16 at the date it becomes effective using a modified retrospective approach. By applying this method, the comparative information for 2019 year end has not been restated.

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are charged to exploration costs on a straight-line basis over the lease term.

The Company has reviewed all existing leases and concluded that all leases that were previously charged to exploration costs over the lease term where considered to be either short-term leases or leases of low value assets, and therefore there is no impact to the consolidated financial statements upon adoption of IFRS 16.

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

February 29, 2020	5,376,994
May 21, 2020	5,376,994

Share Purchase Warrants

The Company had no share purchase warrants outstanding as of February 29, 2020 or May 21, 2020, the date of this Management Discussion.

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 at February 29, 2020 and May 21, 2020:

Number of Options Outstanding	**Exercise Price**	**Expiry Date**
At February 29, 2020 and May 21, 2020:		
Nil		