



Pucara Gold Ltd.

(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements

(expressed in Canadian dollars)

June 30, 2021

(Unaudited – Prepared by Management)

Pucara Gold Ltd.

2110 – 650 West Georgia Street

Vancouver, BC V6B 4N8

Reader's Note:

These unaudited interim condensed consolidated financial statements have been prepared by management and have not been reviewed by the Company's auditor.

Pucara Gold Ltd.
 (An Exploration Stage Company)
 Interim Condensed Consolidated Statements of Financial Position
 (Expressed in Canadian dollars)
 (Unaudited – Prepared by Management)

| | Note | June 30, 2021 | December 31, 2020 |
|---|-------|---------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 4,182,368 | \$ 6,058,585 |
| Receivables | | 57,461 | 57,628 |
| Prepaid expenses | | 96,507 | 119,880 |
| Total current assets | | 4,336,336 | 6,236,093 |
| Non-current assets | | | |
| Exploration and evaluation assets | 3 | 194,609 | 418,894 |
| Equipment | | 96,951 | 124,839 |
| Right of use asset | | 16,248 | 36,542 |
| Total non-current assets | | 307,808 | 580,275 |
| TOTAL ASSETS | | \$ 4,644,144 | \$ 6,816,368 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 5 | \$ 272,116 | \$ 744,572 |
| Lease liability | | 16,630 | 36,646 |
| TOTAL LIABILITIES | | 288,746 | 781,218 |
| EQUITY | | | |
| Share capital | | 18,705,894 | 18,698,544 |
| Share-based payment reserve | | 1,594,994 | 1,464,862 |
| Accumulated other comprehensive income | | 78,579 | 118,773 |
| Deficit | | (16,024,069) | (14,247,029) |
| TOTAL EQUITY | | 4,355,398 | 6,035,150 |
| TOTAL LIABILITIES AND EQUITY | | \$ 4,644,144 | \$ 6,816,368 |
| Nature of operations | 1 | | |
| Continuance of operations and going concern | 0 (C) | | |

Approved on behalf of the Board of Directors

 "J Stevens Zuker" Director

 "Gordon J. Fretwell" Director

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

Pucara Gold Ltd.
(An Exploration Stage Company)
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Note | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|------|-----------------------------|------------|---------------------------|------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Exploration expenditures | 3 | \$ 373,404 | \$ 179,433 | \$ 897,764 | \$ 424,681 |
| General and administration | | | | | |
| Accounting and legal | 5 | 74,462 | 22,241 | 144,365 | 73,439 |
| Accretion | | 424 | 1,689 | 1,172 | 4,372 |
| Amortization | | 9,568 | 10,975 | 19,305 | 46,603 |
| Office and miscellaneous | | 24,138 | 17,763 | 50,821 | 18,954 |
| Investor relations | | 100,862 | 1,917 | 183,326 | 43,083 |
| Management and consulting fees | 5 | 175,959 | 139,943 | 343,363 | 239,092 |
| Share-based payments | 5 | 52,160 | 21,521 | 134,482 | 53,676 |
| Travel | | 19,452 | 502 | 20,323 | 5,721 |
| Total general and administrative expenses | | 457,025 | 216,551 | 897,157 | 484,940 |
| Loss before other items | | 830,429 | 395,984 | 1,794,921 | 909,621 |
| Other items | | | | | |
| Foreign exchange (gain) loss | | 40,495 | (2,992) | 80,402 | 27,041 |
| Interest income | | (1,407) | (1,449) | (3,137) | (4,281) |
| Other income | 3 | - | - | (95,146) | (91,907) |
| Net loss | | 869,517 | 391,543 | 1,777,040 | 840,474 |
| Other comprehensive (income) loss | | 23,996 | 23,090 | 40,194 | (21,766) |
| Total comprehensive loss | | 893,513 | \$ 414,633 | \$ 1,817,234 | \$ 818,708 |
| Loss per common share | | | | | |
| Basic and fully diluted | | \$ 0.01 | \$ 0.01 | \$ 0.03 | \$ 0.02 |
| Weighted average number of common shares outstanding | | 62,581,367 | 34,234,460 | 62,577,187 | 34,234,460 |

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

Pucara Gold Ltd.
(An Exploration Stage Company)
Interim Condensed Consolidated Statements of Changes in Equity
June 30, 2021
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Share capital | | Shares to be issued | Share-based payment reserve | Accumulated other comprehensive income (loss) | Deficit | Total |
|--|------------------|------------|---------------------|-----------------------------|---|--------------|-------------|
| | Number of shares | \$ | | | | | |
| Balance at December 31, 2019 | 34,234,460 | 7,844,030 | - | 1,030,960 | 89,152 | (8,302,191) | 661,951 |
| Net loss for the period | - | - | - | - | - | (840,474) | (448,931) |
| Proceeds from Qualifying Financing | - | - | 71,000 | - | - | - | 71,000 |
| Share-based payments | - | - | - | 32,155 | - | - | 32,155 |
| Other comprehensive income | - | - | - | - | 44,856 | - | 44,856 |
| Balance at June 30, 2020 | 34,234,460 | 7,844,030 | 71,000 | 1,063,115 | 134,008 | (8,751,122) | 290,031 |
| Balance at December 31, 2020 | 62,576,960 | 18,698,544 | - | 1,464,862 | 118,773 | (14,247,029) | 6,035,150 |
| Net loss for the period | - | - | - | - | - | (1,777,040) | (1,770,040) |
| Share-based payments | - | - | - | 134,482 | - | - | 134,482 |
| Shares issued from exercise of options | 15,000 | 7,350 | - | (4,350) | - | - | 3,000 |
| Other comprehensive loss | - | - | - | - | (40,194) | - | (40,194) |
| Balance at June 30, 2021 | 62,591,960 | 18,705,894 | - | 1,594,994 | 78,579 | (16,024,069) | 4,355,398 |

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

Pucara Gold Ltd.
(An Exploration Stage Company)
Interim condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Six Months Ended June 30, 2021 | Six Months Ended June 30, 2020 |
|--|--------------------------------------|--------------------------------------|
| Operating activities | | |
| Net loss | \$ (1,777,040) | \$ (840,474) |
| Items not affecting cash | | |
| Impairment of exploration and evaluation assets | 97,283 | 48,670 |
| Accretion | 1,172 | 4,372 |
| Amortization of right-of-use asset | 19,305 | 46,603 |
| Depreciation of equipment | 18,242 | 19,427 |
| Foreign exchange (gain) loss | 83 | 15,511 |
| Share-based payments | 134,482 | 53,676 |
| | (1,506,473) | (652,215) |
| Change in non-cash operating working capital | | |
| Receivables and prepared expenses | 23,540 | 3,775 |
| Accounts payable and accrued liabilities | (385,039) | (51,081) |
| Cash used in operating activities | (1,867,972) | (699,521) |
| Investing activities | | |
| Payments for exploration and evaluation assets | (769) | (11,043) |
| Payments for equipment | - | (1,508) |
| Cash used in investing activities | (769) | (12,551) |
| Financing activities | | |
| Increase in note payable | - | 500,000 |
| Proceeds from private placements | - | 71,000 |
| Restricted cash | - | (71,000) |
| Proceeds from exercise of stock options | 3,000 | - |
| Purchase of short-term investments | - | (400,000) |
| Lease payments | (20,282) | (51,883) |
| Cash provided by (used in) financing activities | (17,282) | 48,117 |
| Effect of exchange rate changes on cash | 9,806 | 6,434 |
| Decrease in cash | (1,876,217) | (657,521) |
| Cash - beginning of period | 6,058,585 | 911,539 |
| Cash - end of period | \$ 4,182,368 | \$ 254,018 |
| Supplemental cash flow information | | |
| Fair value of options exercised re-allocated within equity | 4,350 | - |

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

Pucara Gold Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations

On September 30, 2020, Pucara Gold Ltd. formerly Magnitude Mining Ltd. (“Magnitude”) and Pucara Resources Corp. (“Pucara Resources”) completed a plan of arrangement which resulted in a reverse takeover of Magnitude by the shareholders of Pucara Resources and constituted Magnitude’s Qualifying Transaction, as defined under TSX Venture Exchange Policy 2.4 – Capital Pool Companies (the “Transaction”). In connection with the closing of the Transaction, Magnitude also completed a 2:1 consolidation of its common shares and changed its name to Pucara Gold Ltd. (the “Company” or “Pucara”).

Pursuant to the Transaction, Magnitude acquired all of the issued and outstanding common shares of Pucara Resources (“Pucara Shares”). Pucara Resources became a wholly owned subsidiary of Magnitude and the shareholders of Pucara Resources were issued one common share of the Company in exchange of every Pucara Share held immediately prior to the completion of the Transaction. Holders of the options to acquire Pucara Shares (“Pucara Options”) and warrants to purchase Pucara Shares (“Pucara Warrants”) are entitled to receive, upon exercise of a Pucara Option or Pucara Warrant, for the same aggregate consideration, the common shares of the Company.

Additional details of the Transaction were as follows:

- 3,100,000 shares of the Company were held by the existing shareholders of Magnitude;
- 34,234,460 shares of the Company were issued to the former shareholders of Pucara Resources in exchange of Pucara Shares;
- 5,314,960 warrants of the Company were issued to the former warrant holders of Pucara Resources in exchange for Pucara Warrants, which entitle the holders to acquire common shares of the Company at an exercise price of \$0.60 per common share until August 4, 2022;
- 21,250,000 shares of the Company were issued to the former holders of 21,250,000 Pucara Resources Shares, which were issued pursuant to the concurrent financing in connection with the Transaction (the “Concurrent Financing”). The Company raised total proceeds of \$8,500,000 from Concurrent Financing;
- 810,000 shares of the Company were issued to certain arm’s length finders as finders’ fee payable in connection with the Concurrent Financing;
- 687,500 Pucara Warrants were issued to certain finders in relation to the private placement. Each Pucara Warrant entitles the holder to acquire a common share of the Company at an exercise price of \$0.60 per common share until September 30, 2022; and
- 2,500,000 shares of the Company were issued to Lunde International Corp. in connection with the automatic conversion of a \$1 million convertible promissory note (Note 3).

Upon completion of the Transaction, the existing shareholders of Magnitude held approximately 5% in the capital of the Company while the former shareholders of Pucara Resources held approximately 95%.

Since the Transaction resulted in the shareholders of Pucara Resources obtaining control of Magnitude, it constituted a reverse acquisition for accounting purposes with Pucara Resources being identified as the accounting acquirer. The net assets of Magnitude at the date of the reverse acquisition were deemed to have been acquired by Pucara Resources. These interim condensed consolidated financial statements include the results of operations of Magnitude from September 30, 2020. The comparative figures are those of Pucara Resources prior to the reverse acquisition.

Pucara is engaged in the acquisition, prospection, exploration and development of mineral concessions in Latin America, currently with exploration and evaluation of concessions in Peru. Pucara is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain reserves that are economically recoverable. As at the date of these interim condensed consolidated financial statements, the Company has not identified a body of commercial grade mineral on any of its concessions. The Company’s objective is to discover mineral deposits and either sell, option, joint venture, or otherwise participate in their development.

The novel coronavirus (“COVID-19”) has caused many countries to implement measures to reduce the spread of the virus. On March 15, 2020, the President of Peru issued a national state of emergency decree that closed the country’s borders, limited transportation within the country, and required most people to work from their homes. The stay-at-home decree was lifted on June 30, 2020, while the state of health emergency remains in place until September 2, 2021. The situation with COVID-19 is evolving and consequently, management cannot predict the effect of unknown adverse changes to its future business plans, financial position, cash flows, and results of operations.

The Company’s registered address and records office is #2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8, Canada.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on August 26, 2021.

2. Basis of Presentation

a) Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). These financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements of Pucara Resources for the year ended December 31, 2020, which include all of the Company’s significant accounting policies, and have been prepared in accordance with the same methods of application.

b) Basis of Measurement

These interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless noted otherwise.

c) Continuation of Operations and Going Concern

These interim condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these interim condensed consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

As at June 30, 2021, the Company has an accumulated deficit of \$16,024,069. Since the Company is an exploration stage company, it does not generate any revenue and the Company relies on funding from external sources to continue its operations.

The Company’s continuing operations and its ability to meet mineral concessions and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. Although the Company has been successful at raising capital in the past, there is no assurance that the Company will be able to raise adequate financing on terms that are acceptable to the Company, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Company would need to raise additional capital to accomplish its business objectives thereafter.

These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

d) Significant Accounting Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates and exercise judgement in applying the Company’s policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements of Pucara for the year ended December 31, 2020.

Pucara Gold Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2021

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. Exploration and Evaluation Assets

During the six months ending June 30, 2021, the Company and its partners: Lowell Copper S.A.C. (“Lowell”) and IAMGOLD Peru S.A. (“IAMGOLD”), continued exploration on its projects and generative exploration on new projects.

On October 19, 2017, the Company granted a 1.0% Net Smelter Returns (NSR) royalty on all products to Sandstorm Gold Ltd (“Sandstorm”) for consideration of \$1,000,000 on the Company’s mineral exploration projects: Azucena, Capricho, Lourdes, Pacaska, Paco Orco, Pucapaca, and Santo Tomas. The Company later abandoned Azucena and Belen projects.

On September 10, 2019 and amended on May 25, 2020, the Company entered into an Investment Agreement with Lunde International Corp. (“Lunde”) to invest \$1 million and assist the Company in raising an additional \$3,500,000 in equity financing. The Company agreed to: (i) issue Lunde a convertible promissory note of the Company for the investment amount; and (ii) grant Lunde a 0.5% NSR royalty on certain of the Company’s mineral exploration concessions: Clavelito, Cristina, Guadalupe, Keyla, Lourdes, Pacaska and Pucapaca, vesting upon successful completion of the equity financing. The maturity date of the note was September 30, 2020. The Company has abandoned the Cristina concessions.

As part of the Transaction between Magnitude and Pucara Resources (Note 1), on September 30, 2020, the entire principal balance of \$1,000,000 was converted into 2,500,000 common shares of the Company at a conversion price of \$0.40 per common share.

Lourdes Project, Ayacucho, Peru

On January 14, 2013, the Company acquired the Lourdes project for share consideration and a 1% NSR royalty. On October 19, 2017, the Company granted an additional 1% NSR royalty, to Sandstorm.

Pursuant to the Company’s agreement with Lunde, Pucara granted Lunde a 0.5% NSR royalty on the mineral concessions comprising the Lourdes Property.

Pacaska Project, Ayacucho, Peru

The Pacaska project was acquired through staking. On October 19, 2017, the Company granted a 1% NSR royalty to Sandstorm. The mineral concessions are subject to the 0.5% NSR royalty in favour of Lunde.

Other

a) Capricho Project, Cuzco, Peru

On January 14, 2013, the Company acquired the Capricho project for share consideration and a 1% NSR royalty. On October 19, 2017, the Company granted Sandstorm a 1% NSR royalty.

On May 4, 2018, the Company entered into an Option Agreement with Lowell, granting exclusive rights to earn-in up to 75% of the project. On the first option, Lowell can earn-in 51% in the project (“First Interest”) within three years by paying US\$15,000 (received) and, starting on the date which all permits and community approvals for drilling are obtained, by:

- making qualified expenditures of US\$1,000,000 during year 1;
- making qualified expenditures of US\$1,500,000 during year 2; and
- making qualified expenditures of US\$2,500,000 during year 3.

On the second option, Lowell can earn-in an additional 24% in the project by:

- making qualified expenditures of US\$14,500,000 prior to the fourth anniversary of acquiring the First Interest;
- delivering a Pre-Feasibility Study on the project, solely funded by Lowell; and
- paying the Company US\$500,000.

b) Clavelito Project, Ayacucho, Peru

During 2018, the Company acquired the Clavelito project through staking. Pucara has granted Lunde a 0.5% NSR royalty to Lunde. During the six-month period ended June 30, 2021, the Company wrote-off all capitalized amounts relating to the Clavelito Project.

c) Guadalupe Project, Ancash, Peru

On January 14, 2013, the Company acquired the Guadalupe project for share consideration and a 1% NSR royalty. The mineral concessions are subject to the 0.5% NSR royalty in favour of Lunde. During the six-month period ended June 30, 2021, the Company wrote-off all capitalized amounts relating to the Guadalupe Project and entered into an agreement on June 23, 2021 with Black Swan Minerals S.A.C. to transfer the mining rights, concessions and associated land fee obligations for a 0.5% to 1.5% NSR royalty, in addition to the 0.5% NSR royalty in favour of Lunde and 1.0% NSR royalty in favour of Metalla Royalty & Streaming Ltd.

Pucara Gold Ltd.

(An Exploration Stage Company)

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2021

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d) Keyla Project, Ayacucho, Peru

During 2019, the Company acquired the Keyla project through staking. The mineral concessions are subject to the 0.5% NSR royalty in favour of Lunde.

e) Paco Orco Project, Ayacucho, Peru

The Paco Orco property was acquired through staking. In 2017, the Company granted a 1% NSR royalty to Sandstorm.

On May 17, 2018, the Company entered into an Option Agreement with Lowell, granting exclusive rights to acquire up to 75% of the Paco Orco project. On the first option, Lowell can earn-in 51% in the project (“First Interest”) within three years by paying US\$15,000 (received) and, starting on the date which all permits and community approval for drilling are obtained, by:

- making qualified expenditures of US\$1,000,000 during year 1,
- making qualified expenditures of US\$1,250,000 during year 2, and
- making qualified expenditures of US\$1,750,000 during year 3.

On the second option, Lowell can earn-in an additional 24% in the project by:

- making qualified expenditures of US\$11,500,000 prior to the fourth anniversary of acquiring the First Interest,
- deliver a Pre-Feasibility Study on the project, solely funded by Lowell, and
- paying the Company US\$500,000.

f) Pucapaca Project, Ayacucho, Peru

The Pucapaca property was acquired through staking. On October 19, 2017, the Company granted a 1% NSR royalty to Sandstorm. The exploration target is a HSE gold type deposit. The property is also subject to the 0.5% NSR royalty in favour of Lunde.

g) Santo Tomas Project, Ayacucho, Peru

On January 14, 2013, the Company acquired the Santo Tomas project for share consideration and a 1% NSR royalty. On October 19, 2017, the Company granted a 1% NSR royalty to Sandstorm.

On February 5, 2018, the Company entered into an Option Agreement with IAMGOLD, granting the right to earn-in up to 70% of the project. On the first option, IAMGOLD can earn-in 60% starting on the date all permits for drilling are obtained, by:

- making staged payments totaling US\$500,000 (\$275,000 received);
- making qualified expenditures of US\$4,000,000 over 4 years; and
- drilling 2,000 meters.

During the six months ended June 30, 2021, the Company received US\$75,000 (CAD\$95,146) from IAMGOLD (2020 - \$75,000 [99,228]). These payments have been included in Other Income on the Consolidated Statements of Loss and Comprehensive Loss. As at June 30, 2021, the Company had received total payments of US\$275,000 and the remaining balance US\$225,000 will be received over the next 3 years.

On the second option, IAMGOLD can earn-in an additional 10% within two years by:

- producing a 43-101 compliant resource estimate in all categories of at least 1 million ounces of gold or gold equivalent; and
- paying the Company US\$2 per ounce of gold or gold equivalent for total of measured, indicated, and inferred resources.

Capitalized expenditures relating to the projects in Peru are summarized as follows:

| | Lourdes | Pacaska | Other | Total |
|--|----------------|----------------|--------------|--------------|
| Balance, December 31, 2020 | \$ 42,944 | \$ 113,570 | \$ 262,380 | \$ 418,894 |
| Acquisition and mineral licenses | 2 | 131 | 636 | 769 |
| Transfer of Guadalupe land fees obligation | - | - | (87,054) | (87,054) |
| Write-off of exploration and evaluation assets | - | - | (97,283) | (97,283) |
| Foreign exchange movement | (3,725) | (9,857) | (27,135) | (40,717) |
| Balance, June 30, 2021 | \$ 39,221 | \$ 103,844 | \$ 51,544 | \$ 194,609 |

Pucara Gold Ltd.
(An Exploration Stage Company)
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June 30, 2021
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

During the period ended June 30, 2021 and 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| Administrative | \$ 10,970 | \$ 4,196 | \$ 20,763 | \$ 4,196 |
| Assays | 2,216 | - | 45,919 | 215 |
| Community programs | 41,468 | 16,229 | 55,251 | 24,493 |
| Consulting | 25,878 | - | 87,915 | - |
| Equipment maintenance | 2,081 | 141 | 8,816 | 141 |
| Geological | 171,218 | 150,705 | 506,406 | 307,270 |
| Impairment of exploration and evaluation assets | 97,283 | - | 97,283 | 48,670 |
| Travel | 22,290 | 8,162 | 75,411 | 39,696 |
| Total expenditures | \$ 373,404 | \$ 179,433 | \$ 897,764 | \$ 424,681 |

4. Share Capital

Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2021, the Company had 62,591,960 common shares outstanding of which 4,740,937 common shares were held in escrow.

As at June 30, 2021 and December 31, 2020, the Company had 6,002,460 share purchase warrants outstanding. No warrants were granted or exercised during the six months ended June 30, 2021 (December 31, 2020 – 687,500 warrants granted).

| Expiry date | Warrants | |
|--------------------|--------------------|----------------|
| | Number of warrants | Exercise price |
| August 4, 2022 | 5,314,960 | \$ 0.60 |
| September 30, 2022 | 687,500 | \$ 0.60 |
| | 6,002,460 | |

As at June 30, 2021, the Company had 4,832,500 stock options outstanding (December 31, 2020 – 4,847,500).

| | Number of options | Weighted average exercise price |
|---------------------------|-------------------|---------------------------------|
| Balance December 31, 2020 | 4,847,500 | \$ 0.40 |
| Exercised | (15,000) | \$ 0.20 |
| Balance June 30, 2021 | 4,832,500 | |

The Company's granted and exercisable options are as follows:

| Stock Options | | | | |
|--------------------|-------------------|----------------|---------------------|---------------------|
| Date Granted | Expiry date | Exercise price | Options outstanding | Options exercisable |
| September 1, 2017 | September 1, 2022 | \$ 0.40 | 1,335,000 | 1,335,000 |
| April 6, 2018 | April 6, 2023 | \$ 0.40 | 50,000 | 50,000 |
| January 30, 2019 | January 30, 2024 | \$ 0.40 | 1,710,000 | 1,710,000 |
| September 30, 2020 | June 7, 2023 | \$ 0.20 | 37,500 | 37,500 |
| August 14, 2020 | August 14, 2025 | \$ 0.40 | 1,700,000 | 850,000 |
| Total | | | 4,832,500 | 3,997,500 |

5. Related Party Transactions

a) Transactions

The Company's related parties consist of entities where the executive officers and directors of the Company are principals. Their position in these entities results in their having control or significant influence over the financial or operating policies of these entities.

Sumaq Exploration Corp.

On September 1, 2017, Pucara Resources entered into a consulting agreement with its CEO, amended October 28, 2020 for annual management fee of USD \$214,500 (the "Management Fee") through Sumaq Exploration Corp ("Sumaq"). The Company is committed to paying termination benefits to the CEO if he is terminated without cause, equal to the Management Fee as of the termination date. In the event of a change of control, the Company may terminate the agreement by paying the CEO a lump sum payment equal to two years of Management Fee.

During the six months ended June 30, 2021, the Company incurred \$133,689 (2020 – \$133,791) to Sumaq. As at June 30, 2021, \$27,013 was owing to Sumaq.

Avisar Everyday Solutions Ltd.

Avisar Everyday Solutions Ltd. ("Avisar") (a company where the CFO of the Company effective August 1, 2020, is a founder) provides bookkeeping, treasury, and financial reporting services to the Company. During the six months ended June 30, 2021, the Company incurred \$47,250 (2020 - \$nil) of fees to Avisar. As at June 30, 2021, \$7,875 was owing to Avisar.

Gordon J. Fretwell Law Corporation

Gordon J. Fretwell Law Corp., an entity where a director of the Company is a principal, provides legal services to the Company. During the six months ended June 30, 2021, the Company incurred \$16,835 (2020 - \$12,822) to Gordon J. Fretwell Law Corp. As at June 30, 2021, \$16,835 was owing to the entity.

b) Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel are the Company's executive management team and members of the Board of Directors.

Key management personnel compensation comprised share-based compensation related to the fair value of the stock options granted to these key management personnel and its recognition in these interim condensed consolidated financial statements on a graded vesting basis. During the six months ended June 30, 2021, share-based compensation for the key management personnel amounted to \$122,616 (2020 - \$26,680).

Pucara Gold Ltd.
(An Exploration Stage Company)
Notes to the Interim Condensed Consolidated Financial Statements
June 30, 2021
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

6. Segmented Information

The Company operates in one reportable operating segment, being the acquisition, prospection, exploration and development of exploration and evaluation assets. Non-current assets by country are as follows:

| | June 30, 2021 | | | December 31, 2020 | | |
|-----------------------------------|---------------|------------|------------|-------------------|------------|------------|
| | Canada | Peru | Total | Canada | Peru | Total |
| Exploration and evaluation assets | \$ - | \$ 194,609 | \$ 194,609 | \$ - | \$ 418,894 | \$ 418,894 |
| Right of use assets | \$ - | \$ 16,248 | \$ 16,248 | \$ - | \$ 36,542 | \$ 36,542 |
| Equipment | \$ 7,563 | \$ 89,388 | \$ 96,951 | \$ 10,138 | \$ 114,701 | \$ 124,839 |