



Pucara Gold Ltd.
(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements
(expressed in Canadian dollars)

March 31, 2023

(Unaudited – Prepared by Management)

Pucara Gold Ltd.
2110 – 650 West Georgia Street
Vancouver, BC V6B 4N9

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

| | Note | March 31, 2023 | December 31, 2022 |
|--|-------|---------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 985,255 | \$ 1,427,328 |
| Receivables | | 65,500 | 68,624 |
| Prepaid expenses | | 53,596 | 36,110 |
| Total current assets | | 1,104,351 | 1,532,062 |
| Non-current assets | | | |
| Exploration and evaluation assets | 3 | 190,379 | 186,044 |
| Equipment | | 37,341 | 52,932 |
| Total non-current assets | | 227,720 | 238,976 |
| TOTAL ASSETS | | \$ 1,332,071 | \$ 1,771,038 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 106,064 | \$ 178,488 |
| TOTAL LIABILITIES | | 106,064 | 178,488 |
| EQUITY | | | |
| Share capital | 4 | 19,405,894 | 19,405,894 |
| Share-based payment reserve | 4 | 1,827,603 | 1,813,825 |
| Accumulated other comprehensive income | | 130,733 | 126,209 |
| Deficit | | (20,138,223) | (19,753,378) |
| TOTAL EQUITY | | 1,226,007 | 1,592,550 |
| TOTAL LIABILITIES AND EQUITY | | \$ 1,332,071 | \$ 1,771,038 |
| Nature of operations | 1 | | |
| Continuance of operations | 2 (C) | | |

Approved on behalf of the Board of Directors

“David Awram” Director

“Greg Davis” 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, except for the number of shares)
(Unaudited – Prepared by Management)

| | Note | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 |
|---|------|---|---|
| Exploration expenditures | 3,5 | \$ 35,335 | \$ 280,278 |
| General and administration | | | |
| Accounting and legal | 5 | 16,636 | 61,689 |
| Accretion | | - | 492 |
| Amortization | | - | 5,394 |
| Office and miscellaneous | | 24,053 | 61,156 |
| Investor relations | | 12,178 | 30,714 |
| Management, severance and consulting fees | 5 | 317,351 | 321,757 |
| Share-based payments | 4,5 | 13,778 | 73,195 |
| Travel | | 444 | 17,973 |
| Total general and administrative expenses | | 384,440 | 572,370 |
| Loss before other items | | 419,775 | 852,648 |
| Other items | | | |
| Foreign exchange loss (gain) | | 3,717 | 17,833 |
| Interest income | | (1,969) | (1,298) |
| Gain on disposal of assets | | (30,872) | - |
| Other income | | (5,806) | (97,577) |
| Net loss | | 384,845 | 771,606 |
| Other comprehensive gain | | (4,524) | (22,090) |
| Total comprehensive loss | | \$ 380,321 | \$ 749,516 |
| Loss per common share | | | |
| Basic and fully diluted | | \$ 0.00 | \$ 0.01 |
| Weighted average number of common shares outstanding | | 76,591,960 | 62,591,960 |

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

Pucara Gold Ltd.
(An Exploration Stage Company)
Interim Condensed Consolidated Statements of Changes in Equity
March 31, 2023
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Note | Share capital | | Share-based payment reserve | Accumulated other comprehensive income (loss) | Deficit | Total |
|-------------------------------------|------|---------------------|------------|-----------------------------------|--|--------------|-----------|
| | | Number of shares | \$ | | | | |
| Balance at December 31, 2021 | | 62,591,960 | 18,705,894 | 1,652,605 | 85,293 | (17,364,427) | 3,079,365 |
| Net loss for the period | | - | - | - | - | (771,606) | (771,606) |
| Share-based payments | | - | - | 73,195 | - | - | 73,195 |
| Other comprehensive loss | | - | - | - | 22,090 | - | 22,090 |
| Balance at March 31, 2022 | | 62,591,960 | 18,705,894 | 1,725,800 | 107,383 | (18,136,033) | 2,403,044 |
| Balance at December 31, 2022 | | 76,591,960 | 19,405,894 | 1,813,825 | 126,209 | (19,753,378) | 1,592,550 |
| Net loss for the period | | - | - | - | - | (384,845) | (384,845) |
| Share-based payments | 4 | - | - | 13,778 | - | - | 13,778 |
| Other comprehensive gain | | - | - | - | 4,524 | - | 4,524 |
| Balance at March 31, 2023 | | 76,591,960 | 19,405,894 | 1,827,603 | 130,733 | (20,138,223) | 1,226,007 |

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)

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 |
|---|--|--|
| Operating activities | | |
| Net loss | \$ (384,845) | \$ (771,606) |
| Items not affecting cash | | |
| Accretion | - | 492 |
| Amortization of right-of-use asset | - | 5,394 |
| Depreciation of equipment | 4,173 | 7,684 |
| Foreign exchange loss | - | 1,463 |
| Gain on disposal of equipment | (30,872) | 1,559 |
| Share-based payments | 13,778 | 73,195 |
| | (397,766) | (681,819) |
| Change in non-cash operating working capital | | |
| Receivables and prepaid expenses | (14,362) | (52,292) |
| Accounts payable and accrued liabilities | (72,424) | 5,282 |
| Cash used in operating activities | (484,552) | (728,829) |
| Investing activities | | |
| Payments for exploration and evaluation assets | - | (412) |
| Cash received from sale of equipment | 42,616 | |
| Cash received (used) in investing activities | 42,616 | (412) |
| Financing activities | | |
| Lease payments | - | (6,796) |
| Cash used in financing activities | - | (6,796) |
| Effect of exchange rate changes on cash | (137) | 5,856 |
| Decrease in cash | (442,073) | (730,181) |
| Cash - beginning of period | 1,427,328 | 2,870,258 |
| Cash - end of period | \$ 985,255 | \$ 2,140,077 |

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

1. Nature of Operations

Pucara Gold Ltd. (the “Company” or “Pucara”) was incorporated under the British Columbia Business Corporations Act, and is engaged in the acquisition, exploration and evaluation of mineral properties in Latin America, currently with exploration and evaluation properties in Peru. The Company trades on the TSX Venture Exchange (“TSXV”) under the symbol “TORO”.

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 consolidated financial statements, the Company has not identified a body of commercial grade mineral on any of its properties. The Company’s objective is to discover mineral deposits and either sell, option, joint venture, or otherwise participate in their development.

The Company’s registered address and records office is #2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9, Canada.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on May 29, 2023.

2. Basis of Presentation and Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below.

I) Basis of Presentation and Measurement

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, 2022, 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

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 consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

The Company incurred a comprehensive loss of \$380,321 for the three months ended March 31, 2023 (2022 - \$749,516) and has an accumulated deficit of \$20,138,223 at March 31, 2023.

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.

3. Exploration and Evaluation Assets

During the three months ending March 31, 2023 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.

Lourdes Project, Ayacucho, Peru

The project consists of various mineral concessions acquired in 2013 and is subject to Net Smelter Royalties (“NSR”) totaling 2.5%. During the year ended December 31, 2022, the Company recorded an impairment of \$127,977 and reduced the balance to \$nil.

Pacaska Project, Ayacucho, Peru

The project consists of various mineral concessions acquired by staking and is subject to NSR royalties totaling 1.5%.

Other

a) **Keyla Project, Ayacucho, Peru**

During 2019, the Company acquired the Keyla project through staking. The mineral concessions are subject to 0.5% NSR royalty. During the year ended December 31, 2022, the Company recorded an impairment of \$30,938 and reduced the balance to \$nil.

b) **Capricho Project, Cuzco, Peru**

On January 14, 2013, the Company acquired the Capricho project and is subject to NSR royalties totaling 2%.

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.

Drilling permits or community approvals have not been obtained as of March 31, 2023.

c) **Paco Orco Project, Ayacucho, Peru**

The Paco Orco property was acquired through staking and is subject to a 1% NSR royalty.

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.

Drilling permits or community approvals have not been obtained as of March 31, 2023.

d) **Pucapaca Project, Ayacucho, Peru**

The Pucapaca property was acquired through staking and is subject to NSR royalties totalling 1.5%. During the year ended December 31, 2022, the Company recorded an impairment of \$25,388 and reduced the balance to \$nil.

e) **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 International Corporation ("Lunde"). During the year ended December 31, 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.

f) **Santo Tomas Project, Ayacucho, Peru**

On January 14, 2013, the Company acquired the Santo Tomas project, and the project is subject to NSR royalties totaling 2%.

Pucara Gold Ltd.
(An Exploration Stage Company)
Notes to the Interim Condensed Consolidated Financial Statements
March 31, 2023
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

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 (\$350,000 received);
- making qualified expenditures of US\$4,000,000 over 4 years; and
- drilling 2,000 meters.

As at March 31, 2023, the Company had received total payments of US\$350,000 and the remaining balance US\$150,000 will be received over the next 2 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.

During the year ended December 31, 2022, the Company also recorded an impairment of \$21,525 for the annual maintenance costs for other projects that had been capitalized in the previous years.

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

| | Lourdes | Pacaska | Other | Total |
|---|----------------|----------------|--------------|--------------|
| Balance, December 31, 2021 | \$ 51,966 | \$ 133,703 | \$ 71,768 | \$ 257,437 |
| Acquisition and mineral licenses | 69,839 | 33,579 | 440 | 103,858 |
| Impairment of exploration and evaluation assets | (127,977) | - | (77,851) | (205,828) |
| Foreign exchange movement | 6,172 | 16,311 | 8,094 | 30,577 |
| Balance, December 31, 2022 | - | \$ 183,593 | \$ 2,451 | \$ 186,044 |
| Foreign exchange movement | - | 3,564 | 771 | 4,334 |
| Balance, March 31, 2023 | - | \$ 187,157 | \$ 3,221 | \$ 190,379 |

During the three months ended March 31, 2023 and 2022, the Company incurred the following exploration expenditures, which were expensed as incurred:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| Administrative | \$ 8,129 | \$ - |
| Assays | - | 2,259 |
| Community programs | 6,759 | 14,937 |
| Equipment maintenance | 651 | 5,700 |
| Geological | 18,004 | 235,197 |
| Travel | 1,792 | 22,185 |
| Total expenditures | \$ 35,335 | \$ 280,278 |

4. Share Capital

Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2023, the Company had 76,591,960 common shares outstanding of which 1,797,073 common shares (December 31, 2022- 1,797,073) were held in escrow.

Share purchase warrants

The continuity of share purchase warrants as at March 31, 2023 is as follows:

| | March 31, 2023 | |
|----------------------------|-----------------------|---------------------------------|
| | Number of warrants | Weighted average exercise price |
| Balance, December 31, 2021 | 6,002,460 | \$ 0.60 |
| Granted | 14,000,000 | 0.08 |
| Expired | (6,002,460) | 0.60 |
| Balance, December 31, 2022 | 14,000,000 | 0.08 |
| Granted | - | - |
| Balance, March 31, 2023 | 14,000,000 | \$ 0.08 |

The remaining contractual life of the outstanding share purchase warrants at March 31, 2023 was 4.68 years (December 31, 2022 – 4.92 years).

Stock options

The Company currently has a 10% Rolling Stock Option Plan which was last approved by the shareholders of the Company on September 13, 2022. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. The terms and vesting periods are determined by the Board of Directors. The options can be granted for a maximum term of ten years and the exercise price may not be less than the market price prevailing on the date of the grant. Unless otherwise specified by the board at the time of granting an option, all options granted under the plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

2023

During the three months ended March 31, 2023, no stock options were granted or expired.

2022

The Company granted an additional 2,100,000 stock options to certain directors and employees of the Company at an exercise price of \$0.11 per stock option. Each of the stock options can be exchanged for a common share of the Company and is exercisable for a period of five years from the grant date. The company also modified the expiry date of 200,000 previously granted stock options to a director of the Company and as a result recorded additional \$7,385 as share-based compensation expense.

The fair value of the granted and modified stock options during the period ended March 31, 2022 has been calculated using Black-Scholes options pricing model and includes the following assumptions:

| | 2022 |
|---------------------------------|------------|
| Expected dividend yield | 0.00% |
| Expected stock price volatility | 100.08% |
| Risk-free interest rate | 1.62% |
| Expected life of options | 4.70 years |
| Grant date fair value | CDN \$0.11 |

The continuity of stock options as at March 31, 2023 is as follows:

| | March 31, 2022 | |
|----------------------------|-----------------------|---------------------------------|
| | Number of options | Weighted average exercise price |
| Balance, December 31, 2021 | 4,577,500 | \$ 0.40 |
| Granted | 2,100,000 | 0.11 |
| Cancelled | (1,515,000) | 0.40 |
| Balance, December 31, 2022 | 5,162,500 | 0.28 |
| Granted | - | - |
| Balance, March 31, 2023 | 5,162,500 | \$ 0.28 |

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

| Date Granted | Expiry date | March 31, 2022 | | |
|--------------------|-------------------|-----------------------|---------------------|---------------------|
| | | Exercise price | Options outstanding | Options exercisable |
| September 1, 2017 | September 1, 2023 | \$ 0.40 | 200,000 | 200,000 |
| April 6, 2018 | April 6, 2023* | \$ 0.40 | 50,000 | 50,000 |
| January 30, 2019 | January 30, 2024 | \$ 0.40 | 1,225,000 | 1,225,000 |
| September 30, 2020 | June 7, 2023 | \$ 0.20 | 37,500 | 37,500 |
| August 14, 2020 | August 14, 2025 | \$ 0.40 | 1,550,000 | 1,550,000 |
| February 28, 2022 | February 28, 2027 | \$ 0.11 | 2,100,000 | 1,575,000 |
| Total | | | 5,162,500 | 4,637,500 |

*Expired subsequent to March 31, 2023

During the three months ended March 31, 2023, the Company recorded stock-based compensation expense of \$13,778 (2022 - \$73,195) which has been recorded to general and administration expense.

5. Related Party Transactions

a) Transactions

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

Management Fees

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"). During the year ended December 31, 2022, the Company terminated the contract with Sumaq and as a result paid \$273,488 in a lump sum payment as part of the termination.

During the year ended December 31, 2022, the Company incurred \$334,453 to Sumaq. As at March 31, 2023, \$Nil (2022-\$nil) was owing to Sumaq.

In April 2022 the Company appointed a new CEO for an annual salary of \$50,000. During the three months ended March 31, 2023, the Company incurred \$12,500 (2022 - \$Nil) respectively as salary for the new CEO.

In April 2022 the Company appointed the Vice President - Exploration for an annual salary of \$50,000. During the three months ended March 31, 2023, the Company incurred \$12,500 (2022 - \$Nil) respectively as salary for the Vice President - Exploration.

In April 2022 the Company appointed the Vice President - Corporate Development for an annual salary of \$50,000. During the three months ended March 31, 2023, the Company incurred \$12,500 (2022 - \$Nil) respectively as salary for the Vice President – Corporate Development.

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 three months ended March 31, 2023, the Company incurred \$18,000 (2022 - \$18,000) of fees to Avisar. As at March 31, 2023, \$Nil (December 31, 2022 - \$6,300) 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 three months ended March 31, 2023, the Company incurred \$Nil (2022 - \$6,946) to Gordon J. Fretwell Law Corp. As at March 31, 2023, \$Nil (December 31, 2022 - \$Nil) 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 personal and its recognition in these consolidated financial statements on a graded vesting basis. During the three months ended March 31, 2023, share-based compensation for the key management personnel amounted to \$13,778 (2022 - \$73,195).

6. Segmented Information

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

| | March 31, 2023 | | | December 31, 2022 | | |
|-----------------------------------|----------------|------------|------------|-------------------|------------|------------|
| | Canada | Peru | Total | Canada | Peru | Total |
| Exploration and evaluation assets | \$ - | \$ 190,379 | \$ 190,379 | \$ - | \$ 186,044 | \$ 186,044 |
| Right of use assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equipment | \$ 2,256 | \$ 35,085 | \$ 37,341 | \$ 2,738 | \$ 50,194 | \$ 52,932 |