



Pucara Gold Ltd.
(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements
(expressed in Canadian dollars)

March 31, 2022

(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, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		\$ 2,140,077	\$ 2,870,258
Receivables		78,053	42,907
Prepaid expenses		78,502	61,356
Total current assets		2,296,632	2,974,521
Non-current assets			
Exploration and evaluation assets	3	269,791	257,437
Equipment		72,634	77,584
Right of use asset		14,417	20,127
Total non-current assets		356,842	355,148
TOTAL ASSETS		\$ 2,653,474	\$ 3,329,669
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 235,376	\$ 230,094
Lease liability		15,054	20,210
TOTAL LIABILITIES		250,430	250,304
EQUITY			
Share capital	4	18,705,894	18,705,894
Share-based payment reserve	4	1,725,800	1,652,605
Accumulated other comprehensive income		107,383	85,293
Deficit		(18,136,033)	(17,364,427)
TOTAL EQUITY		2,403,044	3,079,365
TOTAL LIABILITIES AND EQUITY		\$ 2,653,474	\$ 3,329,669
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, 2022	Three Months Ended March 31, 2021
Exploration expenditures	3,5	\$ 280,278	\$ 524,360
General and administration			
Accounting and legal	5	61,689	69,903
Accretion		492	748
Amortization		5,394	9,737
Office and miscellaneous		61,156	26,683
Investor relations		30,714	82,464
Management and consulting fees	5	321,757	167,404
Share-based payments	4,5	73,195	82,322
Travel		17,973	871
Total general and administrative expenses		572,370	440,132
Loss before other items		852,648	964,492
Other items			
Foreign exchange loss		17,833	39,907
Interest income		(1,298)	(1,730)
Other income		(97,577)	(95,146)
Net loss		771,606	907,523
Other comprehensive loss/(gain)		(22,090)	16,198
Total comprehensive loss		\$ 749,516	\$ 923,721
Loss per common share			
Basic and fully diluted		\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding		62,591,960	62,572,960

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, 2022
(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, 2020		62,576,960	18,698,544	1,464,862	118,773	(14,247,029)	6,035,150
Net loss for the period		-	-	-	-	(907,523)	(907,523)
Share-based payments		-	-	82,322	-	-	82,322
Other comprehensive loss		-	-	-	(16,198)	-	(16,198)
Balance at March 31, 2021		62,576,960	18,698,544	1,547,184	102,575	(15,154,552)	5,193,751
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	4	-	-	73,195	-	-	73,195
Other comprehensive gain		-	-	-	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

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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, 2022	Three Months Ended March 31, 2021
Operating activities		
Net loss	\$ (771,606)	\$ (907,523)
Items not affecting cash		
Accretion	492	748
Amortization of right-of-use asset	5,394	9,737
Depreciation of equipment	7,684	10,070
Foreign exchange loss	1,463	54
Loss on disposal	1,559	-
Share-based payments	73,195	82,322
	(681,819)	(804,592)
Change in non-cash operating working capital		
Receivables and prepared expenses	(52,292)	(16,291)
Accounts payable and accrued liabilities	5,282	(309,745)
Cash used in operating activities	(728,829)	(1,130,628)
Investing activities		
Payments for exploration and evaluation assets	(412)	(446)
Cash used in investing activities	(412)	(446)
Financing activities		
Lease payments	(6,796)	(10,392)
Cash used in financing activities	(6,796)	(10,392)
Effect of exchange rate changes on cash	5,856	9,179
Decrease in cash	(730,181)	(1,132,287)
Cash - beginning of period	2,870,258	6,058,585
Cash - end of period	\$ 2,140,077	\$ 4,926,298

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 interim 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 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 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 4N9, Canada.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on May 26, 2022.

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, 2021, 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 \$749,516 for the three months ended March 31, 2022 (2021 - \$923,721) and has an accumulated deficit of \$18,136,033 at March 31, 2022.

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, 2022 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 eleven mineral concessions totaling 2,817 Has. and is subject to Net Smelter Royalties (“NSR”) totaling 2.5%.

Pacaska Project, Ayacucho, Peru

The project consists of twelve concessions totaling 7,650 Has. and is subject to NSR royalties totaling 1.5%.

Other

a) 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.

b) Keyla Project, Ayacucho, Peru

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

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.

d) Pucapaca Project, Ayacucho, Peru

The Pucapaca property was acquired through staking and is subject to NSR royalties totalling 1.5%.

e) 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%.

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.

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March 31, 2022
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During the year ended December 31, 2021, the Company received US\$75,000 (CAD\$95,146) from IAMGOLD. These payments have been included in Other Income on the Consolidated Statements of Loss and Comprehensive Loss. As at December 31, 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	970	525	1,741	3,236
Annual maintenance costs	12,222	30,600	19,680	62,502
Transfer of Guadalupe land fees obligation	-	-	(87,054)	(87,054)
Impairment of exploration and evaluation assets	-	-	(97,283)	(97,283)
Foreign exchange movement	(4,170)	(10,992)	(27,696)	(42,858)
Balance, December 31, 2021	\$ 51,966	\$ 133,703	\$ 71,768	\$ 257,437
Acquisition and mineral licenses	-	-	412	412
Foreign exchange movement	2,640	6,805	2,497	11,942
Balance, March 31, 2022	\$ 54,606	\$ 140,508	\$ 74,677	\$ 269,791

During the three months ended March 31, 2022 and 2021, the Company incurred the following exploration expenditures, which were expensed as incurred:

	2022	2021
Administrative	\$ -	\$ 9,793
Assays	2,259	43,703
Community programs	14,937	13,783
Equipment maintenance	5,700	6,735
Geological	235,197	397,225
Travel	22,185	53,121
Total expenditures	\$ 280,278	\$ 524,360

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, 2022, the Company had 62,591,960 common shares outstanding of which 3,792,749 common shares (December 31, 2021- 3,792,749) were held in escrow.

Share purchase warrants

The continuity of share purchase warrants as at March 31, 2022 is as follows:

	March 31, 2022	
	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	6,002,460	\$ 0.60
Issued	-	-
Balance, March 31, 2022	6,002,460	\$ 0.60

The following table is a reconciliation of outstanding and exercisable warrants as at March 31, 2022:

Expiry date	March 31, 2022	
	Number of Warrants	Weighted average exercise price
August 4, 2022	5,314,960	\$ 0.60
September 30, 2022	687,500	\$ 0.60

The remaining contractual life of the outstanding share purchase warrants at March 31, 2022 was 0.36 years (December 31, 2021 – 0.61 years).

Stock options

The Company currently has a 10% Rolling Stock Option Plan (the "Plan"), which was last approved by the shareholders of the Company on May 13, 2020. 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.

During the three months ended March 31, 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, 2022 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	(430,000)	0.40
Balance, March 31, 2022	6,247,500	\$ 0.30

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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, 2022	\$ 0.40	985,000	985,000
April 6, 2018	April 6, 2023	\$ 0.40	50,000	50,000
January 30, 2019	January 30, 2024	\$ 0.40	1,425,000	1,425,000
September 30, 2020	June 7, 2023	\$ 0.20	37,500	37,500
August 14, 2020	August 14, 2025	\$ 0.40	1,650,000	1,650,000
February 28, 2022	February 28, 2027	\$ 0.11	2,100,000	525,000
Total			6,247,500	4,672,500

During the three months ended March 31, 2022, the Company recorded stock-based compensation expense of \$73,195 (2021 - \$82,322) 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.

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"). During the three months period ended March 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 three months ended March 31, 2022, the Company incurred \$334,453 (2021 – \$67,997) to Sumaq. As at March 31, 2022, \$Nil (December 31, 2021-\$21,386) 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 three months ended March 31, 2022, the Company incurred \$18,000 (2021 - \$24,450) of fees to Avisar. As at March 31, 2022, \$Nil (December 31, 2021-\$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, 2022, the Company incurred \$6,946 (2021 - \$Nil) to Gordon J. Fretwell Law Corp. As at March 31, 2022, \$Nil (December 31, 2021-\$) 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, 2022, share-based compensation for the key management personnel amounted to \$87,466 (2021 - \$75,058).

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, 2022			December 31, 2021		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation assets	\$ -	\$ 269,791	\$ 269,791	\$ -	\$ 257,437	\$ 257,437
Right of use assets	\$ -	\$ 14,417	\$ 14,417	\$ -	\$ 20,127	\$ 20,127
Equipment	\$ 4,292	\$ 68,342	\$ 72,634	\$ 6,371	\$ 71,213	\$ 77,584