



Pucara Gold Ltd.

(An Exploration Stage Company)

Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars)

September 30, 2022

(Unaudited – Prepared by Management)

Reader's Note:

These unaudited interim condensed consolidated financial statements of Pucara Gold Ltd. 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	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		\$ 1,220,943	\$ 2,870,258
Receivables		64,965	42,907
Prepaid expenses		43,090	61,356
Total current assets		1,328,998	2,974,521
Non-current assets			
Exploration and evaluation assets	3	342,118	257,437
Equipment		59,285	77,584
Right of use asset		3,889	20,127
Total non-current assets		405,292	355,148
TOTAL ASSETS		\$ 1,734,290	\$ 3,329,669
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 175,983	\$ 230,094
Lease liability		5,661	20,210
TOTAL LIABILITIES		181,644	250,304
EQUITY			
Share capital	4	18,705,894	18,705,894
Share-based payment reserve	4	1,796,077	1,652,605
Accumulated other comprehensive income		114,341	85,293
Deficit		(19,063,666)	(17,364,427)
TOTAL EQUITY		1,552,646	3,079,365
TOTAL LIABILITIES AND EQUITY		\$ 1,734,290	\$ 3,329,669
Nature of operations	1		
Continuance of operations	2 (C)		
Subsequent event	7		

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 September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Exploration expenditures	3	\$ 90,017	\$ 321,965	\$ 467,234	\$ 1,219,729
General and administration					
Accounting and legal	5	64,566	64,517	180,006	208,882
Accretion		248	351	1,109	1,523
Amortization		5,750	9,941	16,705	29,246
Office and miscellaneous		19,019	22,061	115,554	72,882
Investor relations		16,924	76,831	66,916	260,157
Management and consulting fees	5	203,793	152,349	750,907	495,712
Share-based payments	5	31,504	36,552	143,472	171,034
Travel		15,534	5,625	60,787	25,948
Total general and administrative expenses		357,338	368,227	1,335,456	1,265,384
Loss before other items		447,355	690,192	1,802,690	2,485,113
Other items					
Foreign exchange (gain) loss		(6,665)	(42,533)	4,545	37,869
Interest income		(5,924)	(1,306)	(10,419)	(4,443)
Other income		-	(3,864)	(97,577)	(99,010)
Net loss		434,766	642,489	1,699,239	2,419,529
Other comprehensive loss		49,876	1,830	29,048	42,024
Total comprehensive loss		\$ 484,642	\$ 644,319	\$ 1,728,287	\$ 2,461,553
Loss per common share					
Basic and fully diluted		\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.04
Weighted average number of common shares outstanding		62,591,960	62,587,960	62,591,960	62,580,817

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
September 30, 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		-	-	-	-	(2,419,529)	(2,419,529)
Share-based payments		-	-	171,034	-	-	171,034
Shares issued from exercise of options		15,000	7,350	(4,350)	-	-	3,000
Other comprehensive loss		-	-	-	(42,024)	-	(42,024)
Balance at September 30, 2021		62,591,960	18,705,894	1,631,546	76,749	(16,666,558)	3,747,631
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		-	-	-	-	(1,699,239)	(1,699,239)
Share-based payments	4	-	-	143,472	-	-	143,472
Other comprehensive gain		-	-	-	29,048	-	29,048
Balance at September 30, 2022		62,591,960	18,705,894	1,796,077	114,341	(19,063,666)	1,552,646

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)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net loss	\$ (1,699,239)	\$ (2,419,529)
Items not affecting cash		
Accretion	1,109	1,523
Amortization of right-of-use asset	16,705	29,246
Depreciation of equipment	23,120	26,039
Foreign exchange loss	1,434	3,344
Impairment of exploration and evaluation assets	3,065	97,283
Loss on disposal	1,560	-
Share-based payments	143,472	171,034
	(1,508,774)	(2,091,060)
Change in non-cash operating working capital		
Receivables and prepaid expenses	(3,792)	62,364
Accounts payable and accrued liabilities	(54,767)	(417,474)
Cash used in operating activities	(1,567,333)	(2,446,170)
Investing activities		
Payments for exploration and evaluation assets	(66,054)	(2,299)
Cash used in investing activities	(66,054)	(2,299)
Financing activities		
Proceeds from exercise of stock options	-	3,000
Lease payments	(17,559)	(30,681)
Cash used in financing activities	(17,559)	(27,681)
Effect of exchange rate changes on cash	1,631	21,339
Decrease in cash	(1,649,315)	(2,454,811)
Cash - beginning of period	2,870,258	6,058,585
Cash - end of period	\$ 1,220,943	\$ 3,603,774

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 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 November 25, 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 the Company 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 \$ 1,728,287 for the nine months ended September 30, 2022 (2021-\$2,461,553) and has an accumulated deficit of \$19,063,666 at September 30, 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.

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, 2021.

3. Exploration and Evaluation Assets

During the nine months ending September 30, 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%.

Keyla Project, Ayacucho, Peru

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

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) 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.

c) Pucapaca Project, Ayacucho, Peru

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

d) 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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Notes to the Interim Condensed Consolidated Financial Statements
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As at September 30, 2022, 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
Mineral licenses fees	66,054	-	-	66,054
Impairment of exploration and evaluation assets	-	-	(3,065)	(3,065)
Foreign exchange movement	5,780	10,374	5,538	21,692
Balance, September 30, 2022	\$ 123,800	\$ 144,077	\$ 74,241	\$ 342,118

During the period ended September 30, 2022 and 2021, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Administrative	\$ -	\$ 43,601	\$ -	\$ 152,279
Assays	1,509	5,896	4,976	51,815
Community programs	9,149	22,491	53,375	77,742
Equipment maintenance	13,209	4,042	21,084	12,858
Geological	42,552	200,963	319,890	707,369
Impairment of exploration and evaluation assets	3,065	-	3,065	97,283
Travel	20,533	44,972	64,844	120,383
Total expenditures	\$ 90,017	\$ 321,965	\$ 467,234	\$ 1,219,719

4. Share Capital

Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 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 September 30, 2022 is as follows:

	September 30, 2022	
	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	6,002,460	\$ 0.60
Expired	(6,002,460)	\$ 0.60
Balance, September 30, 2022	-	-

All of the Company's outstanding and exercisable warrants expired during the nine months ended September 30, 2022.

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 nine months ended September 30, 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 September 30, 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 September 30, 2022 is as follows:

	September 30, 2022	
	Number of options	Weighted average exercise price
Balance, December 31, 2021	4,577,500	\$ 0.40
Granted	2,100,000	0.11
Expired	(985,000)	0.40
Cancelled	(430,000)	0.40
Balance, September 30, 2022	5,262,500	\$ 0.28

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

Date Granted	Expiry date	September 30, 2022		
		Exercise price	Options outstanding	Options exercisable
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			5,262,500	4,672,500

During the three and nine months ended September 30, 2022, the Company recorded stock-based compensation expense of \$31,504 and \$143,472 (2021 - \$36,552 and \$171,034) respectively 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 principals. 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 nine months period ended September 30, 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 and nine months ended September 30, 2022, the Company incurred \$Nil and \$334,453 (2021 – \$39,379 and \$173,078) respectively to Sumaq. As at September 30, 2022, \$Nil (December 31, 2021-\$21,386) was owing to Sumaq.

In April 2022 the Company appointed a new CEO for an annual salary of \$50,000. During the three and nine months ended September 30, 2022, the Company incurred \$12,500 and \$25,000 (2021 - \$Nil) respectively as salary for the new CEO.

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 and nine months ended September 30, 2022, the Company incurred \$18,000 and \$54,000 (2021 – \$20,400 and \$67,650) respectively of fees to Avisar. As at September 30, 2022, \$6,300 (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 and nine months ended September 30, 2022, the Company incurred \$7,355 (2021 - \$1,223 and \$18,058) respectively to Gordon J. Fretwell Law Corp. As at September 30, 2022, \$Nil (December 31, 2021-\$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

and nine months ended September 30, 2022, share-based compensation for the key management personnel amounted to \$10,501 and \$58,672 (2021 - \$33,327 and \$155,943).

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:

	September 30, 2022			December 31, 2021		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation assets	\$ -	\$ 342,118	\$ 342,118	\$ -	\$ 257,437	\$ 257,437
Right of use assets	\$ -	\$ 3,889	\$ 3,889	\$ -	\$ 20,127	\$ 20,127
Equipment	\$ 3,256	\$ 56,029	\$ 59,285	\$ 6,371	\$ 71,213	\$ 77,584

7. Subsequent Event

The Company has announced that it will undertake a non-brokered private placement of up to 16,000,000 units at a price of \$0.05 per unit (“Unit”) for gross proceeds of up to \$800,000. Each unit shall be comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.08 per share at any time within five years of the date of issuance.