Pucara Gold Ltd. (Formerly, Magnitude Mining Ltd.)

(An Exploration Stage Company)

Management Discussion and Analysis

March 31, 2021

Pucara Gold Ltd.

2110 – 650 West Georgia Street

Vancouver, BC V6B 4N9

INTRODUCTION

This Management Discussion and Analysis ("MD&A) is intended to supplement Pucara Gold Ltd. ("Pucara" or the "Company") interim consolidated financial statements for the three months ended March 31, 2021. All financial information, unless otherwise indicated, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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. As a result of the change of control, the Company has changed its fiscal year end to December 31 for the year ended December 31, 2020 and moving forward.

Pucara Resources, a company incorporated under the British Columbia Business Corporations Act on August 10, 2012, purchased Pucara Resources S.A.C., a limited liability company formed under the laws of Peru on September 12, 2012, from Esperanza Resources Corp. and Esperanza Silver Peru S.A.C. ("Esperanza") on January 14, 2013. Pucara Resources is engaged in the acquisition, prospection, exploration and development of mineral properties in Latin America, currently with exploration and evaluation of mineral concessions in Peru.

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. Holder 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 immediately following 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, entitles the holder to acquire a common share 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 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. 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.

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. As a result, this MD&A includes the discussion of Pucara Resources as the continuing parent of the group.

Pucara's business is the acquisition, prospection, exploration and development of precious and base metal mineral concessions in Peru. The Company is actively exploring a number of its exploration stage projects as well has optioned some of its projects to other companies. The Company's office is located at #2110 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

The following discussion of the Company's financial condition and results of operations should be read in conjunction with its interim consolidated financial statements and the related notes for the period ended March 31, 2021.

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is May 26, 2021.

FORWARD-LOOKING INFORMATION

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this MD&A or as of the date of the effective date of information described in this MD&A, as applicable. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on the Company's or its consultants' current beliefs as well as various assumptions made by and information currently available to them. Many forward-looking statements are made assuming the correctness of other forward looking statements. Cost information is prepared using current estimates, but the time for incurring costs will be in the future and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates assumptions and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, but specifically include, without limitation, risks related to exploration and development programs and their timing and success; risks relating to variations in the mineral content within the material identified as mineral reserves and mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals and minerals markets; risks relating to fluctuations in the Canadian dollar, the United States dollar and Peruvian nuevo sol relative to other currencies; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; risks relating to receipt of mining and regulatory approvals; the effects of competition in the markets in which the Company operates; operational and infrastructure risks. The foregoing list of factors that may affect future results is not exhaustive.

When relying on the forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on behalf of the Company, except as required by law.

CURRENT CORPORATE HIGHLIGHTS

On March 22, 2021, the Company's common shares commenced trading on the OTCQB in the United States under the symbol "PCRAF".

On January 26, 2021, the Company reported the drilling results of its Phase 1 drilling program on the Lourdes Gold Project. A total of 3,955 meters were drilled in 25 holes. The drilling results confirmed the presence of gold mineralization hosted within silicified diatreme breccias with a 1.5 kilometer trend along the eastern portion of the Lourdes project. The most significant gold intercepts obtained were 0.24 g/t gold over 18 meters in drill hole LOU011, 0.24 g/t gold over 21 meters in drill hole LOU013 and 0.47 g/t over 4.9 meters in drill hole LOU019.

On January 13, 2021, the Company's common shares commenced trading on the Lima Stock Exchange (BVL) under the symbol "TORO".

On October 28, 2020, the Company announced the commencement of the Lourdes Gold Project drill campaign. A total of nine primary target areas have been identified for drill testing at the project. The first phase of the program consists of 20 holes (5,000 meters) testing four target areas; Phase 2 consists of 16 holes (2650m) that include the remaining five target areas. Eleven additional sites are included in the proposed plan to allow for follow-up infill and step-out drilling with the 40 sites allowed by permit.

On October 5, 2020, the Company announced the appointment of Kenneth J. Balleweg as VP Exploration. Mr. Balleweg has over 35 years of exploration and production experience, including 17 years in Mexico. His previous positions included Placer Dome's senior project geologist for the Mulatos gold project, Mexico MineEx Manager, and Senior Project Geologist at the Cortez and Getchell gold mines. He held positions with Alamos Gold over a 12-year period as Exploration Manager, Vice President Exploration, and Manager of Underground Geology at the Mulatos Gold mine.

On September 30, 2020, as also described above, the Company completed its arrangement with Magnitude Mining Ltd. The Transaction proceeded by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") pursuant to which Magnitude acquired all of the issued and outstanding Pucara Shares. Pucara Resources became a wholly-owned subsidiary of Magnitude and the shareholders of Pucara were issued one common share of the Company in exchange for every Pucara Share held immediately prior to the completion of the Transaction. Holders of Pucara Options and Pucara Warrants will be entitled to receive, upon exercise of a Pucara Option or Pucara Warrant for the same aggregate consideration, common shares of the Company in lieu of the Pucara Shares otherwise issuable prior to the closing of the Transaction, adjusted in accordance with the terms of the agreements, plans or certificates representing such Pucara Options and Pucara Warrants. Upon completion of the Transaction, all directors and officers of Magnitude resigned and were replaced by nominees of the Company, as follows: J. Stevens Zuker, President, Director and Chief Executive Officer; David Awram, Director; Lynda Bloom, Director; Gordon Fretwell, Director and Corporate Secretary; Andrew Swarthout, Director; and Steven Krause, Chief Financial Officer.

Complete details of the terms of the Transaction are set out in the filing statement of Magnitude dated as of September 22, 2020 (the "Filing Statement"), available on SEDAR under Pucara's profile at www.sedar.com.

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.

PROJECTS

Pacaska Project, Ayacucho, Peru

The project was acquired through staking in 2015 and consists of twelve concessions totaling 7,650 Has. The exploration target is an HSE gold type deposit and exhibits characteristics related to a porphyry copper system. The Pacaska property is subject to a 1% NSR in favour of Sandstorm in accordance with Sandstorm Royalty Agreement, and subject to a 0.5% NSR in favour of Lunde in accordance with Lunde Royalty Agreement.

During 2021, Pucara will focus on community relations, permitting and surface prospecting work at Pacaska. Pucara is working closely with stakeholders and the permitting authorities in anticipation of a Pacaska Phase I drill campaign. Permitting work at Pacaska began prior to start of the COVID pandemic and Pucara is currently finalizing its drill permit application (DIA). Pucara expects to submit the application to the Ministry of Energy and Mines during the second quarter of 2021. The existing soil geochemistry grid will be extended where strongly anomalous gold and copper values were identified in the survey. Trenching and test pits are planned where feasible over the course of the field season to refine the drill targets.

Lourdes Project, Ayacucho, Peru

On January 14, 2013, Pucara Resources acquired the project for share consideration and a 1% NSR royalty. On October 19, 2017, the Pucara Resources granted a 1% NSR royalty, to Sandstorm Gold Ltd. (the "Sandstorm Royalty Agreement"). The project consists of eleven mineral concessions totaling 2,817 Has. On May 25, 2020, Pucara Resources entered into an NSR royalty agreement ("Lunde Royalty Agreement") with Lunde International Corp ("Lunde"). Pursuant to the Lunde Royalty Agreement, the Company granted Lunde a 0.5% NSR royalty on the concessions comprising the Lourdes Property.

Lourdes Project is a fully-drill permitted high sulfidation epithermal (“HSE”) precious metal project, which lies at the intersection of two regional mineralized trends with neighboring high sulfidation prospects and a producing mine. The project is located approximately 400 kilometres southeast of Lima and is easily accessible by a paved, single-lane road originating in the town of Puquio, 155 kilometres east of the Pan American Highway.

During December 2020, Pucara completed its Phase I drill program of 25 holes totaling 3,955 meters. In January 2021, Pucara reported the results of its drilling program. The program tested and drilled 5 of the 9 identified targets. Thick intercepts of oxidized silicic alteration, starting from surface and extending to depths of more than 200 m confirmed the target concept. Gold concentrations included three low-grade gold intercepts hosted in granular silica. Pucara interprets the gold zone as flat-lying and distal from the inferred structural feeder, which may contain higher-grade mineralization, similar to the relationship at the Apumayo Mine. The intercepted grades are being mined at the Apumayo gold mine, which lies 14km directly south of the Lourdes property. The open intercepts indicate the inferred structural source is to the west toward the Paccha Huayco – Cascada area. A Phase II program and follow up work at the Lourdes property is planned after completing a Pacaska Phase I drill program.

Keyla Project, Ayacucho, Peru

The project was acquired through staking and consists of four mineral concessions totaling 3,500 Has. The concessions are subject to 0.5% NSR in favour of Lunde in accordance with Lunde Royalty Agreement. The project is an early stage HSE gold target that lies on the southern end of the Lourdes – Apumayo trend. The project area consists of low relief topography with 8 km strike length of advanced argillic and silicic alteration. Soil surveys have identified a strong presence of the HSE multi-element suite (mercury, arsenic, and antimony), including a large 300 by 400 meter gold soil anomaly.

During the 2021 field season, Pucara will sample rock outcrops and advance geological mapping of the alteration zone. Furthermore, Keyla is amenable to trenching and pitting. Pucara expects to advance Keyla towards drill-ready status and permitting in 2021.

Santo Tomas Project, Ayacucho, Peru

On January 14, 2013, Pucara Resources acquired the project for share consideration and a 1% NSR royalty. The project consists of 25 mineral concessions totaling 15,793 Has. On October 19, 2017, Pucara Resources granted a 1% NSR royalty to Sandstorm. The project was optioned to IAMGOLD Peru SA in February 2018 and they have received approval of the environmental drilling permit (DIA – *Declaracion de Impacto Ambiental*) and the approval of Initiation of Activities on September 24, 2020. In October 2020, IAMGOLD commenced drilling and completed a total of 3 diamond drill holes, totaling 1,858 meters. In 2021, IAMGOLD plans to continue its exploration program and drill 2,500 meters.

PROJECT EXPLORATION COSTS

During the three months ended March 31, 2021 and March 31, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Three Months Ended March 31, 2021	Three Months ended March 31, 2020
Administrative	$ 9,793	$ -
Assays	43,703	215
Community programs	13,783	8,264
Consulting	62,037	-
Equipment	6,735	-
Geological	335,188	156,565
Impairment of exploration and evaluation assets	-	48,670
Travel	53,121	31,534
Total expenditures	$ 524,360	$ 245,248

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

	Lourdes $	Pacaska $	Other $	Total $
Balance, March 31, 2020	33,825	101,311	158,535	293,671
Acquisition and mineral licenses	15,308	29,554	137,899	182,761
Foreign exchange movement	(6,189)	(17,295)	(34,054)	(57,538)
Balance, December 31, 2021	42,944	113,570	262,380	418,894
Acquisition and mineral licenses	2	-	444	446
Foreign exchange movement	(2,064)	(5,459)	(12,626)	(20,149)
Balance, March 31, 2021	40,882	108,111	250,198	399,191

RESULTS OF OPERATIONS

For the three months ended March 31, 2021 as compared to the three months ended March 31, 2020

For the three months ended March 31, 2021 the Company incurred a loss of $907,523 (March 31, 2020 – loss of $448,931). The Company's loss per share was $0.01 (March 31, 2020 – $0.01). The increase in the loss for the period of $458,592 was primarily the result of an increase of exploration expenditures to $524,360 in the three months ended March 31, 2021 from $245,248 in the three months ended March 31, 2020.

Exploration expenses for the three months ended in the current period were $524,360 compared to $245,248 in the three months ended March 31, 2020. The increase was the result of the Company's phase 1 drill program on the Lourdes project which commenced in the last quarter of 2020. In the three months ended March 31, 2021 the Company's general and administrative expenses increased from $268,389 in the quarter ended March 31, 2020 to $440,132 in the nine months ended December 31, 2020. The increase in general and administration is primarily due to increase management fees and investor relation costs as a result of the Company transitioning to become a publicly listed company in the second half of 2020.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements prepared by management.

Quarter Ended	Revenues	Loss for the period $	Basic and fully diluted loss per share $
March 31, 2021	Nil	(907,523)	(0.05)
December 31, 2020	Nil	(2,778,050)	(0.05)
September 30, 2020	Nil	(2,326,314)	(0.07)
June 30, 2020	Nil	(391,543)	(0.01)
March 31, 2020	Nil	(448,931)	(0.01)
December 31, 2019	Nil	(476,184)	(0.02)
September 30, 2019	Nil	(630,803)	(0.02)
June 30, 2019	Nil	(591,791)	(0.02)

The Company's quarterly losses are expected to vary as a result of its exploration activity on its exploration projects.

The Company's loss in the quarter ended December 31,2020 increased from the quarter ended September 30, 2020 primarily as a result of the costs associated with the Company's exploration program on its Lourdes project. This drilling program was completed in the quarter ended March 31, 2021.

The Company's loss in the second quarter of 2021 increased from the first quarter of 2021 primarily as a result of the costs associated with the Company's plan of arrangement with Magnitude of $1,404,412.

SELECTED ANNUAL INFORMATION

The following table sets out selected annual financial information of the Company and is derived from the Company's audited consolidated financial statements for the period ended December 31, 2020 and for the years ended March 31, 2020 and 2019.

	December 31, 2020 $	March 31, 2020 $	March 31, 2019 $
Revenues	Nil	Nil	Nil
Loss for the year	(5,495,907)	(2,147,709)	(2,298,426)
Loss per share (basic and diluted)	(0.13)	(0.06)	(0.07)
Total assets	6,816,368	1,153,647	2,382,862
Total non-current financial liabilities	Nil	30,062	Nil
Dividends declared	Nil	Nil	Nil

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at March 31, 2021 was cash and cash equivalents totaling $4,926,298 (December 31, 2020 – $6,058,585).

During the three months ended March 31, 2021, the Company's cash used in operating activities amounted to $1,130,628 (March 31, 2020 - $269,164).

The Company's continuing operations and its ability to meet mineral property 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.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2021, the Company had not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

RELATED PARTY 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 "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 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 the Fee.

During the three months ended March 31, 2021, the Company incurred $67,997 (March 31, 2020 – $66,379) to Sumaq. As at March 31, 2021, $28,673 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, 2021, the Company incurred $24,450 (June 30, 2020 - $nil) of fees to Avisar. As at March 31, 2021, $11,970 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, 2021, the Company incurred $nil (three months ended June 30, 2020 - $33,383l) to Gordon J. Fretwell Law Corp. As at March 31, 2021, $nil was owing to the entity.

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 interim condensed consolidated financial statements on a graded vesting basis. During the three months ended March 31, 2021, share-based compensation for the key management personnel amounted to $75,058 (2020 - $15,983).

OUSTANDING SHARES

As at the date of this MD&A, the Company has 62,576,960 common shares outstanding. The Company also has incentive 4,847,500 stock options outstanding, exercisable at a weighted average exercisable price of $0.40 per share, and 6,002,460 share purchase warrants outstanding, exercisable at weighted average price of $0.60 per share, exercisable until September 30, 2022.

KEY ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management's key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates and Judgments

Significant assumptions relate to the following:

i. *Share-based compensation:* The Company provides compensation benefits to employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility and has been based upon other public listed mineral exploration companies as the Company's shares are not public listed. Historical data is utilized to estimate option exercises and forfeiture behaviour with the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

ii. *Impairment of mineral concessions and properties:* The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of potential impairment indicators include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

iii. *Lease obligations:* The Company has recognized obligations for its office leases in Peru. The recognition of such lease obligations require the Company to estimate the term of the leases and the Company's incremental borrowing rate.

iv. *Reverse acquisition:* On September 30, 2020, Magnitude and Pucara Resources completed the Transaction which constituted a reverse acquisition. Because of the Transaction, the shareholders of Pucara Resources obtained control of Pucara, the combined entity, by obtaining control of the voting power of the Company and the resulting power to govern its financial and operating policies. The Transaction was accounted for as a reverse acquisition in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As Magnitude did not qualify as a business according to the definition in IFRS 3, the reverse acquisition did not constitute a business combination; rather it was treated as an issuance of shares by Pucara Resources for the net assets of Magnitude and to obtain a listing status as Pucara. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction. For accounting purposes, Pucara Resources (legal subsidiary) was treated as the accounting parent company and Magnitude (legal parent) was considered the accounting subsidiary in these consolidated financial statements.

As Pucara Resources was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in the consolidated financial statements for the period ended September 30, 2020 at their historical carrying value. Magnitude's results of operations are included after the date of the acquisition.

The consideration for the Transaction, being the equity instruments issued by Pucara Resources in return for the listing status, was based on the fair value of the common shares of Pucara Resources of $0.40 per share, consistent with the value of the Concurrent Financing, and Pucara Options with a fair value of $0.29 per option (determined using the Black-Scholes option pricing model). The difference between the consideration and the identifiable assets received was recognized in the statement of loss and comprehensive loss as listing expense.

FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments as at March 31, 2021 consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value. There were no off-balance sheet financial instruments.

The Company's cash and cash equivalents are held in large Canadian and Peruvian financial institutions. The Company does not use derivative or hedging instruments to reduce its exposure to fluctuations in foreign currency exchange rates involving the Canadian dollar or Peruvian Sol.

Management of Capital

The Company's capital management objectives are to safeguard the Company's ability to support the Company's development and exploration of its mineral projects and support any expansion plans. The capital of the Company consists of items included in its shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the sufficient liquidity to meet its objectives. The Company may issue new shares or seek debt to ensure that there is sufficient working capital to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the period ended March 31, 2021.

Management of Financial Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, and receivables. The Company's credit exposure is limited to the carrying amount of these financial assets.

The Company's cash and cash equivalents are held by high-credit-rated financial institutions and, as such, the Company does not believe there to be a significant credit risk. The Company's concentration of credit risk and maximum exposure is as follows:

	March 31, 2021 $	December 31, 2020 $
Cash at Canadian financial institutions	4,884,840	5,859,206
Cash at Peruvian financial institutions	41,458	199,379
Total	4,926,298	6,058,585

b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

(i) *Foreign currency risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The Company operates in Canada and Peru. The Company funds the subsidiary in US dollars and a portion of its expenditures are incurred in Peruvian nuevo soles. The risk is that there could be a significant change in the exchange rate of the Canadian dollar relative to the US dollar and the Peruvian nuevo sol. The Company has not hedged its exposure to currency fluctuations.

(ii) *Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Its interest rate risk is limited to potential decreases on the interest rate offered for cash held with chartered Canadian financial institutions. The Company considers the risk to be immaterial.

(iii) *Commodity price risk*

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

(iv) *Equity price risk*

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does not have any equity investments.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim consolidated financial statements for the period ended March 31, 2021 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Approval

The Audit Committee of Pucara has approved the disclosure contained in this MD&A.