



**Pucara Gold Ltd.**  
(An Exploration Stage Company)

**Interim Condensed Consolidated Financial Statements**  
(expressed in Canadian dollars)

June 30, 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 Statement of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	Note	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 773,466	\$ 1,427,328
Receivables		89,424	68,624
Prepaid expenses		41,616	36,110
<b>Total current assets</b>		<b>904,506</b>	<b>1,532,062</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	3	190,053	186,044
Equipment		34,574	52,932
<b>Total non-current assets</b>		<b>224,627</b>	<b>238,976</b>
<b>TOTAL ASSETS</b>		<b>\$ 1,129,133</b>	<b>\$ 1,771,038</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 82,592	\$ 178,488
<b>TOTAL LIABILITIES</b>		<b>82,592</b>	<b>178,488</b>
<b>EQUITY</b>			
Share capital	4	19,405,894	19,405,894
Share-based payment reserve	4	1,834,637	1,813,825
Accumulated other comprehensive income		129,347	126,209
Deficit		(20,323,337)	(19,753,378)
<b>TOTAL EQUITY</b>		<b>1,046,541</b>	<b>1,592,550</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,129,133</b>	<b>\$ 1,771,038</b>
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 Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except for the number of shares)

(Unaudited – Prepared by Management)

	Note	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
<b>Exploration expenditures</b>	3, 5	\$ 20,217	\$ 78,189	\$ 55,552	\$ 358,467
<b>General and administration</b>			-		
Accounting and legal	5	46,854	53,751	63,490	115,440
Accretion		-	369	-	861
Amortization		-	5,561	-	10,955
Office and miscellaneous		11,893	35,379	35,946	96,535
Investor relations		12,938	13,749	25,116	44,463
Management and consulting fees	5	42,169	47,589	84,340	218,656
Exploration office salaries		40,344	202,047	315,524	352,737
Share-based payments	4, 5	7,034	38,773	20,812	111,968
Travel		2,252	27,280	2,696	45,253
<b>Total general and administrative expenses</b>		<b>163,484</b>	<b>424,498</b>	<b>547,924</b>	<b>996,868</b>
<b>Loss before other items</b>		<b>183,701</b>	<b>502,687</b>	<b>603,476</b>	<b>1,355,335</b>
<b>Other items</b>					
Foreign exchange loss		1,815	(6,623)	5,532	11,210
Interest income		(402)	(3,197)	(2,371)	(4,495)
Gain on disposal of assets		-	-	(30,872)	-
Other income		-	-	(5,806)	(97,577)
<b>Net loss</b>		<b>185,114</b>	<b>492,867</b>	<b>569,959</b>	<b>1,264,473</b>
Other comprehensive income		1,386	1,262	(3,138)	(20,828)
<b>Total comprehensive loss</b>		<b>\$ 186,500</b>	<b>\$ 494,129</b>	<b>\$ 566,821</b>	<b>\$ 1,243,645</b>
<b>Loss per common share</b>					
Basic and fully diluted		\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.02
Weighted average number of common shares outstanding		76,591,960	62,591,960	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 Statement of Changes in Equity  
(Expressed in Canadian dollars, except for the number of shares)  
(Unaudited – Prepared by Management)

	Note	Share capital		Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total
		Number of shares	\$				
<b>Balance at December 31, 2021</b>		62,591,960	18,705,894	1,652,605	85,293	(17,364,427)	3,079,365
Net loss for the period		-	-	-	-	(1,264,473)	(1,264,473)
Share-based payments				111,968	-	-	111,968
Other comprehensive income		-	-	-	20,828	-	20,828
<b>Balance, June 30, 2022</b>		62,591,960	18,705,894	1,764,573	106,121	(18,628,900)	1,947,688
<b>Balance, December 31, 2022</b>		76,591,960	19,405,894	1,813,825	126,209	(19,753,378)	1,592,550
Net loss for the period			-	-	-	(569,959)	(569,959)
Share-based payments	4			20,812	-	-	20,812
Other comprehensive income		-	-	-	3,138	-	3,138
<b>Balance, June 30, 2023</b>		76,591,960	19,405,894	1,834,637	129,347	(20,323,337)	1,046,541

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

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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
<b>Operating activities</b>		
Net loss	\$ (569,959)	\$ (1,264,473)
Items not affecting cash		
Accretion	-	861
Amortization of right-of-use asset	-	10,955
Depreciation of equipment	7,440	15,464
Foreign exchange loss	-	1,441
(Gain) loss on disposal	(30,872)	1,560
Share-based payments	20,812	111,968
	<b>(572,579)</b>	<b>(1,122,224)</b>
Change in non-cash operating working capital		
Receivables and prepaid expenses	(26,306)	(31,072)
Accounts payable and accrued liabilities	(95,896)	(29,785)
<b>Cash used in operating activities</b>	<b>(694,781)</b>	<b>(1,183,081)</b>
<b>Investing activities</b>		
(Receipts)/payments for exploration and evaluation assets	855	(63,044)
Cash received from sale of equipment	42,616	
<b>Cash received from (used in) investing activities</b>	<b>43,471</b>	<b>(63,044)</b>
<b>Financing activities</b>		
Lease payments	-	(12,114)
<b>Cash used in financing activities</b>	<b>-</b>	<b>(12,114)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(2,552)</b>	<b>2,279</b>
<b>Decrease in cash</b>	<b>(653,862)</b>	<b>(1,255,960)</b>
<b>Cash - beginning of the period</b>	<b>1,427,328</b>	<b>2,870,258</b>
<b>Cash - end of the period</b>	<b>\$ 773,466</b>	<b>\$ 1,614,298</b>

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 August 28, 2023.

## 2. Basis of Presentation and Significant Accounting Policies

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

### l) 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 \$566,821 for the six months ended June 30, 2023 (2022 - \$1,243,645) and has an accumulated deficit of \$20,323,337 at June 30, 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 six months ending June 30, 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. The Company has abandoned this project in June 2023.

**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. The Company has abandoned this project in June 2023.

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 June 30, 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 June 30, 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. The Company has abandoned this project in June 2023.

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%.

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

As at June 30, 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 at 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
Receipts for mineral licenses	-	(855)	-	(855)
Foreign exchange movement	-	4,800	64	4,864
Balance, June 30, 2023	\$ -	\$ 187,538	\$ 2,515	\$ 190,053

Details of the exploration and evaluation expenses, which were expensed as incurred were as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Administrative	\$ -	\$ -	\$ 8,129	\$ -
Assays	-	1,208	-	3,467
Community programs	12,395	29,289	19,154	44,226
Equipment maintenance	878	2,175	1,529	7,875
Geological	3,054	23,391	21,058	258,588
Travel	3,890	22,126	5,682	44,311
Total expenditures	\$ 20,217	\$ 78,189	\$ 55,552	\$ 358,467

#### 4. Share Capital

##### Authorized and issued shares

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 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 June 30, 2023 is as follows:

	<b>June 30, 2023</b>	
	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, and June 30, 2023	14,000,000	0.08

The remaining contractual life of the outstanding share purchase warrants at June 30, 2023 was 4.43 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 six months ended June 30, 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 six months ended June 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

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The continuity of stock options as at June 30, 2023 is as follows:

	June 30, 2023	
	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
Expired	(87,500)	0.31
Balance, June 30, 2023	5,075,000	\$ 0.24

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

Date Granted	Expiry date	June 30, 2023		
		Exercise price	Options outstanding	Options exercisable
September 1, 2017	September 1, 2023	\$ 0.40	200,000	200,000
January 30, 2019	January 30, 2024	\$ 0.40	1,225,000	1,225,000
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			5,075,000	4,550,000

During the three and six months ended June 30, 2023, the Company recorded stock-based compensation expense of \$7,034 and \$20,812 (2022 - \$38,773 and \$94,182) 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 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 former 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 June 30, 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 and six months ended June 30, 2023, the Company incurred \$12,500 and \$25,000 (2022 - \$12,500 and \$12,500) 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 and six months ended June 30, 2023, the Company incurred \$12,500 and \$25,000 (2022 - \$12,500 and \$12,500) 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 and six months ended June 30, 2023, the Company incurred \$12,500 and \$25,000 (2022 - \$12,500 and \$12,500) respectively as salary for the Vice President - Corporate Development.

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**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 six months ended June 30, 2023, the Company incurred \$16,000 and \$34,000 (2022 - \$18,000 and \$36,000) respectively of fees to Avisar. As at June 30, 2023, \$5,250 (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 and six months ended June 30, 2023, the Company incurred \$Nil (2022 - \$6,946 and \$6,946) to Gordon J. Fretwell Law Corp.

**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 six months ended June 30, 2023, share-based compensation for the key management personnel amounted to \$7,034 and \$20,812 (2022 - \$38,773 and \$94,182) respectively.

**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:

	June 30, 2023			December 31, 2022		
	Canada	Peru	Total	Canada	Peru	Total
Exploration and evaluation assets	\$ -	\$ 190,053	\$ 190,053	\$ -	\$ 186,044	\$ 186,044
Equipment	\$ 1,774	\$ 32,800	\$ 34,574	\$ 2,738	\$ 50,194	\$ 52,932