

SOMA GOLD CORP.
(FORMERLY PARA RESOURCES INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

BACKGROUND

This management's discussion and analysis ("MD&A") of financial position and results of operations is prepared as of November 24, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Soma Gold Corp. (the "Company" or "Soma") for the three and nine months ended September 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019 as presented in accordance with International Financial Reporting Standards. The Company's reporting currency is Canadian dollars, and all amounts are expressed in Canadian dollars unless otherwise stated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise any additional funds. In addition, the outbreak of COVID-19 since March 2020 has resulted in a challenging global economic climate that may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may have a direct impact on the Company's operating results and financial position, and ability to raise financing. The magnitude of the impact of the COVID-19 outbreak on the Company's business is not known at this time.

DESCRIPTION OF BUSINESS

The Company is a natural resource company engaged in the business of acquiring, exploring, developing and operating mining properties in South America.

The Company is primarily focused on the operation of its El Bagre Gold Mining Complex (“El Bagre”), which consists of the La Ye and Los Mangos operating underground gold mines, the Cordero-Balvina underground mine development project, and an operating gold processing plant. El Bagre is located approximately 170 kilometers northeast of Medellin in the department of Antioquia, Colombia.

El Bagre was acquired when the company acquired 100% of the shares of Operadora Minera S.A.S (“Operadora”) from Mineros S.A. (“Mineros”), effective May 28, 2020. The payment of the first US \$1 million of the US \$5.5 million purchase price, was made on May 28th. The second payment of US \$4.5 million was made September 4, 2020. Mineros was also granted a 1.0% net smelter returns (“NSR”) royalty on the property, effective after production of the first 17,000 ounces at El Bagre. The Operadora acquisition also included the Nechi Gold Exploration Project discussed below.

Soma has now assumed full operational control of Operadora. The on-site extraction plant has a capacity of approximately 450 tonnes per day of material and has historically produced up to 20,000 ounces of gold doré annually. Soma’s existing El Limon and Zara projects are adjacent to El Bagre, and management believes that El Bagre’s mineralization trend extends onto the El Limon property.

El Bagre’s experienced and knowledgeable team of mining engineers, planners, geologists, operators and others remained with the company and continue to be responsible for the operation of the El Bagre mines and mill and will also take on responsibility for the El Limon mine and mill. The Company plans on bringing the El Limon mine back into production, and the two mills have a combined capacity of 675 tonnes per day (tpd). The mills are fully permitted to a combined capacity of 1,400 tpd to accommodate future growth.

OPERATING SUMMARY

El Bagre Project

For the nine months ended September 30, 2020, the El Bagre operation produced 12,297 ounces of gold and is on target to produce 15,479 ounces of gold for the full year 2020 (including production prior to being acquired by Soma). In 2019 El Bagre produced and sold 16,168 gold ounces (prior to being acquired by Soma).

In the three month-period ended September 30, 2020, El Bagre produced and sold 4,427 ounces of gold at an average price of US\$1,187 per ounce. In the five months since being acquired by Soma (June through October 2020), El Bagre has sold 6,605 ounces of gold at an average price of \$1,854 per ounce. As El Bagre was only acquired in 2020, Soma had no gold production or sales in the comparative periods from the prior year.

The production data for the period since acquisition is as follows:

	Jun 2020	Jul 2020	Aug 2020	Sep 2020	3-Mth Subtotal	Oct 2020	YTD Total
Tonnes Mined	12,195	12,182	12,327	8,758	33,267	8,539	54,001
Tonnes Milled	12,028	13,388	12,321	11,211	36,920	10,232	59,180
Gold Oz Sold ⁽¹⁾ ⁽²⁾ ⁽³⁾	707	1,215	1,672	1,540	4,427	1,471	6,605
Price per Oz (US\$)	\$1,752	\$1,841	\$1,917	\$1,854	\$1,871	\$1,843	\$1,854

(1) In this document, gold ounces refer to gold equivalent ounces which include silver ounces produced and sold converted to a gold equivalent based at the spot market price. The silver content accounts for approximately 2-3% of the total gold equivalent ounces.

(2) Gold ounces sold in June excludes 495 ounces of gold that were stolen in a robbery. The Company has filed an insurance claim for US\$866,000 in relation to the event.

(3) There were 139 ounces of gold in inventory at October 31, 2020.

The NI 43-101 Technical Report on the El Bagre Operations and the Nechi Project, Department of Antioquia, Colombia (the "Technical Report"), by Roscoe Postle Associates, Inc. ("RPA") of Toronto, Canada was filed on SEDAR (www.sedar.com) and on the Company's website on June 4, 2020. The Technical Report had an effective date of July 31, 2019, and estimated that as at December 31, 2018:

- Proven and Probable Mineral Reserves at El Bagre/Nechi were 318,500 tonnes at 5.9 g/t gold (60,800 ounces);
- Measured and Indicated Mineral Resources at El Bagre/Nechi were 382,000 tonnes at 5.2 g/t gold (64,000 ounces gold); and
- Inferred Mineral Resources at El Bagre/Nechi were 543,000 tonnes at 6.2 g/t gold (107,000 ounces).

El Bagre - Cordero-Balvina Portal

Construction of the new portal and decline to the Cordero-Balvina deposit continued in the period, and the Company announced on October 6, 2020 that the excavation had reached hard rock. Production from Cordero-Balvina will feed the El Bagre Mill and management intends to start replacing production from the La Ye and Los Mangos mines in the first half of 2021. The Technical Report estimates for Cordero-Balvina include:

- Probable Reserves of 128,000 tonnes at 7.8 g/t gold (32,000 ounces);
- Indicated Mineral Resources of 56,000 tonnes at 7.1 g/t gold (12,700 ounces); and
- Inferred Mineral Resources of 93,000 tonnes at 5.4 g/t gold (16,100 ounces).

(These amounts are included in the El Bagre/Nechi totals mentioned above)

The grades at Cordero compare favorably to recent grades being mined at La Ye and and Los Mangos of ~4.3 g/t, and as a result management anticipates that more gold ounces will be recovered and sold as mill feed shifts to Cordero-Balvina during 2021.

El Bagre – Drilling

On June 15, 2020 and October 15, 2020, the Company announced results from a total of 38 diamond drill holes ("DDH"), totaling 12,240 meters, completed on the north extension of the Cordero-Balvina target. Highlight intersections included:

- 18.98 g/t gold over 3.05m starting at a depth of 194.9m (BCNDDH_20_011)
- 13.99 g/t gold over 1.90m starting at a depth of 220.76m (BCNDDH_20_014)
- 17.65 g/t gold over 1.80m starting at a depth of 240.80m (BCNDDH_20_018)
- 7.33 g/t gold over 3.70m starting at a depth of 203.90m (BCNDDH_20_022)
- 7.62 g/t gold over 1.55m starting at a depth of 243.90m (BCNDDH_20_034)

Management believes that drill intercepts reported approximate true widths.

Sixteen of the DDH intersected only low-grade gold. Management believes that this may be due to a fault displacement of the vein to the NNW – a hypothesis supported by the presence of small miners in the area of the interpreted displacement.

Drilling at Cordero-Balvina has now shifted to testing the down-dip continuity of the vein and in-fill drilling to upgrade inferred resources to indicated resources. An additional 2,700m of drilling is planned.

El Bagre – Offtake Agreement

On Sept 9, 2020, the Company entered into an offtake agreement (“the Offtake Agreement”) with Nueva Granada Gold Corp (“NG”) and a purchase and refining agreement with MVPR International Incorporated (“MVPR”), a wholly-owned subsidiary of NG, for the mineral production from Operadora’s operations. The value of the Offtake Agreement is US \$5.0 million, of which US\$4.5 million was used to pay the second tranche payment under the share purchase agreement between Soma and Mineros. Under the offtake agreement, the Company will pay to MVPR a percentage of the value of gold produced at El Bagre as follows:

- 12% on the first 24,500 gold ounces delivered
- 6% on the next 22,000 gold ounces delivered, and
- 1% on the gold ounces delivered until the end of the production

For the period ended September 30, 2020, the Company delivered 1,494 ounces of gold under the Offtake Agreement.

Nechi Exploration Project

As part of the Operadora acquisition, Soma acquired mining titles to the Nechí Exploration Project (“Nechi”), which is comprised of the El Catorce, Santa Elena, and Santa Maria gold exploration properties. The Nechi Project is located approximately 25 kilometers north of El Bagre in Antioquia, Colombia. Mineros holds a 1.0% NSR royalty on the property. Mineral resources on Nechi are included in the Technical Report referenced above.

El Limon Project

The El Limon Project (“El Limon”) is adjacent to the El Bagre Project, and the two mills are approximately 10 kilometers apart. El Limon includes an underground mine and gold processing plant with a capacity of approximately 225 tpd. The plant is permitted to process up to 400 tpd to allow for future expansion. The El Limon mine and mill have operated sporadically for the past several years and the Company is currently working towards restarting the operation with the goal of achieving commercial production in the second half of 2021.

Soma has formalized agreements with three of the (formerly illegal) small miners on the El Limon Project and is in the process of formalizing additional miners. This allows them access to modern mining and processing technologies, including eliminating the need to use mercury to extract gold. These small miners will provide some of the feed for the El Limon mill.

El Limon is held in Colombian subsidiary Four Points Mining S.A.S (“Four Points”). On October 20, 2020 Soma announced that it had reached an agreement to purchase the remaining 12% of Four Points that it did not already own by issuing the vendors 1,218,232 shares of Soma. Upon completion of the acquisition, Four Points will be a 100% subsidiary of Soma. This will facilitate the full integration of Soma’s adjacent El Limon and El Bagre operations.

There is a 3% NSR royalty on El Limon, to a maximum of US\$2,000,000. After that threshold, the NSR royalty drops to 0.5% to a maximum of an additional US\$1,000,000.

El Limon – Drilling

A planned 3,000m drilling program has recently commenced at El Limon. This program will be focused in the area of the Renacer portal, with the goal of confirming the continuity of the vein to the south of the El Limon fault.

Zara Exploration Project

The Company owns 100% of the Zara Exploration Project (“Zara”), excluding non-metallic minerals. Zara is contiguous with the El Bagre and El Limon Projects, and together they form a highly prospective concession package totaling over 29,000 Ha. Zara is subject to a 2% NSR royalty. At any time until June 28, 2021, the Company may reduce the NSR royalty from 2% to 1% by paying the amount of US\$1,000,000. This amount will be constituted by US\$750,000 in cash and US\$250,000 by the issuance of common shares of the Company valued at the volume weighted average closing price of the Company’s shares the five trading days immediately before the transaction.

Tucuma Exploration Project (Brazil)

The Company owns 100% of the Tucuma Exploration Project (“Tucuma”) located in the state of Para, Brazil.

Mr. Paulo J. Andrade, P. Geo., BSc., is a Qualified Person as defined by National Instrument 43-101 and the VP Exploration for Soma Gold Corp. Mr. Andrade has reviewed and approved the disclosure of the technical information contained in this MD&A.

Discontinued Operations

On March 27, 2020, the Company completed a sale of Z79 and its partially owned subsidiaries – Gold Road and Tr-Ue Vein for the consideration of US\$1 to Aura Minerals. The Company de-recognized assets, liabilities associated with those assets and non-controlling interests during the period.

FINANCIAL RESULTS

The following table contains quarterly information derived from the Company’s unaudited condensed interim consolidated financial statements.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues	11,056,402	-	12,646,760	-
Cost of sales	(5,457,189)	-	(7,090,018)	-
Earnings from mine operations	5,599,213	-	5,556,742	-
Income (loss) for the period from continuing operations	667,628	(3,299,336)	(3,650,739)	(7,831,863)
Income (loss) for the period	667,691	(3,842,879)	(4,108,898)	(9,639,390)
Income (loss) per common share				
Basic	0.01	(0.19)	(0.10)	(0.53)
Diluted	0.01	(0.19)	(0.10)	(0.53)
Total cash	4,774,072	295,137	4,774,072	295,137
Total assets	26,267,199	63,367,258	26,267,199	63,367,258

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

The Company had net loss of \$4,108,898 for the nine months ended September 30, 2020, compared to net loss of \$9,639,390 for the nine months ended September 30, 2019.

The following is an analysis of the significant items and variances between the nine months ended September 30, 2020 and September 30, 2019:

For the nine months ended	September 30, 2020	September 30, 2019	
Loss on revaluation of derivative	4,248,239	3,137,428	The loss on revaluation of prepaid forward gold purchase liability is due to the Company being in default and the application of a different valuation methodology at December 31, 2019 that led to substantial increase in the loss amount. The prepaid forward gold purchase liability was assumed by Aura Minerals as part of restructuring of the liability and sale of Z79.
Salaries, wages and benefits	1,302,986	1,189,544	Salaries and wages increased due to the acquisition of Operadora.
Professional and consulting fees	2,413,516	1,169,939	Professional and consulting fees increased compared to the prior period due to the acquisition of Operadora, which resulted in increased legal fees, investor relations costs, and consulting costs.
Depreciation	678,031	26,831	Depreciation increased in the period due to the acquisition of Operadora, a fully operating mine, compared to the prior period in which Gold Road had not reach full commercial production.
Finance costs	1,788,887	1,547,915	Finance costs are relatively similar. The increase is due to compounding effect of interest on subordinated note and the convertible subordinated note, which was extinguished in July 2020.
Loss from disposal of subsidiaries	685,549	-	The Company sold Z79, the subsidiary, to Aura Minerals for the consideration of US\$1 and recognized loss from disposal.

Three months ended September 30, 2020 compared to the three months ended September 30, 2019

The Company had a net income of \$667,691 for the three months ended September 30, 2020, compared to a net loss of \$3,842,879 for the three months ended September 30, 2019.

The following is an analysis of the significant items and variances between the three months ended September 30, 2020 and the three months ended September 30, 2019:

For the three months ended	September 30, 2020	September 30, 2019	
Loss on revaluation of derivative	-	1,126,662	The loss on revaluation of prepaid forward gold purchase liability is due to the Company being in default and a different valuation methodology applied at December 31, 2019 that led to substantial increase in loss amount. Note that the prepaid forward gold purchase liability was assumed by Aura Minerals as part of restructuring of the liability and sale of Z79 in March 2020.
Salaries, wages and benefits	409,109	482,010	Salaries and wages in the current period are incurred primarily at Operadora, whereas salaries and wages in the prior period were incurred primarily at Gold Road. Salaries and wages at Gold Road, located in the United States, are generally greater compared to Operadora, located in Colombia.
Professional and consulting fees	1,361,132	331,877	Professional and consulting fees increased compared to the prior period due to the acquisition of Operadora, which resulted in increased legal fees, investor relations costs, and financing costs.
Finance costs	610,885	509,679	Professional and consulting fees increased compared to the prior period due to the acquisition of Operadora, which resulted in increased legal fees, investor relations costs, and consulting costs.

SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

Three Months Ended	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	11,056,402	1,590,358	-	-	-	-	-	-
Income (Loss) attributable to owners of the parent	740,010	(2,401,456)	(2,928,474)	(28,635,322)	(3,648,887)	(3,457,857)	(1,921,030)	(10,520,885)
Income (Loss) per share attributable to owners of the parent								
Basic	0.01	(0.08)	(0.10)	(1.45)	(0.19)	(0.19)	(0.12)	(0.64)
Diluted	0.01	(0.08)	(0.10)	(1.45)	(0.19)	(0.19)	(0.12)	(0.64)

Soma has only recorded operating revenue starting in June of 2020 as they completed the purchase of the operating El Bagre Mine in Colombia. Revenues are expected to remain relatively stable over the next period and then gradually increase as the higher-grade Cordero-Balvina mine starts contributing mill feed and the El Limon mine and mill ramps up operations. Future revenues will, however, be highly sensitive to prevailing market prices for gold.

Income (loss) has also been highly variable, with only the current quarter showing a profit due to it being the first full quarter of operations at El Bagre. Losses were exceptionally large in the quarter ended December 31, 2019 as the Company recorded impairment charges against their properties totaling \$25 million.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

EBITDA AND ADJUSTED EBITDA

EBITDA is defined as earnings before interest, income tax provision, depreciation and amortization. Adjusted EBITDA also adjusts for non-cash items like share-based compensation and other components that management considers to be non-recurring. Both EBITDA and Adjusted EBITDA are non-GAAP financial measures. Management believes these measures are valuable indicators of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses the measures for this purpose. It is intended to provide additional information to investors and analysts. They do not have any standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the financial statements:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	\$	\$	\$	\$
Income (loss) for the period	667,691	(3,842,879)	(4,108,898)	(9,639,390)
Finance costs	610,885	509,679	1,788,887	1,547,915
Depreciation expense	500,668	8,648	678,031	26,831
Finance income	(25,721)	(132,306)	(27,829)	(132,617)
Current and deferred income tax expense	1,421,228	-	1,318,817	-
EBITDA	3,174,752	(3,456,858)	(350,992)	(8,197,261)
Gain from debt extinguishment	(29,366)	-	(29,366)	-
Gain from disposal of subsidiaries	(121,988)	-	(685,549)	-
(Gain) loss for the period from discontinued operations	(63)	543,543	458,159	1,807,527
(Gain) loss from debt settlement	16,849	(500)	16,849	(3,217)
Realized (gain) loss on accumulated currency translation for disposed subsidiaries	15	-	(2,788,858)	-
Share-based compensation	331,874	9,373	334,374	80,065
Foreign exchange loss	112,999	511,456	294,994	108,496
Non-recurring business investigation costs	14,777	-	14,777	2,268
Non-recurring loss on revaluation of derivative	-	1,126,662	4,248,239	3,137,428
Adjusted EBITDA	3,499,849	(1,266,324)	1,512,627	(3,064,694)

LIQUIDITY AND CAPITAL MANAGEMENT

The Company's objectives when managing liquidity and capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk.

The Company regularly prepares and uses budgets and cash flow forecasts and monitors them against actual results to ensure it has sufficient cash to meet operational costs, planned capital investments, scheduled debt repayments and other commitments. In the management of capital, the Company includes components of debt instruments and shareholders' equity. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine-month period ended September 30, 2020.

As at September 30, 2020, the Company had cash of \$4,774,072 (December 31, 2019 - \$45,149) and working capital of \$648,143 (December 31, 2019 - deficiency of \$8,0843,792). Until the current period, the Company did not have a significant source of operating cash flows and operations were funded primarily through borrowings or the issue of share capital. With the purchase of Operadora, Soma generated income for the three months ended September 30, 2020 of \$667,691 (2019 - loss of \$3,842,879), and cash flows from operating activities for the nine months ended September 30, 2020 of \$3,826,907 (2019 - \$364,740). Management anticipates that cash flows from operations are now sufficient to fund planned activities for the upcoming year.

In addition to the purchase of the Operadora operation and the Offtake Agreement that were previously discussed in the Operating Summary section, the following items had a significant impact on the liquidity and capital resources of the Company during the period:

a) Subordinated Note

On July 31, 2020, the Company restructured their existing Convertible Subordinated Note and other advances from Conex Services Inc. ("Conex") whereby outstanding loans and accrued interest were converted into a ten-year Subordinated Note. The face value of the Subordinated Note is \$18,295,140. The interest rate is 12% and is compounded quarterly. Principal and compounded interest are repayable to Conex only after the repayment of the Offtake Agreement. In connection with the new Subordinated Note, the Company issued Conex 5,500,000 share purchase warrants in October 2020. Management used an effective interest rate of 24% to estimate the present value of the liability component of the note at \$7,877,464. Conex is owned by a director of Soma and is a related party.

	Convertible Subordinated Note \$	Conex Credit Facility \$	Subordinated Note \$	Total \$
Balance, December 31, 2019	9,282,829	5,864,590	-	15,147,419
Additions	-	993,336	7,877,464	8,870,800
Interest and accretion	1,374,216	-	319,129	1,693,345
Conversion option	3,854,723	-	-	3,854,723
Fair value of the subordinated note	(14,511,768)	(6,857,926)	-	(21,369,694)
Balance, September 30, 2020	-	-	8,196,594	8,196,594

b) Private Placement Financing

On July 6, 2020, the Company closed a private placement consisting of 29,599,997 units at \$0.15 per PP Unit. The gross proceeds from the placement were \$3,492,896. A portion of the units issued were for settlement of outstanding debts to vendors for services provided. The Company valued these units to settle debts based on the unit subscription price of \$0.15. Each PP Unit consists of one common share of the Company and one share purchase warrant. The Company estimated fair value of the warrants to be \$nil using the residual method, first allocating value to the common shares. Each share purchase warrant is exercisable for a period two (2) years from the date of issuance at an exercise price of \$0.25. The Company incurred cash share issue costs of \$90,849 and non-cash share issue costs of \$13,486 (54,600 broker warrants).

c) Acquisition of Minority Interest

In October 2020, the Company announced that it had reached a deal to acquire the remaining 12% of the El Limon mine that it did not already own. Soma issued the vendors 1,218,232 common shares to complete the transaction. Further details are available in Note 23 to the financial statements.

d) Property Expenditures

During the nine months ended September 30, 2020 the Company spent \$847,838 on its mineral properties and exploration and evaluation assets (2019 - \$18,096,586).

RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment unless otherwise stated. Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

The Company paid or accrued remunerations to its directors and officers during the three and nine months ended September 30, 2020 and 2019 are as follows:

	September 30, 2020 \$	Nine months ended September 30, 2019 \$
Consulting fees	231,450	211,343
Salaries and benefits	554,011	419,070
Share-based compensation	193,749	28,120
	979,210	658,533

During the nine months ended September 30, 2020 the Company also paid \$24,575 of office rent to a Company controlled by a director (2019 - \$33,716).

Other Balances

- At September 30, 2020, there is \$23,252 in current liabilities owing to a private company owned by a director of Soma (December 31, 2019 - \$23,252).
- At September 30, 2020 there is \$232,027 in trade payables and accrued liabilities owing to executives and former executives of the Company (December 31, 2019 - \$294,429).
- At September 30, 2020 there is \$nil owing under the Conex credit facility in current liabilities (December 31, 2019 - \$5,864,590).
- At September 30, 2020 there is \$nil in trade payables and accrued liabilities owing to a private company owned by another director (December 31, 2019 - \$183,399).

PROPOSED TRANSACTIONS

There are no material proposed transactions that have not been disclosed.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

Financial risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk, foreign currency risk and price risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the officers of the Company and discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash; however, the risk is minimal because of their short-term maturity. All of the Company's interest-bearing debt instruments have fixed interest rates and are not subject to interest rate cash flow risk.

b) Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and trade receivables. The Company mitigates this risk by placing its cash in large reputable financial institutions. The Company considers the credit risk related to cash to be minimal.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has historically relied on funds generated from external financing to provide sufficient liquidity to meet budgeted operating requirements but has recently commenced commercial mining operations which management anticipates will be able to meet ongoing cash requirements. Management will continue to closely monitor their liquidity position and may choose to seek additional financing opportunities if warranted. The Company had cash of \$4,774,072 and \$45,149 as at September 30, 2020 and December 31, 2019, respectively.

d) Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD and Colombian Pesos (COP), which exposes the Company to fluctuating balances and cash flows due to various foreign exchange rates.

As at September 30, 2020, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was \$220,805 (\$37,707 as at December 31, 2019) and \$303,156 (\$235,685 as at December 31, 2019), respectively. As at September 30, 2020, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was \$6,864,964 (\$6,438 as at December 31, 2019) and \$8,409,683 (\$2,039,575 as at December 31, 2019), respectively. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

e) Price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices for gold and silver which it sells into global markets.

Operational risks

The Company's operational risks include economically developing their mining properties, creating market awareness for the Company, navigating and managing potential changes in governmental laws and regulations in different countries, hiring and retaining skilled employees and contractors, environmental hazards from its mining and exploration activities, industrial and occupational accidents and hazards, equipment failures, unexpected environmental conditions, failures or downtime at the mining operations due to weather or other events and human error.

The Company monitors these risks on an ongoing basis and responds to changes or actions involving the factors. The Company also seeks to adhere to all government regulations in its operations. In 2020 the COVID-19 Pandemic presented itself as a risk and the company has been following all of the guidance issued by local governments.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. Management makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Estimates

Fair value measurements

The Company measures financial instruments, such as provisionally priced trade receivables, at fair value at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at fair value less costs of disposal (FVLCD).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Useful life of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Mineral resource estimate

The life of the mines is determined from the ore reserves that are available to be extracted at the end of each reporting period. The Company initially estimates the ore reserve available based on the findings of qualified and independent mining professionals. These estimates are updated from time to time as additional technical and economic information becomes available. Factors that impact the computation of reserves available include the geological data on the size, depth and shape of the ore body, the prevailing and expected market price for the underlying metals to be extracted and the expected costs to extract and process the mined material.

Changes in the mineable ore reserve available may impact the carrying value of mineral properties, exploration and evaluation properties, plant and equipment, site closure and reclamation provision and changes in the recognition of deferred tax amounts in addition to changes in the recognition of depreciation and depletion.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Derivatives

The Company measures derivatives at their fair value. The determination of fair value is based on widely acceptable valuation models, including but not limited to a discounted cash flow model, Black Scholes, etc. The Company uses observable inputs in the valuation where practically possible.

Asset retirement obligations

Asset retirement obligations (“AROs”) arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes an ARO at the time the environmental disturbance occurs. When the ARO provision is recognized, the corresponding cost is capitalized to plant and equipment and mineral interests and depreciated over the life of the related assets.

Judgments

Business combinations

On the acquisition of a subsidiary, the Company must determine whether the acquisition is a business combination by applying the definition in IFRS 3 Business Combinations. If the assets and liabilities assumed do not constitute a business, the transaction would be accounted for as an asset acquisition. A business consists of inputs to which processes are applied resulting in outputs that provide a return to the Company and its shareholders. Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition.

Management has determined that the acquisition of Operadora Minera S.A.S. (“Operadora”) on May 28, 2020 constituted a business combination under IFRS 3.

Mineral Properties and Exploration and evaluation assets

The Company's investment in and expenditures on its mineral properties and exploration and evaluation assets interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for these assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

Commencement of Commercial Production

The Company is in commercial production at its recently acquired El Bagre Mine; however, the criteria listed below in assessing commercial production still applies at its El Limon property. The Company assesses the stage of each mine under construction to determine when a property reaches the stage when it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production include, among other considerations:

- the level of capital expenditures incurred relative to the expected costs to complete;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable metals;
- the attainment of relevant permits;
- the ability to sustain ongoing production; and
- the achievement of pre-determined production targets.

When management determines that a property has reached commercial production, costs capitalized during development are amortized.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

Impairment of exploration and evaluation assets

The application of the Company's accounting policy for determining whether it is likely that costs incurred on exploration and evaluation assets will be recovered through successful exploration and development also requires significant judgment. Management evaluates impairment with consideration of the economic and political environments and current mining codes of the countries where they perform exploration.

ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 3 to the Company's audited annual financial statements for the years ended December 31, 2019 and 2018.

Effective January 1, 2020, the Company adopted amendments made by the IASB to the conceptual framework and to the definition of material. These new policies did not have any impact on the amounts recognized in the Company's financial statements. The Company also adopted amendments made to IFRS 3 and applied the new criteria to business combinations completed during the current period. Further details can be found in Note 3 to the Company's unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2020 and 2019.

The following standards are not yet effective for the period ending September 30, 2020, and have not been applied in the preparation of the consolidated financial statements:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current.

The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until January 1, 2023.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification 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 unaudited condensed interim consolidated financial statements for the period ended September 30, 2020 and 2019 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.

OUTSTANDING SHARE DATA

The Company had the following outstanding as at November 24, 2020:

- 61,611,596 common shares.
- 2,625,000 stock options with exercise prices from \$0.19 to \$4.00.
- 47,906,124 share purchase warrants with exercise prices from \$0.25 to \$3.00.