

SOMA GOLD CORP.

(formerly Para Resources Inc.)

Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)

For the Three and Nine Months Ended September 30, 2020 and 2019

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Soma Gold Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

		September 30, 2020	December 31, 2019
	Notes	\$	\$
ASSETS			
Current assets			
Cash		4,774,072	45,149
Trade and other receivables	8	2,381,896	378,085
Inventory	9	3,876,030	136,090
Prepays and deposits	10	885,777	232,249
Assets held for sale	6	-	27,912,639
Total current assets		11,917,775	28,704,212
Non-current assets			
Deferred income tax asset		276,148	-
Mineral properties	11	942,913	1
Exploration and evaluation assets	12	2,824,260	2,566,391
Property, plant and equipment	13	8,353,263	5,550,421
Goodwill	7	1,952,840	-
Total non-current assets		14,349,424	8,116,813
TOTAL ASSETS		26,267,199	36,821,025
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		9,415,003	2,894,005
Deferred revenue	15	1,782,263	-
Due to related parties	17	23,252	6,071,241
Lease liabilities		49,114	-
Liabilities directly associated with assets held for sale	6	-	27,782,758
Total current liabilities		11,269,632	36,748,004
Non-current liabilities			
Deferred revenue	15	4,433,359	-
Notes payable	17	8,196,594	9,282,829
Lease liabilities		94,578	-
Asset retirement obligation	18	323,449	-
Business acquisition payable	14	1,759,756	-
Total non-current liabilities		14,807,736	9,282,829
TOTAL LIABILITIES		26,077,368	46,030,833
SHAREHOLDERS' EQUITY			
Share capital	19	46,552,510	42,168,633
Share option and warrant reserve	19	3,349,760	3,023,507
Contributed surplus		20,750,704	11,196,272
Deficit		(68,417,744)	(64,556,604)
Accumulated other comprehensive income (loss)		(2,189,926)	(947,487)
Equity attributable to shareholders		45,304	(9,115,679)
Non-controlling Interests		144,527	(94,129)
		189,831	(9,209,808)
TOTAL LIABILITIES AND EQUITY		26,267,199	36,821,025
Nature of operations and going concern (Note 1)			
Subsequent events (Note 23)			

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

Soma Gold Corp.
**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2020 and 2019
(Unaudited - expressed in Canadian Dollars)**

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2020 \$	2019 \$	2020 \$	2019 \$
Revenues		11,056,402	-	12,646,760	-
Cost of sales		(5,457,189)	-	(7,090,018)	-
Expenses					
Salaries, wages and benefits		409,109	482,010	1,302,986	1,189,544
Professional and consulting fees		1,361,132	331,877	2,413,516	1,169,939
General and administration		173,604	288,742	394,241	641,726
Depreciation		500,668	8,648	678,031	26,831
Business investigation		14,777	-	14,777	2,268
Share-based compensation		331,874	9,373	334,374	80,065
Income (loss) before other items		2,808,049	(1,120,650)	418,817	(3,110,373)
Other items					
Finance costs		(610,885)	(509,679)	(1,788,887)	(1,547,915)
Finance income		25,721	132,306	27,829	132,617
Gain (loss) from debt settlement		(16,849)	500	(16,849)	3,217
Gain (loss) from debt extinguishment		29,366	-	29,366	-
Gain (loss) on revaluation of derivative	6	-	(1,126,662)	(4,248,239)	(3,137,428)
Gain (loss) from disposal of subsidiaries	6	121,988	-	685,549	-
Foreign exchange gain (loss)		(112,999)	(511,456)	(294,994)	(108,496)
Other expenses		(151,695)	(163,744)	(221,733)	(93,568)
Other income (loss)		(3,825)	49	288,361	30,083
Realized gain (loss) on accumulated currency translation for disposed subsidiaries	6	(15)	-	2,788,858	-
Income (loss) for the period before tax		2,088,856	(3,299,336)	(2,331,922)	(7,831,863)
Current income tax expense		(2,090,900)	-	(1,516,717)	-
Deferred income tax recovery		669,672	-	197,900	-
Income (loss) for the period from continuing operations		667,628	(3,299,336)	(3,650,739)	(7,831,863)
Discontinued operations					
Gain (loss) after tax for the period from discontinued operations	6	63	(543,543)	(458,159)	(1,807,527)
Income (loss) for the period		667,691	(3,842,879)	(4,108,898)	(9,639,390)
Other comprehensive income (loss)					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment		(549,806)	668,246	2,304,978	(1,244,414)
Realized gain (loss) on disposal of subsidiaries	6	15	-	(2,788,858)	-
Other comprehensive income (loss) for the period		(549,791)	668,246	(483,880)	(1,244,414)
Total comprehensive income (loss) for the period		117,900	(3,174,633)	(4,592,778)	(10,883,804)

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

Soma Gold Corp.**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2020 and 2019
(Unaudited - expressed in Canadian Dollars)**

Notes	Three months ended September 30,		Nine months ended September 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Income (loss) for the period attributable to:				
Owners of the parent	740,010	(3,648,887)	(3,861,140)	(9,027,774)
Non-controlling interest	(72,319)	(193,992)	(247,758)	(611,616)
	667,691	(3,842,879)	(4,108,898)	(9,639,390)
Total comprehensive income (loss) for the period attributable to:				
Owners of the parent	223,122	(3,075,442)	(4,763,400)	(10,272,579)
Non-controlling interest	(445,401)	(99,191)	(169,557)	(611,225)
Elimination of non-controlling interest at disposal of subsidiaries	340,179	-	340,179	-
	117,900	(3,174,633)	(4,592,778)	(10,883,804)
Income (loss) per common share				
Basic	0.01	(0.19)	(0.10)	(0.53)
Diluted	0.01	(0.19)	(0.10)	(0.53)
Weighted average number of common shares outstanding				
Basic	59,032,494	19,709,910	40,006,577	18,169,427
Diluted	76,029,526	19,709,910	40,006,577	18,169,427

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

Soma Gold Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited - expressed in Canadian Dollars)

	Notes	Number of Common Shares	Share Capital \$	Share option and warrant reserve \$	Contributed surplus \$	Deficit \$	Accumulated Other Comprehensive Income \$	Non-controlling Interest \$	Total \$
Balance as at December 31, 2018		16,421,824	26,128,752	2,893,560	11,196,272	(26,893,508)	835,486	792,796	14,953,358
Shares issued pursuant to private placement	19	10,427,437	12,751,073	-	-	-	-	-	12,751,073
Shares issued to settle liabilities		96,612	141,902	-	-	-	-	-	141,902
Preferred shares issued	19	-	135,942	-	-	-	-	-	135,942
Share issue costs		-	(46,945)	-	-	-	-	-	(46,945)
Share-based payments		-	-	80,064	-	-	-	-	80,064
Loss for the period		-	-	-	-	(9,027,774)	-	(611,616)	(9,639,390)
Other comprehensive loss for the period		-	-	-	-	-	(1,244,805)	391	(1,244,414)
Balance as at September 30, 2019		26,945,873	39,110,724	2,973,624	11,196,272	(35,921,282)	(409,319)	181,571	17,131,590
Balance as at December 31, 2019		30,333,365	42,168,633	3,023,507	11,196,272	(64,556,604)	(947,487)	(94,129)	(9,209,808)
Shares issued pursuant to private placement	19	29,599,997	3,420,800	13,487	-	-	-	-	3,434,287
Shares issued to settle liabilities		-	947,104	-	-	-	-	-	947,104
Share consolidation adjustment	19	2	-	-	-	-	-	-	-
Exercise of stock options	19	60,000	51,608	(21,608)	-	-	-	-	30,000
Cancellation of preferred share subscriptions	19	-	(135,635)	-	-	-	-	-	(135,635)
Exercise of warrants	19	400,000	100,000	-	-	-	-	-	100,000
Debt extinguishment		-	-	-	(3,937,798)	-	-	-	(3,937,798)
Gain on debt extinguishment	17b	-	-	-	13,492,230	-	-	-	13,492,230
Share-based payments		-	-	334,374	-	-	-	-	334,374
Income (loss) for the year		-	-	-	-	(6,649,998)	-	(247,758)	(6,897,756)
Other comprehensive income (loss) for the year		-	-	-	-	-	1,886,598	78,201	1,964,799
Transfer of realized gain from re-translation of subsidiaries	6	-	-	-	-	2,788,858	(2,788,858)	-	-
Elimination of non-controlling interest at disposal of subsidiaries		-	-	-	-	-	(340,179)	408,213	68,034
Balance as at September 30, 2020		60,393,364	46,552,510	3,349,760	20,750,704	(68,417,744)	(2,189,926)	144,527	189,831

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

Soma Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited - expressed in Canadian Dollars)

	Nine months ended September 30, 2020 \$	Nine months ended September 30, 2019 \$
Operating Activities		
Loss for the period from continuing operations	(3,650,739)	(7,831,863)
Loss for the period from discontinued operations	(458,159)	(1,807,527)
	(4,108,898)	(9,639,390)
<i>Non-cash items:</i>		
Current income tax expense	1,516,717	-
Deferred income tax recovery	(197,900)	-
Share-based compensation	334,374	80,065
Depreciation	678,031	26,831
Finance costs	1,788,887	1,418,321
(Gain) loss from debt settlement	16,849	(2,717)
(Gain) loss from debt extinguishment	(29,366)	-
(Gain) loss on revaluation of derivative	4,248,239	3,137,428
(Gain) loss from disposal of subsidiaries	(685,549)	-
Other income	(288,361)	-
Other expenses (recovery)	221,733	(15,857)
Foreign exchange loss (gain)	294,994	(544,488)
<i>Changes in working capital items:</i>		
Short-term investment	-	3,383,216
Trade and other receivables	(2,987)	(208,370)
Inventory	(550,819)	(1,503)
Prepays and deposits	54,454	198,750
Advance royalties	-	(47,794)
Trade payables and accrued liabilities	536,509	2,580,248
	3,826,907	364,740
Investing Activities		
Expenditures on exploration and evaluation assets	(119,310)	(480,105)
Mineral property costs	(728,528)	(17,616,481)
Acquisition of property, plant and equipment	-	(295,990)
Acquisition of business, net of cash acquired	(7,558,147)	-
	(8,405,985)	(18,392,576)
Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	3,434,593	12,704,128
Proceeds from exercise of stock options	30,000	-
Proceeds from exercise of share purchase warrants	100,000	-
Proceeds from loans	6,955,000	5,268,789
Repayment from related party	(989,149)	(39,390)
Repayment of lease liabilities	(41,503)	-
	9,488,941	17,933,527
Effect of foreign exchange rate fluctuation	(180,940)	-
Increase (decrease) in cash during the period	4,728,923	(94,309)
Cash, beginning of the period	45,149	389,446
Cash, end of the period	4,774,072	295,137

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

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Soma Gold Corp. (“Soma” or the “Company”), formerly Para Resources Inc., was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia). On May 8, 2020, the Company changed its name to Soma Gold Corp. and commenced trading on the TSX Venture Exchange under the symbol “SOMA”.

The Company’s principal business activity is the acquisition, exploration and development of mineral properties, and the operation of the El Bagre Gold Mining Complex through its wholly owned subsidiary Operadora Mineras S.A.S (“Operadora”) which was acquired in the year (Note 7). The El Bagre operations consists of a gold processing plant, the La Ye and Los Mangos operating underground gold mines and the Cordero mine development project.

The registered office of the Company is 400-725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5 and its head office is 970-1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

The consolidated financial statements were prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

As at September 30, 2020, the Company had an accumulated deficit of \$68,417,744 (as at December 31, 2019 – deficit of \$64,556,604). For the nine months ended September 30, 2020, the Company recorded a net loss of \$4,108,898 (nine months ended September 30, 2019 – net loss \$9,639,390), but generated positive cash flow from operating activities amounting to \$3,826,907 (2019 – positive cash flow of \$364,740). As at September 30, 2020, the Company had working capital of \$648,143 (as at December 31, 2019 – working capital deficit \$8,043,792).

Based on management’s cash flow projections, the Company expects that future operating and debt settlement requirements will be satisfied from operating cash flows. However, the outbreak of COVID-19 since March 2020 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.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements (the “financial statements”) have been prepared in accordance with International Accounting Standard 34, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with the Company’s most recent annual audited consolidated financial statements.

These consolidated financial statements were approved by the board of directors for use on November 24, 2020.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Basis of consolidation

These financial statements include the financial statements of the Company and its controlled subsidiaries.

Name of subsidiary	Place of incorporation	Ownership interest at September 30, 2020	Principal activity
Angra Metals Mineracao Ltda (“Angra”)	Brazil	100%	Operating exploration company
Colombia Milling Ltd. (“CML”)	Belize	100%	Holding company
Operadora Minera S.A.S. (“Operadora”)	Colombia	100%	Operating silver and gold production

The financial statements of CML contain the results of Colombian subsidiaries Zara Holdings SAS (“Zara” - 100% owned by CML) and Four Points Mining SAS (“Four Points” – 88% owned by CML). The financial statements attribute an amount to non-controlling interests related to Four Points and Gold Road (an operation disposed of during the period – see Note 6).

Control is achieved when the Company is exposed or has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances are eliminated upon consolidation.

The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Functional and presentation currency

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency of Angra is the Brazilian Real. The functional currency of CML and Four Points is the US dollar. The functional currency of Operadora is the Colombian Peso. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate as at the reporting date and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive income or loss as cumulative translation differences.

On disposal of foreign operations, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Company's last annual audited financial statements, and should be read in conjunction with those statements.

Conceptual Framework

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting which assists entities in developing accounting policies when no IFRS Standard applies to a particular transaction and helps stakeholders to more fully understand the standards. The revised conceptual framework includes the following clarifications and updates: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions and guidance, particularly for the definition of a liability; and, (d) clarifications on important items such as the role of stewardship, prudence and measurement uncertainty in financial reporting. The revised conceptual framework is effective for annual reporting periods beginning on or after January 1, 2020 and is applicable to the Company starting January 1, 2020. The adoption of this new standard did not have any impact on the amounts recognized in the Company's financial statements.

Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and are applicable to the Company starting January 1, 2020. The adoption of this new standard did not have any impact on the amounts recognized in the Company's interim financial statements.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Amendments to IFRS 3 Business Combination

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) which: (a) clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) narrows the definition of a business and of outputs by focusing on goods and services provided to customers; and (c) removes certain assessments and adds guidance and illustrative examples. The amendment is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. The Company adopted the standard effective January 1, 2020 and has been applied to business combinations completed during the period ended September 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company 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 values of financial instruments measured at amortized cost are disclosed in Note 20.

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.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

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.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

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

The preparation of these interim financial statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the interim financial statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in the Company’s annual audited financial statements for the year ended December 31, 2019, except for judgements pertaining to the adoption of new accounting policies effective on January 1, 2020 (Note 3).

5. NON-CONTROLLING INTERESTS

The Company owns 88% of Four Points through its CML subsidiary. There were no substantive changes to the Company’s ownership in Four Points during the year ended December 31, 2019 or the nine months ended September 30, 2020.

6. DISPOSAL OF SUBSIDIARIES

On December 31, 2019, the Company made the decision to sell Z79, a wholly owned subsidiary; the plan to sell was approved by the shareholders on the same day. At December 31, 2019, Z79 was classified as a disposal group held for sale and as a discontinued operation. The business of Gold Road represented the entirety of the Company’s Gold Road operating segment until December 31, 2019. With Z79 being classified as discontinued operations, the Gold Road operating segment is no longer presented in the segment note. The results of Z79’s operations for the nine months ended September 30 are presented below:

	Nine months ended	
	September 30,	
	2020	2019
	\$	\$
Expenses	458,159	1,807,527
Operating loss	458,159	1,807,527
Finance costs	-	-
Other expenses	-	-
Loss before tax from discontinued operations	458,159	1,807,527
Tax benefit/(expense)	-	-
Loss for the period from discontinued operations	458,159	1,807,527

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

On March 27, 2020, the Company completed the sale of Z79 and its partially owned subsidiaries – Gold Road Mining Corp. 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. Soma recognized a gain from disposal of subsidiaries of \$685,549 and realized a gain on accumulated currency translation for disposed subsidiaries in the amount of \$2,788,858.

The gold forward sale derivative liability that was included in liabilities directly associated with the assets held for sale at December 31, 2019 was revalued at March 27, 2020. The resulting loss of \$4,248,239 from revaluation was included in the results from operations for the nine months ended September 30, 2020.

7. Acquisition of Operadora

On May 28, 2020, the Company completed its acquisition of Operadora by acquiring 100% of the shares of Operadora from Mineros S.A. (“Mineros”). Total consideration was US\$5.5 million plus the granting of a 1% net smelter Return (“NSR”) royalty to the vendor. The acquisition was accounted for as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed were recorded at fair value.

The following table summarizes the preliminary purchase price consideration allocated to the estimated fair value of the net assets acquired and the resulting value of goodwill (the Company anticipates finalizing the purchase price calculations within one year from the acquisition date):

Consideration:	\$
Cash consideration	7,565,964
Fair value of contingent consideration payable	1,814,808
	9,380,772
Fair value of assets and liabilities recognized:	
Current assets	7,110,477
Non-current assets	5,060,017
Current liabilities	(4,394,207)
Non-current liabilities	(348,355)
Fair value of net assets acquired	7,427,932
Goodwill	1,952,840
Total	9,380,772

Revenues of \$12,646,760 and net income of \$2,644,026 from the acquired operations are included in the consolidated statement of income (loss) and comprehensive income (loss) from the date of acquisition to September 30, 2020. Had the acquisition of Operadora occurred on January 1, 2020, the Company would have recognized revenues of \$27,405,230 and a net income of \$447,261 from acquired operations for the nine months ended September 30, 2020. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on January 1, 2020.

Transaction costs of \$149,908 were incurred in connection with the acquisition.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

8. RECEIVABLES

The Company's receivables consist of the following:

	September 30,	December 31,
	2020	2019
	\$	\$
Income taxes receivable	881,461	-
Government allowances	553,139	368,242
Employee allowances	476,876	-
Value-added tax receivable	239,004	-
Trade receivables	224,169	-
Other	7,247	9,843
	2,381,896	378,085

- (i) \$nil (December 31, 2019 – \$544,196) of value-added tax receivable was written off during the nine-month period ended September 30, 2020.

9. INVENTORY

The Company's inventory consists of supplies and parts and is valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

10. PREPAIDS AND DEPOSITS

The Company's prepaid amounts consist of the following:

	September 30,	December 31,
	2020	2019
	\$	\$
Advances to suppliers	610,228	141,109
Prepaid services	229,355	66,667
Prepaid insurance	32,131	10,000
Deposits	7,123	-
Other advances	6,940	14,473
	885,777	232,249

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

11. MINERAL PROPERTIES

As at September 30, 2020 the Company's mineral properties balance consisted of the following:

	EI Limon	Zara	Gold Road	Total
	\$	\$	\$	\$
December 31, 2018	23,005,424	1,460,220	6,504,972	30,970,616
Development costs	4,300,538	-	22,102,336	26,402,874
Incidental revenues	(2,793,976)	-	(2,441,699)	(5,235,675)
Impairment	(23,647,352)	(1,374,130)	(3,680,220)	(28,701,702)
Foreign exchange translation	(864,633)	(86,090)	(728,207)	(1,678,930)
Transfer to assets held for sale (note 6)			(21,757,182)	(21,757,182)
December 31, 2019	1	-	-	1
Development costs	596,813	-	-	596,813
Capitalized expenses	430,401	-	-	430,401
Capitalized amortization	297,674	-	-	297,674
Incidental revenues	(340,967)	-	-	(340,967)
Foreign exchange translation	(41,009)	-	-	(41,009)
September 30, 2020	942,913	-	-	942,913

EI Limon

The Company owns 88% of the EI Limon gold mine in Columbia. This was increased to 100% subsequent to the period end, when Soma acquired the remaining 12% of Four Points (see note 23). The mine is subject to a 3% NSR royalty payable quarterly on gold production of at least 100 tonnes per day for 30 consecutive days, to a maximum of US\$2,000,000. Upon reaching the US\$2,000,000 NSR royalty threshold, the NSR royalty decreases to 0.5% up to a maximum of US\$1,000,000.

Zara Properties

The Company owns 100% of the Zara exploration properties, except for the rights pertaining to non-metallic minerals. The properties are subject to a 2% NSR royalty from the sale of minerals. 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.

Gold Road

The Gold Road mineral property was classified as assets held for sale effective December 31, 2019. On March 27, 2020, the Company completed a sale of Z79 and its partially owned subsidiaries – Gold Road Mining Corp. and TRVE for the consideration of US\$1 to Aura Minerals (Note 6).

Impairment

During the year ended December 31, 2019 impairment charges of \$23,647,352 were recorded against EI Limon, \$1,374,130 against Zara and \$3,680,220 against Gold Road as the properties' carrying values exceeded their estimated recoverable amounts. No property write-downs have been recorded in the nine months ended September 30, 2020.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

12. EXPLORATION AND EVALUATION ASSETS

	September 30, 2020	December 31, 2019
	\$	\$
Acquisition Cost		
Balance, beginning of period	1	1
Additions through acquisition	-	-
Additions, during the period	-	-
Impairment	-	-
Total acquisition cost	1	1
Deferred Exploration Costs		
Balance, beginning of the period	2,566,390	2,241,833
Acquired on business combination (note 7)	773,090	-
Addition during the year	217,205	804,634
Foreign exchange on mineral property	(732,426)	212,151
Transfer to Assets held for sale	-	(692,228)
Total exploration costs	2,824,259	2,566,390
Balance, end of the period:	2,824,260	2,566,391

Tucumã Gold Project

The Company owns a 100% interest in the Tucumã copper/gold exploration project, located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately \$16,500. Prior to a concession expiring, the Company must present to the authority a technical report on the concession, which serves a basis for determining a renewal.

Nechi Gold Project

As part of the Operadora acquisition (Note 7) on May 28, 2020 the Company acquired mining titles to the Nechi Gold Project ("Nechi"), which itself is comprised of the El Catorce, Santa Elena, and Santa Maria gold exploration projects located in Bajo Cauca Antioqueño in Antioquia. The properties are subject to a 1.0% NSR royalty payable to the vendor.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and Infrastructure	Mineral Property	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$
December 31, 2018	4,255,142	-	6,537,395	103,904	610,964	199,459	11,706,864
Additions	13,269	-	142,030	3,993	27,140	590,544	776,976
Transfers	-	-	230,901	-	19,043	(230,901)	19,043
Foreign exchange	(199,078)	-	(311,591)	(4,954)	(29,273)	(25,646)	(570,542)
Transfer to assets held for sale (note 6)	(3,211,645)	-	(1,099,725)	(11,018)	(403,898)	(368,771)	(5,095,057)
December 31, 2019	857,688	-	5,499,010	91,925	223,976	164,685	6,837,284
Acquired on business combination (note 7)	-	2,575,677	1,209,607	-	-	-	3,785,284
Additions	-	85,271	-	-	-	-	85,271
Disposals	-	-	(3,159)	-	-	-	(3,159)
Foreign exchange	23,286	(156,361)	73,364	2,486	6,057	4,454	(46,714)
September 30, 2020	880,974	2,504,588	6,778,822	94,411	230,033	169,139	10,657,967

	Buildings and Infrastructure	Mineral Property	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Accumulated Depreciation	\$	\$	\$	\$	\$	\$	\$
December 31, 2018	101,461	-	866,155	40,759	48,895	-	1,057,270
Depreciation	337,282	-	647,758	17,729	176,756	-	1,179,525
Foreign exchange	(34,356)	-	(246,010)	(9,828)	(17,795)	-	(307,989)
Transfer to assets held for sale (note 6)	(292,068)	-	(194,990)	(5,466)	(149,419)	-	(641,943)
December 31, 2019	112,319	-	1,072,913	43,194	58,437	-	1,286,863
Depreciation	23,058	385,469	559,797	6,456	13,076	-	987,856
Foreign exchange	2,536	-	25,179	930	1,340	-	29,985
September 30, 2020	137,913	385,469	1,657,890	50,580	72,853	-	2,304,704

Net Book Value

December 31, 2019	745,369	-	4,426,097	48,731	165,539	164,685	5,550,421
September 30, 2020	743,061	2,119,119	5,120,932	43,831	157,180	169,139	8,353,263

*The Company made the assessment of the acquired assets pursuant to the Gold Road acquisition; refer to Note 6 for more details. As a result, some assets were reclassified from machinery to other categories (buildings, office equipment and vehicles).

EI Bagre Properties

As part of the Operadora acquisition (Note 7) on May 28, 2020, the Company acquired the EI Bagre Gold Mining Complex which consists of the La Ye and Los Mangos operating underground gold mines, the Cordero underground mine development project, and the on-site processing plant. The properties are subject to a 1% NSR royalty payable to the vendor after the production of the first 17,000 ounces of gold.

EI Limon

During the three and nine months ended September 30, 2020, \$94,027 and \$297,674 of depreciation was capitalized to mineral properties and \$6,322 and \$19,532 was recorded as depreciation expense.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

14. BUSINESS ACQUISITION PAYABLE

	\$
Opening balance	-
Cash consideration to acquire Operadora (i)	7,565,964
Contingent consideration to acquire Operadora (ii)	1,814,037
Effect of foreign exchange difference	(54,281)
Business acquisition payable	9,325,720
Less: cash consideration paid	(7,565,964)
Long-term portion of business acquisition payable (ii):	1,759,756

- (i) Represents the portion of cash consideration on Operadora acquisition (Note 7) of which \$6,190,335 CAD (US \$4.5 million) was financed through the Offtake Agreement (Note 15).
- (ii) Represents the present value of contingent consideration associated with the acquisition of Operadora (Note 7). The consideration is related to the 1% NSR royalty payments due to Mineros on all future products sold from the mining operation acquired.

15. DEFERRED REVENUE

On September 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 (US \$4.5 million was used to pay the final tranche of the Operadora acquisition – see Note 7). Under the Offtake Agreement, the Company will pay to MVPR a percentage of the value of gold produced at Operadora (market price of gold multiplied by the ounces delivered) 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

An effective interest rate of 34% was used to estimate the present value of the offtake obligation, which is recorded on the statement of financial position as deferred revenue.

For the three and nine months ended September 30, 2020, the Company delivered 1,494 ounces of gold under the Offtake Agreement. The delivery of the gold resulted in a decrease in the deferred revenue of \$452,268.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

16. 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).

17. DUE TO RELATED PARTIES

a) Convertible Subordinated Note

In 2018, the Company restructured various outstanding balances into a five-year Convertible Subordinated Note. The interest compounded monthly at 12%, and principal and compounded interest were repayable at the end of the term to Conex Services Inc. ("Conex"), a company owned by a director. The principal was convertible into common shares of the Company at the following rates:

- Between months 1-36 at \$0.30 per common share
- Between months 37-60 at \$0.40 per common share

During the period ended September 30, 2020, the Convertible Subordinated Note was restructured into the Subordinated Note as described below. The balance owing under the Convertible Subordinated Note was \$9,282,829 at December 31, 2019.

b) Subordinated Note

On July 31, 2020, the Company restructured the Convertible Subordinated Note and other advances from 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 (see Note 15). In connection with the new Subordinated Note, the Company issued Conex 5,500,000 share purchase warrants in October 2020 (see Note 23 – subsequent events).

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Management used an effective interest rate of 24% to estimate the present value of the liability component (\$7,877,464) of the Subordinated Note. The residual value (the difference in value between the loans extinguished and the loan assumed) of \$13,492,230 was recognized as an increase to contributed surplus on the condensed interim consolidated statement of changes in equity.

	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

c) 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).

18. ASSET RETIREMENT OBLIGATION

The Company estimated its asset retirement obligations based on its understanding of the requirements to reclaim and remediate its property based on its activities to date.

	September 30, 2020 \$	December 31, 2019 \$
Opening balance	-	-
Assumed as part of business combination	344,155	-
Change in amount of cash flows	(20,706)	-
Balance, end of period	323,449	-

19. SHARE CAPITAL

The number of shares and per share amounts in these consolidated financial statements, including comparative figures, have been adjusted to reflect the changes resulting from a 10 for 1 share consolidation which took effect on May 8, 2020. This reduced the number of issued and outstanding common shares as at September 30, 2020 from approximately 603,933,619 to 60,393,364 and the number of issued and outstanding common share as at December 31, 2019, from approximately 303,333,649 to 30,333,365.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Authorized

Unlimited common shares without par value.

The following transactions impacted the number of common shares outstanding for the nine-month periods ended September 30, 2020 and September 20, 2019:

- (i) On May 3, 2019, the Company closed a non-brokered private placement (PP) consisting of 2,902,567 units at \$1.80 per PP Unit for gross proceeds of \$5,224,620. Each PP Unit consists of one common share of the Company and one-half share purchase warrant. Each warrant is exercisable for a period 1.5 years from the date of issuance at an exercise price of \$2.50, subject to certain acceleration clauses. The Company estimated fair value of the warrants to be \$nil using the residual method, first allocating value to the common shares. The Company incurred cash share issue costs of \$45,132. On the same date, the Company issued 56,612 PP Units to settle liabilities of \$101,902.
- (ii) In June 2019, the Company issued 40,800 preferred shares at a subscription price of US\$2.50 for gross proceeds of US\$102,000 (\$135,942 equivalent in Canadian dollars). The Company cancelled the preferred shares in June 2020 and the amounts owed to subscribers were repaid in full.
- (iii) On September 27, 2019, the Company closed a non-brokered private placement consisting of 10,572,362 units at \$1.00 per PP Unit for gross proceeds of \$10,572,362. Each PP Unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable for a period two (2) years from the date of issuance at an exercise price of \$1.50, subject to certain acceleration clauses. The Company estimated fair value of the broker warrants to be \$nil using the residual method, first allocating value to the common shares. The Company incurred cash share issue costs of \$207,646 and non-cash share issue costs of \$40,509 (66,745 broker warrants). On the same date, the Company issued 380,000 PP Units to settle liabilities of \$380,000.
- (iv) 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).
- (v) In January 2020, the Company issued 60,000 common shares of the Company for exercised stock options.
- (vi) On September 29, 2020, the Company issued 400,000 common shares of the Company for exercised warrants at a subscription price of \$0.25 for gross proceeds of \$100,000.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Stock options

The Company's stock options outstanding as at September 30, 2020 and December 31, 2019 and the changes for the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2018	1,124,000	2.10	2.97
Granted	21,000	1.50	4.22
Forfeited	(20,000)	1.50	4.22
Expired	(234,000)	1.80	-
Balance, December 31, 2019	891,000	\$ 2.13	2.71
Granted	2,025,000	0.19	4.78
Exercised	(60,000)	0.50	0.01
Forfeited	(201,000)	0.20	4.92
Expired	(30,000)	2.50	-
Balance, September 30, 2020	2,625,000	\$ 0.81	3.93

During the nine months ended September 30, 2020 the Company granted 2,025,000 (the nine months ended 2019 – 21,000) options with various vesting terms. The fair value of options granted is estimated on the grant date using the Black-Scholes option pricing model.

The weighted average assumptions used in calculating the fair values are as follows:

	2020	2019
Risk free rate	0.29%	1.48%
Expected life	2.5 years	5 years
Expected volatility	116.7%	112.0%
Forfeiture rate	Nil	Nil
Expected dividends	Nil	Nil

The weighted average fair value of options granted during the nine months ended September 30, 2020 was \$0.19 (2019 – \$1.52).

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Stock options outstanding and exercisable at September 30, 2020 are as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
January 28, 2021	0.90	92,500	92,500
October 28, 2021	2.20	80,000	80,000
January 10, 2022	1.80	30,000	30,000
December 14, 2022	1.50	172,500	162,500
February 23, 2023	2.30	200,000	200,000
May 10, 2023	2.25	25,000	25,000
July 3, 2023	3.00 / 4.00	200,000	200,000
July 3, 2025	0.19	1,825,000	1,825,000
	0.81	2,625,000	2,615,000

Stock options outstanding and exercisable at December 31, 2019 are as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
January 1, 2020	0.50	60,000	60,000
July 1, 2020	2.50	30,000	30,000
January 28, 2021	0.90	92,500	92,500
October 28, 2021	2.20	80,000	80,000
January 10, 2022	1.80	30,000	30,000
December 14, 2022	1.50	172,500	119,167
February 23, 2023	2.30	200,000	200,000
May 10, 2023	2.25	25,000	25,000
July 3, 2023	3.00 / 4.00	200,000	200,000
March 22, 2024	1.90	1,000	1,000
	2.13	891,000	837,667

Warrants

The Company's warrants outstanding as at September 30, 2020 and December 31, 2019 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price \$
Balance, December 31, 2018	2,505,590	2.90
Issued	12,514,816	1.60
Expired	(389,290)	3.00
Balance, December 31, 2019	14,631,116	1.80
Issued	29,654,597	0.25
Exercised	(400,000)	0.25
Balance, September 30, 2020	43,885,713	0.77

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Warrants outstanding as at September 30, 2020 were as follows:

Expiry Date	Exercise Price \$	Outstanding Warrants
November 2, 2020	2.50	1,479,589
June 5, 2021	3.00	1,404,900
June 28, 2021	3.00	302,500
July 11, 2021	3.00	175,021
September 27, 2021	1.50	7,469,070
October 8, 2021	1.50	1,574,200
October 25, 2021	1.50	541,850
November 1, 2021	1.50	1,433,986
April 4, 2023	2.00	250,000
July 6, 2022	0.25	29,254,597
	0.77	43,885,713

Weighted average remaining contractual life is 1.5 years.

Warrants outstanding as at December 31, 2019 were as follows:

Expiry Date	Exercise Price \$	Outstanding Warrants
November 2, 2020	2.50	1,479,589
June 5, 2021	3.00	1,404,900
June 28, 2021	3.00	302,500
July 11, 2021	3.00	175,021
September 27, 2021	1.50	7,469,070
October 8, 2021	1.50	1,574,200
October 25, 2021	1.50	541,850
November 1, 2021	1.50	1,433,986
April 4, 2023	2.00	250,000
	1.80	14,631,116

Weighted average remaining contractual life is 1.7 years.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

20. FINANCIAL RISK MANAGEMENT

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.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

Fair values

The carrying value of cash, trade and other receivables, trade payables and accrued liabilities and due to related parties approximate their fair values due to the immediate or short-term nature of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The Company's financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy below:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following tables present the Company's financial assets and liabilities by level within the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at September 30, 2020	Carrying value			Fair value hierarchy		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	-	4,774,072	-	-	-	-
Trade receivables	224,169	-	-	-	224,169	-
	224,169	4,774,072	-	-	224,169	-
Financial liabilities						
Accounts payable and accrued liabilities	-	-	9,415,003	-	-	-
Due to related parties	-	-	23,252	-	-	-
Subordinated note	-	-	8,196,594	-	8,196,594	-
Business acquisition payable	1,759,756	-	-	-	-	1,759,756
	1,759,756	-	17,634,849	-	8,196,594	1,759,756

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

As at December 31, 2019	Carrying value			Fair value hierarchy		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	-	45,149	-	-	-	-
Trade receivables	368,242	-	-	-	368,242	-
	368,242	45,149	-	-	368,242	-
Financial liabilities						
Accounts payable and accrued liabilities	-	-	2,894,006	-	-	-
Due to related parties	-	-	23,252	-	-	-
Convertible subordinated note	-	-	9,282,829	-	9,282,829	-
Conex Credit Facility	-	-	5,864,590	-	5,864,590	-
	-	-	18,064,677	-	15,147,419	-

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

To date, the Company has depended largely on external financing to fund its activities but has commenced commercial mining activities in the current period. The capital structure of the Company currently consists of equity attributable to shareholders of \$45,304 (December 31, 2019 – negative equity of \$9,115,679). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, primarily mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews its capital management approach on a regular basis and there have been no changes to the Company's approach during the nine months ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

21. SEGMENT REPORTING

The Company's segments are summarized as follows:

For the nine months ended September 30, 2020	Colombia	Brazil	Corporate and other	Total
Total assets	23,922,410	2,010,021	334,768	26,267,199
Total liabilities	8,947,282	222,862	16,907,224	26,077,368
Revenue	12,646,760	-	-	12,646,760
Cost of sales	7,090,018	-	-	7,090,018
Income (loss) from continuing operations	1,543,042	(52,467)	(5,141,314)	(3,650,739)
For the nine months ended September 30, 2019	Colombia	Brazil	Corporate and other	Total
Total assets	31,561,220	2,502,790	520,343	34,584,353
Total liabilities	5,435,306	112,164	37,042,700	42,590,170
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Income (loss) from continuing operations	(1,573,647)	85,324	(6,343,540)	(7,831,863)

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Nine Months Ended September 30, 2020 and 2019

22. CONTINGENT ASSET

The Company submitted an insurance claim for US\$866,000 (\$1,155,157 CAD equivalent) to its insurance provider to recoup the value of stolen gold due to a theft that occurred on June 4, 2020. A contingent asset was not recognized on the statement of financial position because the criteria for recognition of an asset were not met as at September 30, 2020.

23. SUBSEQUENT EVENTS

- a) In October 20, 2020, the Company announced it had entered into a share purchase agreement (the "Agreement") with two arm's length parties, Mineral FF S.A.S. and Rulvix Holding Inc (together, the "Vendors"), to purchase the 25,992 common shares (the "Acquisition") in the capital of Four Points. Four Points is the owner and operator of the El Limon Mine located in Antioquia, Colombia.

The Company currently holds approximately 88% of the issued and outstanding common shares of Four Points. Upon completion of the Acquisition, Four Points will become a wholly-owned subsidiary of the Company. Under the terms of the Agreement, the Company agreed to issue 1,218,232 common shares (the "Consideration Shares") to the Vendors at a deemed issue price of \$0.55 per Consideration Share, which represents a 2.01% equity ownership in the Company. The Acquisition and the issuance of the Consideration Shares is subject to approval of the TSX Venture Exchange.

- b) In October 2020, the Company issued 5,500,000 share purchase warrants in connection with the debt restructuring described in Note 17(b). Each share purchase warrant is exercisable into one common share of the Company at price of \$0.66 for a period of three years.