

SOMA GOLD CORP.
(FORMERLY PARA RESOURCES INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

BACKGROUND

This management's discussion and analysis ("MD&A") of financial position and results of operations is prepared as of November 25, 2021 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, 2021 and 2020 and the audited consolidated financial statements for the years ended December 31, 2020 and 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 mineral production or 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.

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 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. Soma trades on the TSX Venture Exchange under the symbol "SOMA" and on the OTCQB Venture Market under the symbol "SMAGF".

The Company's principal operation is the El Bagre Gold Mining Complex ("El Bagre") which consists of an operating gold processing plant (the "El Bagre Mill"), the La Ye and Los Mangos operating underground gold mines and the Cordero underground mine development project. El Bagre is located approximately 170 kilometers northeast of Medellin in the department of Antioquia, Colombia. El Bagre was acquired on May 28, 2020, when the Company purchased all of the issued and outstanding shares of Operadora Mineras S.A.S. ("Operadora").

CORPORATE HIGHLIGHTS

First Cordero Ore Being Milled – In September 2021, the Company announced that the first ore from the Cordero Mine was processed at the Company's El Bagre Mill in August 2021. During the month of August, 1,241 tonnes were sourced from Cordero, representing an average of 146 tonnes per day ("tpd"). Production at Cordero is expected to ramp to 600 tpd in early 2022.

Fenix Portal Reaches Target Veins – In July 2021, the Company announced that the Fenix Portal at the Cordero deposit had reached the targeted vein at Level 2. In November 2021, the Company announced that the Fenix Portal had reached the targeted vein at Level 3. The Fenix decline is also being extended to intersect the vein at Levels 4 and 5, which is expected to be completed in Q1 of 2022.

COVID Vaccinations – In July 2021, the Company announced that it is participating in a program initiated by leading Colombian companies in cooperation with the Colombian Government to provide Covid-19 vaccinations to its employees working at the Company's El Bagre mine site and their families. The program includes acquiring, importing and administering the COVID vaccines at a clinic in El Bagre.

Athena Portal – In March 2021, the Company announced that it had received the final permits needed to start construction of the planned second mine decline, named Athena, to access the Cordero deposit. This portal will access the southern extent of the deposit, utilize a hoist for lower haulage costs and provide a secondary access to increase safety.

OTCQB Listing - In March 2021, the Company announced that it had upgraded its US listing to the OTCQB Venture Market and started trading under the symbol: OTC: SMAGF. The upgraded listing provides increased access to and liquidity of Soma's shares for US-based investors.

Insurance Proceeds and Land Sales - In March 2021, the Company announced that it had received \$1,010,000 in insurance proceeds related to a previously reported gold doré robbery that occurred in June 2020. In addition, the Company received \$575,000 for selling the Government of Colombia 3.6 Ha of land for a road construction project.

Normal Course Issuer Bid (NCIB) – In February 2021, Soma announced that the TSXV had accepted the Company's NCIB notice. Under the NCIB, Soma can purchase and cancel, at management's discretion, up to 2,201,680 common shares of the Company. The NCIB is valid until February 24, 2022.

Natascha Kiernan Joins Board – In December 2020, Natascha Kiernan was elected to Soma's Board of Directors at the Company's Annual General Meeting. Ms. Kiernan is a lawyer and consultant with over 15 years of experience specializing in transactions involving mining and other natural resources. Ms. Kiernan has held senior positions with several prominent international law firms, including in the New York and London offices of Skadden, Arps, Slate, Meagher & Flom, and was listed as a "Top 40 under 40" rising legal star by the *Financial News*.

Offtake Agreement – In September 2020, the Company announced they had entered into an Offtake agreement and a Purchase and Refining Agreement with Nueva Granada Gold Corp and MVPR International Incorporated (together "NG") for the gold production of El Bagre. Under the agreement, NG receives 12% of the first 24,500 ounces produced, 6% of the next 22,000 ounces produced, and 1% thereafter. Soma received an upfront payment of US \$5 million. US \$4.5 million of the funds received was used to complete the final payment owing for the purchase of Operadora.

Private Placement – In July 2020, the Company completed a private placement for a total of \$4.4 million, including debt settlements, by issuing 29,599,997 Units. Each Unit consisted of one common share and one share purchase warrant. The warrants are exercisable at \$0.25 for a period of two years.

Gold Theft – In June 2020, the Company announced that a 475-ounce bar of gold doré had been stolen from its El Bagre processing plant. As disclosed above, insurance proceeds for the theft were received in March 2021.

Acquired Operating Mine in Colombia – In May 2020, the Company purchased 100% of the shares of Operadora Mineras S.A.S., including the operating El Bagre Gold Mining Complex, for US \$5.5 million.

Name Change – On May 8, 2020, the Company announced it had changed its name from Para Resources Inc. to Soma Gold Corp. and the completion of a 10:1 share consolidation.

Javier Cordova Appointed to Board – Mr. Cordova, Soma’s President and CEO, was appointed to the Board of Directors on May 1, 2020.

Disposal of Gold Road – Soma completed the disposal of the Gold Road Mine and related companies on March 27, 2020, completing its shift to a South American focused mineral company.

Focus on South America and Javier Cordova Named CEO – In February 2020, the Company announced that it was shifting focus to its Colombian operations and other South American opportunities. In line with this new strategy, Javier Cordova was appointed as the new President and CEO. Mr. Cordova has extensive industry experience and contacts, including as the First Minister of Mining in Ecuador from 2015 to 2018.

OPERATING SUMMARY

El Bagre Gold Mining Complex (“El Bagre”)

El Bagre was acquired when the Company purchased 100% of the shares of Operadora from Mineros S.A. (“Mineros”), effective May 28, 2020. The consideration was US \$5.5 million plus a 1.0% net smelter return (“NSR”) royalty on the property, effective after production of the first 17,000 ounces. The Operadora acquisition also included the nearby Nechi Gold Exploration Project (“Nechi”). The acquisition is part of the Company’s plan to focus on South American mining opportunities.

The on-site extraction plant has a capacity of approximately 450 tpd 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 mineralized 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 restarting the El Limon mill as mining production warrants. The two mills have a combined capacity of 675 tpd and are fully permitted to a combined capacity of 1,400 tpd to accommodate future growth.

For the three months ended September 30, 2021, El Bagre sold 5,048 gold equivalent ounces at an average price of CAD\$2,212 per ounce. For the nine months ended September 30, 2021, El Bagre sold 13,264 gold equivalent ounces at an average price of CAD\$2,205 per ounce.

The production data for the three and nine months ended September 30, 2021 is as follows:

	Jan 2021	Feb 2021	Mar 2021	Q1, 2021 Subtotal	
Tonnes Mined	8,806	10,283	11,960	31,049	
Tonnes Milled	8,806	10,423	11,008	30,237	
Gold Oz Sold ⁽¹⁾⁽²⁾	1,618	1,267	1,528	4,414	
Price per Oz ⁽³⁾	2,307	2,182	2,135	2,208	
	Apr 2021	May 2021	Jun 2021	Q2, 2021 Subtotal	
Tonnes Mined	10,437	10,696	9,949	31,082	
Tonnes Milled	10,331	10,973	9,729	31,033	
Gold Oz Sold ⁽¹⁾⁽²⁾	1,334	1,187	1,281	3,802	
Price per Oz ⁽³⁾	2,213	2,243	2,127	2,194	
	Jul 2021	Aug 2021	Sep 2021	Q3, 2021 Subtotal	YTD Total
Tonnes Mined	11,955	13,800	12,450	38,204	100,335
Tonnes Milled	11,318	12,192	11,781	35,291	96,560
Gold Oz Sold ⁽¹⁾⁽²⁾	1,541	1,915	1,592	5,048	13,264
Price per Oz ⁽³⁾	2,213	2,215	2,209	2,212	2,205

(1) In the table, 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) There were 139 ounces of gold in inventory at September 30, 2021 and December 31, 2020.

(3) Average CAD price per ounce of gold equivalent sold.

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).

KEY OPERATING AND FINANCIAL STATISTICS

The key operating and financial data for the three and nine months ended September 30, 2021 and 2020 are as follows:

<i>In Canadian dollars unless otherwise noted.</i>		Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Operating data					
Ore mined	t	38,204	33,267	100,335	46,182
Ore milled	t	35,291	36,920	96,560	48,948
Mill-head grade	g/t Au	5.08	4.02	4.84	4.06
Recovery	%	86.6%	86.3%	87.0%	86.1%
Gold ounces produced	oz.	5,031	4,343	13,129	5,512
Silver ounces produced	oz.	11,374	9,267	33,249	11,604
Gold ounces sold	oz.	4,943	4,303	12,933	5,000
Silver ounces sold	oz.	10,932	9,276	32,147	10,615
Financial data					
Revenue	\$	11,258,071	11,056,402	29,370,392	12,646,760
Income (loss) from mine operations	\$	4,965,255	5,105,363	9,715,001	4,898,738
Income (loss) for the period	\$	1,101,214	667,691	319,638	(4,108,898)
Per share - basic	\$/share	0.02	0.01	0.01	(0.10)
Per share - diluted	\$/share	0.02	0.01	0.00	(0.10)
EBITDA ⁽¹⁾	\$	4,024,619	3,172,643	8,296,038	(350,992)
Adjusted EBITDA ⁽¹⁾	\$	4,331,016	3,495,543	8,690,187	1,052,208
Per share - basic ⁽¹⁾	\$/share	0.07	0.06	0.14	0.03
Total cash costs ^(1,2)	USD \$/oz	884	914	1,072	1,068
Average realized price ^(1,2)	USD \$/oz	1,810	1,931	1,809	1,976
Average realized cash margin ^(1,2)	USD \$/oz	925	1,017	738	908

(1) Refer to the "Non-IFRS Financial Performance Measures" section for a reconciliation of these amounts.

(2) In the comparable 2020 periods disclosed above, results only reflect gold production commencing in June 2020 after the purchase of the El Bagre Gold Mining Complex on May 28, 2020 and also exclude 475 ounces of gold that were stolen in a robbery in June 2020. Investors are cautioned that these factors significantly impact the comparability of current results to prior periods.

El Bagre - Cordero Portals

Construction of the primary portal and decline to the new Cordero deposit (the Fenix Portal) continues and the Company announced on July 27, 2021 that target vein on Level 2 had been reached and on November 3, 2021 that the decline had reached the target vein on Level 3. Development required to access the production stopes and allow full mining operations is ongoing on both Level 2 and Level 3. In the meantime, ore from the development work is currently being processed at the Company's El Bagre mill. The Fenix decline is also being continued to Levels 4 and 5 which is expected to be completed in Q1, 2022.

Construction has also commenced on the Athena Portal which will access the southern areas of the Cordero deposit and is approximately 90m away from reaching the deposit on Level 2. The Athena and Fenix Portals will eventually be connected underground. Athena will utilize a hoist for lower haulage costs and provide a secondary access to increase safety.

The Company anticipates Cordero reaching full production of approximately 600 TPD at an average head grade of 6.5 grams per tonne ("gpt") in Q2 of 2022. This increase in mined ore will allow Soma to restart the El Limon mill. The resulting increased throughput combined with the higher grades should allow Soma to reach its production target of 2,500 ounces per month.

The Technical Report estimates for Cordero 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)

El Bagre – Cordero Drilling

On June 10, 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 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)

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.

On December 9, 2020, February 4, 2021, March 18, 2021, and November 3, 2021, the Company announced results from a total of 35 DDH’s, totalling 8,546 meters. This phase of the program focused on infill drilling and testing down dip of the deposit’s current resources. Highlight intersections included:

- 8.10 g/t gold over 2.00m starting at a depth of 196.5m (BCDDH_20_094)
- 13.47 g/t gold over 1.50m starting at a depth of 213.0m (BCDDH_20_096)
- 38.90 g/t gold over 0.30m starting at a depth of 212.85m (BCDDH_20_100)
- 12.45 g/t gold over 2.30m starting at a depth of 201.4m (BCDDH_21_105)
- 8.12 g/t gold over 2.40m starting at a depth of 217.2m (BCDDH_21_106)

The Cordero drilling campaign extended the northern block by 600m and down to a depth of 325m. The mineralized trend is now 1,500m long and still open to the north and down-dip. A new resource estimate incorporating this drilling is planned for Q1 of 2022.

Drilling costs at Cordero average US\$45 per meter.

El Bagre – Offtake Agreement

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 (USD \$4.5 million was used to pay the final tranche of the Operadora acquisition). Under the Offtake Agreement, the Company will pay to MVPR a percentage of the value of gold mined 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 production

The offtake obligation encompasses only gold mined on existing Operadora mining titles and is not applicable to the company's other properties.

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, 2021 the Company delivered 4,419 and 12,407 ounces of gold respectively (5,766 ounces were delivered during the year ended December 31, 2020) under the Offtake Agreement. The delivery of the gold for the three and nine months ended September 30, 2021 resulted in a decrease in the deferred revenue of \$1,203,105 and \$3,365,033 respectively (three and nine months ended September 2020 - \$452,268). As of September 30, 2021, 18,173 ounces of gold has been delivered under the Offtake Agreement and the Company anticipates completing the first (12%) tranche in January of 2022.

Nechi Exploration Project

As part of the Operadora acquisition, Soma acquired mining titles to the Nechí Gold 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.

The El Catorce and Santa Elena deposits can be reached through existing declines, with a total of 2,100 meters of previously completed underground development work providing access to these deposits.

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 a past producing underground mine and a 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 both operated sporadically for the past several years and the Company is planning on restarting the mill when the Company's overall production in the district, including from the El Bagre complex, warrants. The mine is subject to a 3% NSR royalty on gold mined on the El Limon mineral licenses, 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.

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 own. On November 2, 2020, the Company closed a share purchase agreement with two arm's length parties, Mineral FF S.A.S. and Rulvix Holding Inc., to acquire the remaining common shares of Four Points. The purchase of the minority interest facilitates the full integration of Soma's El Limon and adjacent El Bagre operations.

El Limon – Drilling

On March 24, 2021, the Company announced the results from a total of 4 DDH's, totaling 1,480 meters. The program was designed to test the down dip continuity of the historic high-grade El Limon vein, and successfully demonstrated that mineralization continues into the footwall of the Victoria Fault – historically, considered the down dip limit of mineralization.

Hole LDDH_20_04 had two significant intersections:

- 50.40 g/t gold over 0.60m starting at a depth of 358.3m
- 23.00 g/t gold over 0.30m starting at a depth of 397.9m

For 2021, a total of 2,615 meters of drilling has been completed at El Limon to test the down dip continuity of the mineralization.

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.

The Company has outlined a number of priority exploration targets along the 7 km Estrella-Diamantina mineralized trend. Within this trend the Estrella, Limon and Alacran-Diamantina Zones (north to south) represent high priority exploration targets.

On April 20, 2021 and August 4, 2021 the Company announced results from seven diamond drill holes (2,450m) at the Alacran-Diamantina Zone. The best intercept was in hole ADDDH_21_02 which intersected 13.85 g/t gold over 0.75m starting at a depth of 105.2m.

The presence of local small miners also allowed the Company to collect a total of 64 channel samples from exposed workings in the Diamantina Mine. Twenty-three of the samples returned grades in excess of 10g/t to a maximum of 67g/t over widths ranging from 0.10m to 0.90m.

On June 10, 2021 the Company also announced results from channel sampling at the Upper Limoncito and El Muro Mines, which are on the southern part of the Zara property. Nineteen channel samples were taken from Level 1 at the Upper Limoncito Mine. Five of the samples returned grades in excess of 5 g/t to a maximum of 22.6 g/t over widths of 0.40m to 0.90m. Fourteen channel samples were taken from Level 1 at the El Muro Mine. Five of the samples returned grades in excess of 5 g/t to a maximum of 16.7 g/t over widths of 0.50m to 0.80m.

The Company has completed 5,200m of the 7,500m of drilling planned for 2021. The maiden drill campaign was designed to test the down-dip and on-strike vein continuity at the Alacran-Diamantina Zone. Due to the positive exploration results at Alacran-Diamantina and some permitting delays, testing of earlier stage targets at Limoncito and Cañon de Rojas has been postponed until 2022.

Tucuma Exploration Project (Brazil)

The Company owns 100% of the Tucuma Exploration Project (“Tucuma”) 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.

Mr. Edwin Naranjo Sierra, FAusIMM, MSc, Senior geologist and Director of Exploration for Soma Gold Corp is a Qualified Person, within the meaning of NI 43-101. Mr. Naranjo has reviewed and approved the technical information disclosed in this MD&A.

Discontinued Operations

On March 27, 2020, the Company completed the sale of Z79 and its partially owned subsidiaries – Gold Road and Tr-Ue Vein for the consideration of US\$1, plus the assumption of all related liabilities, to Aura Minerals. The Company de-recognized assets, liabilities associated with those assets and non-controlling interests. For the period ended September 30, 2020, the Company recognized a gain from disposal of subsidiaries of \$685,549 and a realized gain on accumulated currency translation for disposed subsidiaries in the amount of \$2,788,858.

FINANCIAL RESULTS

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

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Revenues	11,258,071	11,056,402	29,370,392	12,646,760
Cost of sales	(6,292,816)	(5,951,039)	(19,655,391)	(7,748,022)
Earnings from mine operations	4,965,255	5,105,363	9,715,001	4,898,738
Income (loss) for the period from continuing operation	1,101,214	667,628	319,638	(3,650,739)
Income (loss) for the period	1,101,214	667,691	319,638	(4,108,898)
Earnings (loss) per common share				
Basic	0.02	0.01	0.01	(0.10)
Diluted	0.02	0.01	0.00	(0.10)
Total cash	755,541	4,774,072	755,541	4,774,072
Total assets	34,353,601	26,267,199	34,353,601	26,267,199
Total non-current financial liabilities	18,534,776	9,956,350	18,534,776	9,956,350

Three months ended September 30, 2021 compared to three months ended September 30, 2020

The following is an analysis of the significant items and variances between the three months ended September 30, 2021 and 2020.

For the three months ended	September 30, 2021	September 30, 2020	
Finance costs	1,393,963	583,056	Finance costs increased due to compounding effect of interest and accretion on the subordinated note, and accretion on deferred revenue. The offtake agreement commenced on September 9, 2020, so did not have a significant effect on the comparable period.
Staffing and management costs	776,279	932,817	Staffing and management costs have decreased compared to the prior period due efforts to constrain management salaries.
Other general and administration	293,234	188,472	Other general and administration costs have increased from the prior period due to the build out of the Company's own administrative team in Colombia.
Professional and consulting fees	54,409	684,539	Professional and consulting fees were higher in the prior period due to legal, due diligence and accounting costs related to the acquisition of Operadora and related financing.
Share-based compensation	11,543	331,874	Share-based compensation decreased due to the 2,025,000 options granted in the comparable period compared to only the graded vesting of restricted share units ("RSU's") in the current period.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

The following is an analysis of the significant items and variances between the nine months ended September 30, 2021 and 2020.

For the nine months ended	September 30, 2021	September 30, 2020	
Finance costs	4,016,315	1,761,058	Finance costs increased due to compounding effect of interest and accretion on the subordinated note, and accretion on deferred revenue. The offtake agreement commenced on September 9, 2020, so did not have a significant effect on the comparable period.
Staffing and management costs	2,200,810	1,826,695	Staffing and management costs have increased from the prior period due to the build out of the Company's own administrative team in Colombia since the purchase of Operadora.
Other gains (losses)	959,174	(694,688)	There were \$1.0 million in insurance proceeds, offset by derivative losses of \$0.2 million in the current 2021 period due to the fair value adjustments to contingent consideration. Insurance proceeds received are a result of a previously reported gold doré robbery at the Company's El Bagre Mill in June 2020. In the comparable period, \$4.2 million in losses are related to the revaluation of forward derivative, offset by \$0.6 million related to the gain on sale of Gold Road and a foreign currency translation gain of \$2.8 million.
Other general and administration	787,762	409,018	Other general and administration costs have increased from the prior period due to the build out of the Company's own administrative team in Colombia since the purchase of Operadora on May 28, 2020.
Professional and consulting fees	473,472	1,441,061	Professional and consulting fees were higher in the prior period due to legal, due diligence and accounting costs related to the acquisition of Operadora and related financings.
Share-based compensation	188,227	334,374	Share-based compensation decreased due to 765,000 options granted in the current period compared to 2,025,000 in the comparable period.
Investor relations	263,416	448,747	Investor relations costs were higher in the comparative 2020 period due to increased capital raising activities.

SUMMARY OF QUARTERLY RESULTS

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

Three Months Ended	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	11,258,071	8,366,744	9,745,577	10,403,239	11,056,402	1,590,358	-	-
Income (Loss) attributable to owners of the parent	1,101,214	(1,188,995)	357,421	10,578,903	740,010	(1,672,677)	(2,928,474)	(28,635,322)
Basic	0.02	(0.02)	0.01	0.17	0.01	(0.06)	(0.10)	(1.45)
Diluted	0.02	(0.02)	0.00	0.15	0.01	(0.06)	(0.10)	(1.45)

Soma has only recorded operating revenue starting in June of 2020 as the Company completed the purchase of the operating El Bagre Mine in Colombia. Revenues are expected to remain relatively stable over the next few periods and then gradually increase as the higher-grade Cordero mine starts contributing mill feed to El Bagre and, eventually, as the El Limon mill is put back into production. Future revenues will, however, be highly sensitive to prevailing market prices for gold.

Income (loss) has also been highly variable with Q3, 2020 being the first full quarter of operations at El Bagre since acquisition. Losses were exceptionally large in the quarter ended December 31, 2019 as the Company recorded impairment charges against their properties totaling \$25 million. Income was larger in the quarter ended December 31, 2020 as the Company recorded a gain on bargain purchase of \$7.1 million and a gain from debt extinguishment of \$4.8 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,
	2021	2020	2021	2020
	\$	\$	\$	\$
Income (loss) for the period	1,101,214	667,691	319,638	(4,108,898)
Finance costs	1,393,963	583,056	4,016,315	1,761,058
Current and deferred income taxes	974,311	1,421,228	2,365,532	1,318,817
Depreciation expense	555,131	500,668	1,594,553	678,031
EBITDA	4,024,619	3,172,643	8,296,038	(350,992)
Loss on revaluation of derivatives	62,528	-	161,716	4,248,239
Gain from disposal of subsidiaries	-	(121,988)	-	(685,549)
Realized (gain) loss on accumulated currency translation for disposed subsidiaries	-	15	-	(2,788,858)
Foreign exchange loss	232,326	112,999	44,206	294,994
Share-based compensation	11,543	331,874	188,227	334,374
Adjusted EBITDA	4,331,016	3,495,543	8,690,187	1,052,208

Total Cash Costs

Total cash costs is a common financial performance measure in the gold mining industry but has no standard meaning. The Company reports total cash costs on a gold ounce sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain readers can use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include cost of sales such as mine, plant and mine general and administrative costs less noncash depreciation and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently. The following table reconciles this non-IFRS measure 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,
	2021	2020	2021	2020
	\$	\$	\$	\$
Gold ounces sold	4,943	4,303	12,933	5,000
Total cash costs reconciliation				
Cost of sales	6,292,816	5,951,039	19,655,391	7,748,022
Less: non-cash costs	(552,914)	(493,851)	(1,579,756)	(658,004)
Less: Silver revenue	(231,598)	(216,387)	(728,969)	(238,869)
Total cash costs	5,508,304	5,240,801	17,346,666	6,851,149
Total cash costs per ounce of gold sold⁽¹⁾	1,114	1,218	1,341	1,370
Total cash costs (USD)	4,371,670	3,934,240	13,862,915	5,340,361
Total cash costs per ounce of gold sold (USD)⁽¹⁾	884	914	1,072	1,068

(1) In the comparable 2020 periods disclosed above, results reflect gold production from only four months of operations from June 2020 after the purchase of the El Bagre Gold Mining Complex on May 28, 2020 and also exclude 475 ounces of gold that were stolen in a robbery in June 2020. Investors are cautioned that these factors significantly impact the comparability of current results to prior periods.

Average Realized Price and Average Realized Cash Margin

Average realized price and average realized cash margin per ounce of gold sold are used by management and readers to better understand the gold price and cash margin realized throughout a period. Average realized price is calculated as revenue from precious metal sales plus treatment and refining charges less silver revenue divided by gold ounces sold. Average realized cash margin represents average realized price per gold ounce sold less total cash costs per gold ounce sold. The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures disclosed in the financial statements.

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Revenue	11,258,071	11,056,402	29,370,392	12,646,760
Add: Treatment charges	245,614	229,624	640,793	266,860
Less: Silver revenue	(231,598)	(216,387)	(728,969)	(238,869)
Gold revenue	11,272,086	11,069,640	29,282,216	12,674,751
Gold ounces sold	4,943	4,303	12,933	5,000
Average realized price	2,280	2,573	2,264	2,535
Less: Total cash costs per ounce of gold sold	(1,114)	(1,218)	(1,341)	(1,370)
Average realized cash margin per ounce of gold sold⁽¹⁾	1,166	1,355	923	1,165
Average realized price (USD)	1,810	1,931	1,809	1,976
Less: Total cash costs per ounce of gold sold (USD)	(884)	(914)	(1,072)	(1,068)
Average realized cash margin per ounce of gold sold (USD)⁽¹⁾	925	1,017	738	908

(1) In the comparable 2020 periods disclosed above, results reflect gold production from only four months of operations from June 2020 after the purchase of the El Bagre Gold Mining Complex on May 28, 2020 and also exclude 475 ounces of gold that were stolen in a robbery in June 2020. Investors are cautioned that these factors significantly impact the comparability of current results to prior periods.

Working Capital

Working capital is defined as current assets less current liabilities and provides useful information to management and readers about the liquidity of the Company. The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

	September 30, 2021	December 31, 2020
	\$	\$
Current assets	10,894,894	13,823,936
Current liabilities	11,782,635	11,656,836
Working capital	(887,741)	2,167,100

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 so that it can support its operating, development and exploration plans and provide returns for shareholders and benefits for other stakeholders 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 months ended September 30, 2021.

As at September 30, 2021, the Company had cash of \$755,541 (December 31, 2020 - \$2,418,987) and negative working capital of \$887,741 (December 31, 2020 - positive working capital of \$2,167,100). Soma generated net income for the three months ended September 30, 2021 of \$1,101,214 (2020 - net income of \$667,691) and generated cash from operating activities in the amount of \$1,794,898 (2020 - \$2,132,144). Soma generated net income for the nine months ended September 30, 2021 of \$319,638 (2020 - net loss of \$4,108,898) and generated cash from operating activities in the amount of \$1,687,572 (2020 - \$3,785,404). Management anticipates that cash flows from operations are sufficient to fund operations, as well as other planned commitments currently estimated for the remainder of 2021.

In addition to the Offtake Agreement 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 \$21,604,781. The interest rate of the Subordinated Note is 12%, compounded quarterly. Principal and interest are repayable to Conex beginning four years after the agreement date, on August 1, 2024. Together with the Subordinated Note, the Company issued Conex 5,500,000 share purchase warrants on October 16, 2020 valued at \$2,037,754.

Management used an effective interest rate of 18% to estimate the present value of the Subordinated Note to the book value \$17,910,378 at September 30, 2021. The outstanding face value of the Subordinate Note, including accrued interest, was \$24,804,023. 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	14,539,366	15,532,702
Interest and accretion	1,374,216	-	1,130,635	2,504,851
Conversion option	3,854,723	-	-	3,854,723
Debt restructuring	(14,511,768)	(6,857,926)	-	(21,369,694)
Balance, December 31, 2020	-	-	15,670,001	15,670,001
Interest and accretion	-	-	2,240,376	2,240,376
Balance, September 30, 2021	-	-	17,910,378	17,910,378

b) Property Expenditures

During the three and nine months ended September 30, 2021 the Company spent \$2,893,610 and \$5,522,755 respectively on its mineral properties, construction in progress, and exploration and evaluation assets (2020 - \$192,002 and \$847,838 respectively).

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, 2021 and 2020 as follows:

	Three months ended		Nine months ended	
	September 30, 2021 \$	September 30, 2020 \$	September 30, 2021 \$	September 30, 2020 \$
Staffing and management costs	262,580	374,351	740,963	785,461
Share-based compensation	14,114	191,249	164,114	193,749
	276,694	565,600	905,077	979,210

For the three and nine months ended September 30, 2021 the Company also paid \$24,000 and \$72,000 of office rent respectively to a Company controlled by a director (2020 - \$8,195 and \$24,575 respectively).

Other Balances

- At September 30, 2021 there is \$31,899 in notes receivable due from an executive of the Company (December 31, 2020 - \$nil). The note receivable carries an interest rate of 2.5% per annum, compounded monthly and has a three-year term.
- At September 30, 2021 there is \$38,164 in trade payables and accrued liabilities owing to directors and executives of the Company (December 31, 2020 - \$221,469).
- At September 30, 2021 there is a total of \$23,252 in trade payables and accrued liabilities owing to a private company owned by a director of the Company (December 31, 2020 - \$23,252).
- At September 30, 2021 there is a total of \$100,706 in promissory notes owing to a private company owned by another director of the Company (December 31, 2020 - \$nil). The promissory note carries an interest rate of 0.3% per month, compounded monthly and is due October 1, 2021.

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 \$755,541 and \$2,418,987 as at September 30, 2021 and December 31, 2020, 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, 2021, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was \$578,591 (\$423,698 as at December 31, 2020) and \$210,058 (\$722,796 as at December 31, 2020), respectively. As at September 30, 2021, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was \$4,204,147 (\$5,226,466 as at December 31, 2020) and \$8,635,793 (\$7,680,196 as at December 31, 2020), 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.

f) Other risk

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to constitute a pandemic. The spread of COVID-19 has severely impacted economies around the globe. In many countries, including Canada, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, maintaining minimum distances between people, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in significant unemployment and an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening of certain sectors. Governments and central banks have responded with monetary and fiscal interventions designed to stabilize economic conditions. To date, the Company's operations have not been materially negatively affected by these events, apart from intermittent delays, and increasing costs, in particular around health and safety and housing field-staff. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration of the impact, the severity of the consequences, nor the impact, if any, on the financial position and results of the Company for future periods.

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 2021, the COVID-19 Pandemic continues to present itself as a risk and the company has been following the guidance issued by local governments.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

Sources of estimation uncertainty

Mineral reserves and resources

The Company estimates its mineral reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. The estimation of mineral reserves and resources requires judgment to interpret available geological data, select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs and recovery rates. There are uncertainties inherent in estimating mineral reserves and resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. New geological data as well as changes in the above assumptions may change the economic status of reserves and may, ultimately, result in the reserves being revised.

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

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.

Decommissioning and restoration provision

Decommissioning and restoration provision ("DRP") 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 DRPs relate to rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes a DRP at the time the environmental disturbance occurs.

Key accounting policy judgment

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. The Company applied significant judgement on the assessment of the fair values of the assets and liabilities on the date of acquisition.

Impairment of mineral properties, plant and equipment

The application of the Company's accounting policy for impairment of mineral properties, plant and equipment requires judgment to determine whether indicators of impairment exist. The review of impairment indicators includes consideration of both external and internal sources of information, including factors such as market and economic conditions, metal prices and forecasts, capital expenditure requirements, future operating costs and production volumes.

Impairment of exploration and evaluation assets

The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgment to determine whether indicators of impairment exist including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and evaluation of the results of exploration and evaluation activities up to the reporting date.

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.

Deferred revenue

The Company assessed the appropriate accounting treatment and the carrying value of deferred revenue, which is a commodity transaction, based on the terms of the agreement. The Company applied significant judgement on the discount rate, expected future production results, forecast metal prices and assumptions made regarding exercises of certain clauses of the agreement. "Own use" applies to contracts that were entered into to be held for the purpose of the receipt or delivery of a commodity. "Own use" contracts must result in physical delivery of the commodity and cannot be settled net in cash or through offsetting contracts. The Company applied significant judgement in determining whether "own use" applies to its Offtake Agreement and if the contract can be net settled in cash or offsetting contracts.

Modification or extinguishment of financial liabilities

The Company makes qualitative and quantitative analysis over modification or replacement of financial liability terms. The Company makes judgements over qualitative aspects to determine whether a debt instrument should be treated as a modified or extinguished financial liability. The areas of judgement are whether there has been an exchange between borrower and lender with substantially different terms; whether there has been a substantial modification of the terms of an existing financial liability; and whether if there are any revisions of the estimates of payments. The Company applied significant judgement on the discount rate used to recalculate the gross carrying amount of the amortized cost of the financial liability as the present value of estimated future contractual cash flows.

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.

ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 3 to the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019.

NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

In August 2020, the IASB issued amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases as a result of Phase 2 of the IASB's Interest Rate Benchmark Reform project. The amendments address issues arising in connection with reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The amendments were effective January 1, 2021. As at September 30, 2021, these amendments did not affect the Company's financial statements.

New accounting standards, amendments and interpretations not yet adopted

The following standards, amendments and interpretations have been issued but are not yet effective:

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from mineral properties, plant and equipment amounts received from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendment will require sales proceeds and related costs to be recognized in the statements of income (loss). The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. This amendment is not expected to have a material impact on the Company.

The IASB issued an amendment to IAS 12, Income Taxes. The amendment will require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendment will typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. This amendment is not expected to have a material impact on the Company.

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 consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 and in 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 25, 2021:

- 66,120,150 common shares.
- 3,417,500 stock options with exercise prices from \$0.19 to \$4.00.
- 200,000 restricted share units.
- 30,696,043 share purchase warrants with exercise prices from \$0.25 to \$2.00.