

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, 2021 AND 2020

**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)

	Notes	September 30, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		755,541	2,418,987
Trade and other receivables	8	4,100,548	3,299,871
Inventory	9	4,622,894	5,020,168
Prepays and deposits	10	1,415,911	866,973
Assets held for sale	16	-	2,217,937
Total current assets		10,894,894	13,823,936
Non-current assets			
Notes receivable	15	31,899	-
Exploration and evaluation assets	11	3,563,863	720,624
Mineral properties, plant and equipment	12	19,862,945	17,849,028
Total non-current assets		23,458,707	18,569,652
TOTAL ASSETS		34,353,601	32,393,588
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	13	9,769,838	8,748,675
Deferred revenue	14	1,912,091	2,701,892
Liabilities directly associated with assets held for sale	16	-	206,269
Promissory note	15	100,706	-
Total current liabilities		11,782,635	11,656,836
Non-current liabilities			
Deferred income tax liability		1,510,626	1,647,000
Deferred revenue	14	1,586,199	2,667,211
Notes payable	15	17,910,378	15,670,002
Decommissioning and restoration provision	17	339,014	366,346
Contingent consideration	18	624,398	460,392
Total non-current liabilities		21,970,615	20,810,951
TOTAL LIABILITIES		33,753,250	32,467,787
SHAREHOLDERS' EQUITY			
Share capital	21	47,918,589	46,960,618
Share option and warrant reserve	21	5,628,165	5,477,939
Contributed surplus		7,171,442	7,171,442
Deficit		(57,517,784)	(57,838,842)
Accumulated other comprehensive loss		(2,600,061)	(1,845,356)
Equity attributable to shareholders		600,351	(74,199)
TOTAL LIABILITIES AND EQUITY		34,353,601	32,393,588
Nature of operations (Note 1)			
Subsequent events (Note 25)			

On behalf of the Board of Directors:

"Geoffrey Hampson"

Geoffrey Hampson (Director)

"Yannis Tsitos"

Yannis Tsitos (Director)

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, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)**

	Notes	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	19	(6,292,816)	(5,951,039)	(19,655,391)	(7,748,022)
Income from mine operations		4,965,255	5,105,363	9,715,001	4,898,738
Staffing and management costs		776,279	932,817	2,200,810	1,826,695
Other general and administration		293,234	188,472	787,762	409,018
Professional and consulting fees		54,409	684,539	473,472	1,441,061
Investor relations		138,747	152,892	263,416	448,747
Share-based compensation		11,543	331,874	188,227	334,374
Depreciation		2,217	6,817	14,797	20,027
Income before other items		3,688,826	2,807,952	5,786,517	418,817
Finance costs		(1,393,963)	(583,056)	(4,016,315)	(1,761,058)
Other gains (losses)	20	12,987	(23,042)	959,174	(694,688)
Foreign exchange loss		(232,326)	(112,999)	(44,206)	(294,994)
Income (loss) for the period before tax		2,075,525	2,088,856	2,685,170	(2,331,922)
Current income tax expense		(952,825)	(2,090,900)	(2,545,015)	(1,516,717)
Deferred income tax recovery (expense)		(21,486)	669,672	179,483	197,900
Income (loss) for the period from continuing operations		1,101,214	667,628	319,638	(3,650,739)
Discontinued operations					
Gain (loss) after tax for the period from discontinued operations	6	-	63	-	(458,159)
Income (loss) for the period		1,101,214	667,691	319,638	(4,108,898)
Other comprehensive income (loss)					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment		129,369	(549,806)	(753,285)	2,304,978
Realized gain (loss) on disposal of subsidiaries		-	15	-	(2,788,858)
Other comprehensive income (loss) for the period		129,369	(549,791)	(753,285)	(483,880)
Total comprehensive income (loss) for the period		1,230,583	117,900	(433,647)	(4,592,778)

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, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)**

		Three months ended		Nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
	Notes	\$	\$	\$	\$
Income (loss) for the period attributable to:					
Owners of the parent		1,101,214	740,010	319,638	(3,861,140)
Non-controlling interest		-	(72,319)	-	(247,758)
		1,101,214	667,691	319,638	(4,108,898)
Total comprehensive income (loss) for the period attributable to:					
Owners of the parent		1,230,583	223,122	(433,647)	(4,763,400)
Non-controlling interest		-	(105,222)	-	170,622
		1,230,583	117,900	(433,647)	(4,592,778)
Earnings (loss) per common share					
Basic	24	0.02	0.01	0.01	(0.10)
Diluted	24	0.02	0.01	0.00	(0.10)
Weighted average number of common shares outstanding					
Basic	24	64,370,462	59,032,494	63,156,699	40,006,577
Diluted	24	70,917,761	76,029,526	71,658,044	40,006,577

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, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

	Notes	Number of Common Shares	Share Capital \$	Share option, RSU and warrant reserve \$	Contributed surplus \$	Deficit \$	Accumulated Other Comprehensive Income \$	Non-controlling Interest \$	Total \$
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	21	29,599,997	3,420,800	13,487	-	-	-	-	3,434,287
Shares issued to settle liabilities		-	947,104	-	-	-	-	-	947,104
Share consolidation adjustment		2	-	-	-	-	-	-	-
Exercise of stock options	21	60,000	51,608	(21,608)	-	-	-	-	30,000
Exercise of warrants	21	400,000	100,000	-	-	-	-	-	100,000
Share-based compensation		-	-	334,374	-	-	-	-	334,374
Cancellation of preferred share subscriptions		-	(135,635)	-	-	-	-	-	(135,635)
Debt extinguishment		-	-	-	9,554,432	-	-	-	9,554,432
Loss for the period		-	-	-	-	(6,649,998)	-	(247,758)	(6,897,756)
Other comprehensive income for the period		-	-	-	-	-	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
Balance as at December 31, 2020		61,611,596	46,960,618	5,477,939	7,171,442	(57,838,842)	(1,845,356)	-	(74,199)
Exercise of stock options	21	200,000	76,000	(38,000)	-	-	-	-	38,000
Exercise of warrants	21	3,527,888	881,971	-	-	-	-	-	881,971
Share-based compensation		-	-	188,226	-	-	-	-	188,226
Income for the period		-	-	-	-	319,638	-	-	319,638
Other comprehensive loss for the period		-	-	-	-	-	(753,285)	-	(753,285)
Balance as at September 30, 2021		65,339,484	47,918,589	5,628,165	7,171,442	(57,519,204)	(2,598,641)	-	600,351

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 Three and Nine Months Ended September 30, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Operating Activities				
Income (loss) for the period from continuing operations	1,101,214	667,628	319,638	(3,650,739)
Gain (loss) for the period from discontinued operations	-	63	-	(458,159)
	1,101,214	667,691	319,638	(4,108,898)
<i>Non-cash items:</i>				
Finance costs	1,393,963	583,056	4,016,315	1,761,058
Current income tax expense	952,825	2,090,900	2,545,015	1,516,717
Depreciation	555,131	500,668	1,594,553	678,031
Other losses (gains)	(12,987)	(201,108)	(959,174)	3,483,545
Share-based compensation	11,543	331,874	188,227	334,374
Deferred income tax expense (recovery)	21,486	(669,672)	(179,483)	(197,900)
Foreign exchange loss (gain)	125,912	113,000	(37,685)	294,994
<i>Changes in working capital items:</i>				
Trade and other receivables	(720,411)	(352,298)	(758,715)	(2,987)
Inventory	211,567	(102,402)	(194,107)	(550,819)
Prepays, deposits and advance royalties	(869,135)	(826,255)	(547,940)	54,454
Trade payables and accrued liabilities	(342,500)	(3,310)	(4,636,958)	522,835
Insurance proceeds	-	-	1,045,375	-
Income tax advances paid	(633,710)	-	(707,489)	-
	1,794,898	2,132,144	1,687,572	3,785,404
Investing Activities				
Expenditures on construction in progress	(2,071,165)	-	(4,331,017)	-
Expenditures on exploration and evaluation assets	(731,164)	(78,385)	(841,680)	(119,310)
Expenditures on mineral properties, plant and equipment	(91,281)	(113,617)	(350,058)	(728,528)
Disposition of property, plant and equipment	-	-	435,420	-
Disposition of exploration and evaluation assets	132,366	-	132,366	-
Acquisition of business, net of cash acquired	-	(6,246,112)	-	(7,558,147)
	(2,761,244)	(6,438,114)	(4,954,969)	(8,405,985)
Financing Activities				
Proceeds from exercise of stock options and share purchase warrants	356,248	100,000	919,970	130,000
Advances from related party	67,826	4,422,133	67,826	5,965,851
Proceeds from issuance of common shares, net of share issuance costs	-	3,434,593	-	3,434,593
	424,074	7,956,726	987,796	9,530,444
Effect of foreign exchange rate fluctuation	(49,982)	(186,239)	616,155	(180,940)
Increase (decrease) in cash during the period	(592,254)	3,464,517	(1,663,446)	4,728,923
Cash, beginning of the period	1,347,795	1,309,555	2,418,987	45,149
Cash, end of the period	755,541	4,774,072	755,541	4,774,072

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 Three and Nine Months Ended September 30, 2021 and 2020

1. NATURE OF OPERATIONS

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” and on the OTCQB Venture Market under the symbol “SMAGF”.

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”). 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.

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 financial statements were approved by the board of directors for use on November 25, 2021.

Basis of measurement

These 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, 2021	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 mine
SOMA Gold US Inc.	United States	100%	US-based administration

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” – 87% owned by CML and 13% owned by Soma). In the comparable period ended September 30, 2020, the financial statements attribute an amount to non-controlling interests related to Four Points and Gold Road (an operation disposed of during the comparable period – see Note 5).

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Three and Nine Months Ended September 30, 2021 and 2020

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.

In the comparable period, the Company attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Foreign currency translation

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 (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 statements of income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in Note 3 of the Company's latest annual audited financial statements, and should be read in conjunction with those statements.

4. 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:

Soma Gold Corp.
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For the Three and Nine Months Ended September 30, 2021 and 2020

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.

5. NON-CONTROLLING INTERESTS

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 purchase 25,992 common shares of Four Points. The Company issued 1,218,232 common shares, representing a 2.01% equity ownership in the Company. The shares were valued at \$0.34 on the date of issuance representing the closing bid prices of the Company on that day. As a result of the transaction, the Company increased its ownership of Four Points from 88% to 100%.

6. DISPOSAL OF SUBSIDIARIES

At December 31, 2019, Z79, including its partially owned subsidiaries Gold Road Mining Corp. and Tr-Ue Vein, was classified as a disposal group held for sale and as a discontinued operation. On March 27, 2020, the Company completed the sale of Z79, including its partially owned subsidiaries Gold Road Mining Corp. 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. The results of Z79's operations for the three and nine months ended September 30, 2021 and 2020 are presented below:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Expenses	-	-	-	458,159
Operating loss	-	-	-	458,159
Finance costs and other losses (gains)	-	(63)	-	-
Gain (loss) before tax from discontinued operations	-	(63)	-	458,159
Income taxes	-	-	-	-
Gain (loss) for the period from discontinued operations	-	(63)	-	458,159

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. 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 resulting in a loss of \$4,248,239. This loss from revaluation was included in the statements of income (loss) for the period ended September 30, 2020.

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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For the Three and Nine Months Ended September 30, 2021 and 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”). The acquisition is part of the Company’s plan to focus solely on South American opportunities as Operadora’s El Bagre operations include an existing gold production facility and a portfolio of mineral exploration and capital equipment assets. In addition, the El Bagre mine was already in commercial production at the time of acquisition. 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. A purchase price allocation assessment was made of the fair values of the acquired assets and liabilities on the date of acquisition. As a result, a \$7,136,922 gain on bargain purchase was recognized at the acquisition date as the fair value of Operadora’s net assets acquired exceeded the fair value of the total consideration. The 1% NSR was recorded as a contingent consideration (Note 18) on the balance sheet.

The following table summarizes the final purchase price consideration allocated to the estimated fair value of the net assets acquired and the resulting gain on bargain purchase:

	\$
Cash consideration paid ⁽ⁱ⁾	7,566,334
Contingent consideration (Note 18)	279,409
Total consideration	7,845,743

Adjusted assets and liabilities recognized on acquisition:

Cash	64,691
Trade and Other Receivables	3,395,579
Inventory	3,625,989
Prepays	653,790
Current assets	7,740,049
Mineral properties, plant and equipment	13,570,755
Exploration and evaluation assets	595,981
Non-current assets	14,166,736
Total assets	21,906,785
Trade and other payables	(1,252,524)
Employee benefit liabilities	(1,051,570)
Income taxes payable	(1,922,831)
Lease Liabilities	(196,825)
Current liabilities	(4,423,750)
Deferred tax liability	(2,137,000)
Asset Retirement Obligation	(363,370)
Non-current liabilities	(2,500,370)
Total liabilities	(6,924,119)
Gain on bargain purchase	7,136,922

(i) Represents the cash consideration for the Operadora acquisition of which \$6,190,335 CAD (USD \$4.5 million) was financed through the Offtake Agreement (Note 14).

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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For the Three and Nine Months Ended September 30, 2021 and 2020

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

8. TRADE AND OTHER RECEIVABLES

The Company's receivables consist of the following:

	September 30, 2021	December 31, 2020
	\$	\$
Income taxes receivable	2,338,149	994,082
Trade receivables	1,194,063	1,165,425
Employee allowances	512,072	601,315
Value-added tax receivable	52,460	500,666
Other	3,804	38,383
	4,100,548	3,299,871

9. INVENTORY

	September 30, 2021	December 31, 2020
	\$	\$
Materials and supplies	4,425,933	4,775,516
Gold in-circuit	196,961	244,652
Balance, end of period	4,622,894	5,020,168

10. PREPAIDS AND DEPOSITS

The Company's prepaid amounts consist of the following:

	September 30, 2021	December 31, 2020
	\$	\$
Advances to suppliers	1,099,109	839,095
Prepaid insurance	298,079	13,606
Other advances	9,480	7,149
Deposits	7,123	7123
Prepaid services	2,120	-
	1,415,911	866,973

Soma Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited - expressed in Canadian Dollars)
For the Three and Nine Months Ended September 30, 2021 and 2020

11. EXPLORATION AND EVALUATION ASSETS

	Nechi	Zara	Tucumã	Gold Road	Total
	\$	\$	\$	\$	\$
December 31, 2019⁽ⁱ⁾	-	-	2,566,391	692,229	3,258,620
Acquired on business combination	595,981	-	-	-	595,981
Additions	6,360	-	257,563	-	263,923
Disposals	-	-	-	(746,272)	(746,272)
Transfers	-	116,107	-	-	116,107
Foreign exchange	9,418	(7,242)	(613,951)	54,043	(557,732)
Transfer to assets held for sale (note 16)	-	-	(2,210,003)	-	(2,210,003)
December 31, 2020⁽ⁱⁱ⁾	611,759	108,865	-	-	720,624
Transfer from assets held for sale (note 16)	-	-	2,210,003	-	2,210,003
Additions	1,356	659,592	180,732	-	841,680
Disposals	-	(98,814)	-	-	(98,814)
Foreign exchange	(483)	(21,162)	(87,985)	-	(109,630)
September 30, 2021	612,632	648,481	2,302,751	-	3,563,863

(i) The Gold Road exploration and evaluation asset was classified as assets held for sale effective December 31, 2019.

(ii) The Angra exploration and evaluation asset was classified as assets held for sale effective December 31, 2020. During the quarter ended September 30, 2021, Angra was transferred back to exploration and evaluation assets (Note 16).

Nechi Gold Project

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

On acquisition, the Company valued the Nechi project by using an in-situ approach, which reflects a price-per-ounce dollar valuation applied to each ounce in the estimated reserves and resources.

Zara Properties

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

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.

Gold Road

The Gold Road exploration and evaluation asset 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, plus the assumption of all related liabilities, to Aura Minerals (Note 6).

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12. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral Property	Buildings and Infrastructure	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$
December 31, 2019	1	857,688	5,499,010	91,925	223,976	164,685	6,837,285
Acquired on business combination	9,807,031	-	3,763,724	-	-	-	13,570,755
Additions	1,777,902	-	312,789	-	-	-	2,090,691
Disposals	-	-	(3,147)	-	-	-	(3,147)
Impairment	(1,276,133)	(237,290)	-	-	-	-	(1,513,423)
Transfers	(116,107)	-	-	-	-	-	(116,107)
Foreign exchange	(16,792)	(20,416)	(75,750)	(1,811)	(4,411)	(3,244)	(122,423)
Transfer to assets held for sale (note 16)	-	-	(3,899)	-	-	-	(3,899)
December 31, 2020	10,175,902	599,982	9,492,727	90,114	219,565	161,441	20,739,731
Additions	-	-	337,485	12,573	-	4,331,017	4,681,075
Disposals	-	-	(458,594)	(20,110)	-	-	(478,704)
Foreign exchange	(517,628)	-	(172,307)	(212)	-	(72,954)	(763,101)
September 30, 2021	9,658,274	599,982	9,199,311	82,365	219,565	4,419,505	24,179,001

	Mineral Property	Buildings and Infrastructure	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Accumulated Depreciation	\$	\$	\$	\$	\$	\$	\$
December 31, 2019	-	112,319	1,072,913	43,194	58,437	-	1,286,863
Depreciation/depletion	707,521	35,023	841,617	8,577	17,373	-	1,610,111
Foreign exchange	23,076	(4,029)	(19,978)	(1,416)	(2,073)	-	(4,421)
Transfer to assets held for sale (note 16)	-	-	(1,850)	-	-	-	(1,850)
December 31, 2020	730,597	143,313	1,892,702	50,355	73,737	-	2,890,703
Depreciation/depletion	1,068,115	-	511,641	2,224	12,142	-	1,594,122
Foreign exchange	(91,375)	(1,061)	(75,309)	(389)	(636)	-	(168,770)
September 30, 2021	1,707,337	142,252	2,329,035	52,190	85,243	-	4,316,056

Net Book Value							
December 31, 2020	9,445,305	456,669	7,600,025	39,759	145,828	161,441	17,849,028
September 30, 2021	7,950,937	457,730	6,870,276	30,175	134,322	4,419,505	19,862,945

El Bagre Properties

As part of the Operadora acquisition (Note 7), the Company acquired the El 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.

On acquisition, the Company valued the mineral properties by using a discounted cash flow approach, which reflects the present value of the expected operating cash flows based on an appropriate discount rate to reflect the time value and risk of the cash flows. The discount rate used was 34%. The Company valued the property, plant and equipment acquired as the same as its net book value on the date of acquisition.

El Limon

The Company owns 100% of the El Limon gold mine in Colombia. 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.

During the three and nine months ended September 30, 2021, \$nil (2020 – \$94,027 and \$297,674 respectively) of depreciation was capitalized to mineral properties and \$2,070 and \$14,366 (2020 – \$6,322 and \$19,532 respectively) was recorded as depreciation expense.

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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, plus the assumption of all related liabilities, to Aura Minerals (Note 6).

Impairment

At December 31, 2020, the Company reviewed impairment indicators for El Limon and concluded there was an indicator of impairment due the Company’s decision to delay the restart of the mine and mill. Management assessed that this delay was a significant change to the expected use of the mine and in accordance with the Company’s accounting policy, the recoverable amount for El Limon was assessed as the higher of its value in use (“VIU”) and its fair value less costs of disposal.

The recoverable amount was determined based on the VIU method using discounted future cash flows. The carrying amount of the cash-generating unit at December 31, 2020 was \$6,201,112. In arriving at VIU, post-tax cash flows were estimated using the following significant assumptions: (a) production profile, operating costs and capital costs from the latest detailed life of mine plan; (b) a gold price of \$1,600 per ounce; and (c) a real discount rate of 18%. The carrying amount exceeded the VIU and as a result an impairment charge of \$1,513,423 was recorded against El Limon on December 31, 2020.

13. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30,	December 31,
	2021	2020
	\$	\$
Trade payables	5,422,816	2,756,142
Taxes payable	1,647,087	2,664,512
Employee benefit liabilities	1,468,661	2,262,927
Accrued liabilities	520,210	597,871
Salaries and wages payable	459,453	65,000
Withholdings payable	139,861	301,635
Lease liabilities	105,868	-
Advances	5,882	6,592
Other provisions	-	93,996
	9,769,838	8,748,675

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14. DEFERRED REVENUE

	September 30, 2021 \$	December 31, 2020 \$
Opening balance	5,369,103	-
Addition	-	6,848,400
Interest	1,519,304	475,477
Delivery of the gold	(3,365,033)	(1,696,598)
Foreign exchange	(25,084)	(258,177)
Closing balance	3,498,291	5,369,103
Less: current portion	(1,912,091)	(2,701,892)
Non-current portion	1,586,199	2,667,211

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 – see Note 7). 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).

15. 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 for the three and nine months ended September 30, 2021 and 2020 as follows:

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	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).

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.

In 2020, the Convertible Subordinated Note was restructured into the Subordinated Note as described below. The book value of the Convertible Subordinated Note was \$nil at December 31, 2020.

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 new ten-year Subordinated Note with a face value of \$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. The fair value of warrants issued was determined using the Black-Scholes option pricing method with the following assumptions: exercise price of C\$0.66, expected life of 3 years, annualized volatility of 116%, dividend yield of 0.0%, and discount rate of 0.24%.

Management used an effective interest rate of 18% to estimate the present value of the Subordinated Note at \$14,539,366. The debt restructuring was determined to be an extinguishment of existing debt as opposed to a debt modification. As a result, the Subordinate Note was recorded as a new liability with the residual value (the difference in book value between the loans extinguished and the Subordinated Note) of \$4,821,940 recognized as a gain on debt restructuring on the statements of income (loss). The purchase warrants were treated as transaction costs incurred to secure the debt and were recognized as part of the gain.

For the nine months ended September 30, 2021, \$140,990 (2020 – \$7,385) of accretion and \$2,099,386 (2020 – \$433,279) of interest was expensed as finance costs in the statements of income (loss). The outstanding face value of the Subordinate Note, including accrued interest, at September 30, 2021 was \$24,804,023.

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	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

c) 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.

16. ASSETS HELD FOR SALE

In 2020, the Company made the decision to reclassify Angra as held for sale as part of its long-term strategy. At December 31, 2020 Angra was available for immediate sale and the Company was actively looking to locate a buyer. The Company expected that a sale was highly probable and would be completed within a twelve-month period. All of the Angra assets were classified as held for sale and were measured at the lower of their fair values less costs to sell and their carrying values.

In September 2021, the Company determined that optioning Angra, as opposed to a direct sale, was a more probable outcome for divesting the project. As such, all of the assets classified as held for sale were transferred into exploration and evaluation assets.

At September 30, 2021 and December 31, 2020, the major classes of assets and liabilities related to Angra are presented below:

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	September 30, 2021 \$	December 31, 2020 \$
ASSETS		
Cash and cash equivalents	8,247	3
Prepays and deposits	998	5,882
Exploration and evaluation assets	2,302,751	2,210,003
Mineral properties, plant and equipment	1,532	2,049
Total assets	2,313,528	2,217,937
LIABILITIES		
Accounts payable and accrued liabilities	165,221	206,269
Total liabilities	165,221	206,269
NET ASSETS	2,148,307	2,011,668

17. DECOMMISSIONING AND RESTORATION PROVISION

The company acquired the decommissioning and restoration provision upon the acquisition of Operadora (Note 7). The Company estimated its decommissioning and restoration provision based on its understanding of the requirements to reclaim and remediate its Operadora property based on its activities to date. The Company's provision for mine closure and reclamation consists of costs accrued based on the current best estimate of mine closure and reclamation activities. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and internal cost estimates.

The Company valued the provision using the present value of the expected reclamation cash flows based on an appropriate discount rate to reflect the time value and risk of the cash flows. The Company used an inflation rate of 1.8% (December 31, 2020 – 1.8%), a discount rate of 0.7% (December 31, 2020 – 0.7%) and a liability risk adjustment of 5.0% (December 31, 2020 – 5.0%) in calculating the provision. At September 30, 2021, the liability for retirement and remediation on an undiscounted basis before fair value adjustment is \$226,653 (December 31, 2020 – \$253,985). Most of the expected expenditures to settle the decommissioning and restoration provision are anticipated to commence in 2030 after the end of the current mine life.

18. CONTINGENT CONSIDERATION

	September 30, 2021 \$	December 31, 2020 \$
Opening balance	460,392	-
Contingent consideration to acquire Operadora	-	279,409
Effect of foreign exchange difference	2,290	(19,297)
Loss on fair value adjustment	161,716	200,280
	624,398	460,392

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The contingent consideration is associated with the acquisition of Operadora. It is related to the 1% NSR royalty payments due to Mineros on all future products sold from the mining operation after the production of the first 17,000 ounces of gold. The contingent consideration is the present value of discounted cash flows based on the expected amounts and timing of the NSR using an effective interest rate of 34%.

19. COST OF SALES

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Production costs	5,739,902	5,457,188	18,075,635	7,090,018
Depreciation	552,914	493,851	1,579,756	658,004
	6,292,816	5,951,039	19,655,391	7,748,022

20. OTHER GAINS (LOSSES)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Insurance proceeds ⁽ⁱ⁾	-	-	1,045,375	-
Other income (expenses)	75,515	(157,532)	75,515	66,627
Loss on revaluation of derivatives (Notes 6,18)	(62,528)	-	(161,716)	(4,248,239)
Gain from disposal of subsidiaries (Note 6)	-	121,988	-	685,549
Gain from debt extinguishment	-	12,517	-	12,517
Realized gain (loss) on accumulated currency translation for disposed subsidiaries (Note 6)	-	(15)	-	2,788,858
	12,987	(23,042)	959,174	(694,688)

(i) Insurance proceeds received as a result of a previously reported gold doré robbery at the Company's El Bagre Mill in June 2020.

21. 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 December 31, 2020 from 616,115,929 to 61,611,596.

Authorized

Unlimited common shares without par value.

The following transactions impacted the number of common shares outstanding for the periods ended September 30, 2021 and December 31, 2020:

- (i) In the nine months ended September 30, 2021, the Company issued 3,527,888 common shares of the Company for proceeds of \$881,972 related to the exercise of warrants.
- (ii) In the nine months ended September 30, 2021, the Company issued 200,000 common shares of the Company for proceeds of \$38,000 related to the exercise of stock options.

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- (iii) On November 2, 2020, the Company issued 1,218,232 common shares valued at \$0.34 related to the purchase of the remaining minority interest in Four Points. Refer to Note 5 for more details.
- (iv) On July 6, 2020, the Company closed a non-brokered private placement (“PP”) consisting of 6,664,677 units at \$0.15 per PP unit. The gross proceeds from the placement were \$999,702. Each PP unit consisted 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 2 years from the date of issuance at an exercise price of \$0.25. The Company incurred cash share issue costs of \$72,096 and non-cash share issue costs of \$13,487 (54,600 finder’s warrants). The fair value of the finder’s warrants issued was determined using the Black-Scholes option pricing method with the following assumptions: exercise price of C\$0.25, expected life of 2 years, annualized volatility of 127%, dividend yield of 0.0%, and discount rate of 0.29%.
- On the same date, the Company issued 22,935,320 PP units to settle liabilities of \$3,440,298. A gain of \$64,755 was recorded to the statements of income (loss) on debt settlement.
- (v) In the year ended December 31, 2020, the Company issued 400,000 common shares of the Company for proceeds of \$100,000 related to the exercise of warrants.
- (vi) In the year ended December 31, 2020, the Company issued 60,000 common shares of the Company for proceeds of \$30,000 related to the exercise of stock options.

Stock options

The Company has an incentive stock option plan (“Option Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants with the exercise price, expiry date, and vesting conditions determined by the Board of Directors. All stock options are equity settled. The Option Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of the grant.

The Company’s stock options outstanding as at September 30, 2021 and December 31, 2020 and the changes for the period then ended are as follows:

	Number of Options	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2019	891,000	2.13	2.71
Granted	2,425,000	0.21	3.80
Exercised	(60,000)	0.50	0.01
Forfeited	(201,000)	0.20	4.92
Expired	(30,000)	2.50	-
Balance, December 31, 2020	3,025,000	0.75	3.19
Granted	765,000	0.32	4.65
Exercised	(200,000)	0.19	4.42
Expired	(92,500)	0.90	-
Balance, September 30, 2021	3,497,500	0.68	3.50

During the nine months ended September 30, 2021 the Company granted 765,000 (2020 – nil) options that vest immediately. For options exercised during the period, the weighted average trading price was \$0.43 (2020 – \$1.10).

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The weighted average assumptions used in calculating the fair values of options granted in 2021 and 2020 are as follows:

	May 28, 2021	April 28, 2021	2020
Risk free rate	0.92%	0.93%	0.31%
Expected life	2.5 years	2.5 years	2.5 years
Expected volatility	123.51%	123.38%	118.94%
Forfeiture rate	Nil	Nil	Nil
Expected dividends	Nil	Nil	Nil

Total share-based compensation expense for the three and nine months ended September 30, 2021 related to the vesting of stock options was \$nil and \$173,370 respectively (2020 – \$331,874 and \$334,374 respectively).

Stock options outstanding at September 30, 2021 are as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
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	172,500
February 23, 2023	2.30	200,000	200,000
May 10, 2023	2.25	25,000	25,000
July 3, 2023	3.00	100,000	100,000
July 3, 2023	4.00	100,000	100,000
July 3, 2025	0.19	1,625,000	1,625,000
December 22, 2025	0.31	400,000	400,000
April 28, 2026	0.33	125,000	125,000
May 28, 2026	0.32	640,000	640,000
	0.68	3,497,500	3,497,500

Restricted Share Units

Under the Option Plan, the Company may grant restricted share units (“RSU’s”) to its eligible employees, officers, directors and consultants. The Option Plan provides for a maximum of 200,000 RSU’s for issuance. The awards have a graded vesting schedule over a three-year period and are equity settled upon vesting. The associated compensation cost is recorded in share-based compensation expense.

The following table summarizes the changes in RSU’s for the period ended September 30, 2021:

	Number of RSU's	Weighted Average Fair Value \$
Balance, December 31, 2020	-	-
Granted	200,000	0.31
Settled	-	-
Balance, September 30, 2021	200,000	0.36

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Total share-based compensation expense for the three and nine months ended September 30, 2021 related to the vesting of RSU's was \$11,543 and \$14,857 respectively (2020 – \$nil for the three and nine months respectively).

The RSU reserve in equity is measured at fair value on the grant date and is subsequently adjusted for changes in fair value at each reporting date until settlement. The fair value assumption of RSU's is estimated based on the quoted market price of the Company's common shares at the period end date multiplied by the number of vested RSU's.

Warrants

The Company's warrants outstanding as at September 30, 2021 and December 31, 2020 and the changes for the period then ended are as follows:

	Number of Warrants	Exercise Price \$
Balance, December 31, 2019	14,631,116	1.80
Issued	35,154,597	0.31
Exercised	(400,000)	0.25
Expired	(1,479,589)	2.50
Balance, December 31, 2020	47,906,124	0.70
Exercised	(3,527,888)	0.25
Expired	(9,351,491)	3.00
Balance, September 30, 2021	35,026,745	0.45

Warrants outstanding as at September 30, 2021 were as follows:

Expiry Date	Exercise Price \$	Outstanding Warrants
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	25,726,709
October 16, 2023	0.66	5,500,000
	0.45	35,026,745

Weighted average remaining contractual life is 0.9 years.

22. 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.

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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 United States Dollar (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.

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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.

Fair values

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

The fair value of the notes payable and contingent consideration is determined using discounted cash flows based on the expected amounts and timing of the cash flows discounted using a market rate of interest adjusted for appropriate credit risk. The fair value of the notes payable, are determined using Level 2 inputs. The fair value of the contingent consideration is determined using Level 3 inputs.

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.

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As at September 30, 2021	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets					
Notes receivable	-	31,899	-	31,899	-
	-	31,899	-	31,899	-
Financial liabilities					
Promissory note	-	100,706	-	100,706	-
Notes payable	-	17,910,378	-	17,910,378	-
Contingent consideration	624,398	-	-	-	624,398
	624,398	18,011,084	-	18,011,084	624,398

As at December 31, 2020	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial liabilities					
Notes payable	-	15,670,002	-	15,670,002	-
Contingent consideration	460,392	-	-	-	460,392
	460,392	15,670,002	-	15,670,002	460,392

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 support its operating, development and exploration plans and provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Company currently consists of equity attributable to shareholders of \$600,351 (December 31, 2020 – negative equity of \$74,199). 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 period ended September 30, 2021. The Company is not subject to externally imposed capital requirements.

23. SEGMENT REPORTING

The Company's business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The business segments are summarized as follows:

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For the nine months ended September 30, 2021	Colombia	Brazil	Corporate and other	Total
Total assets	31,879,576	2,219,595	254,430	34,353,601
Total liabilities	10,555,889	165,221	23,032,140	33,753,250
Revenue	29,370,392	-	-	29,370,392
Cost of sales	19,655,391	-	-	19,655,391
Income (loss) from continuing operations	6,449,119	(48,500)	(6,080,981)	319,638

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	7,748,022	-	-	7,748,022
Income (loss) from continuing operations	1,543,042	(52,467)	(5,141,314)	(3,650,739)

24. EARNINGS PER SHARE

The calculation of diluted earnings per share was based on income attributable to ordinary shareholders and the weighted-average number of shares outstanding after adjustments for the effect of potential dilutive shares. For the three and nine months ended September 30, 2021, potential share issuances arising from the exercise of share options and warrants were included in the calculation of diluted weighted average shares outstanding as well as their impact on income attributable to shareholders of the Company. Potentially dilutive shares associated with share options and warrants out of the money were not included in the diluted earnings per share calculation as their effect was antidilutive.

The following table summarizes the calculation of basic and diluted earnings per share:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Income (loss) for the period attributable to owners of the parent:	1,101,214	740,010	319,638	(3,861,140)
Basic weighted average number of common shares outstanding	64,370,462	59,032,494	63,156,699	40,006,577
Effective impact of dilutive securities:				
Share options ⁽ⁱ⁾	650,266	1,179,302	815,551	-
RSU's	-	-	200,000	-
Warrants ⁽ⁱⁱ⁾	5,897,033	15,817,729	7,485,794	-
Diluted weighted average number of common shares outstanding	70,917,761	76,029,526	71,658,044	40,006,577
Earnings (loss) per common share				
Basic	0.02	0.01	0.01	(0.10)
Diluted	0.02	0.01	0.00	(0.10)

(i) 707,500 share options were excluded from the dilution calculation as these options were out-of-the-money.

(ii) 9,300,036 warrants were excluded from the dilution calculation as these warrants were out-of-the-money.

25. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2021:

- (i) 780,666 warrants were exercised for proceeds of \$195,167.
- (ii) 3,550,036 warrants expired unexercised.
- (iii) 80,000 stock options expired unexercised.