SOMA GOLD CORP.

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

For the Three Months Ended March 31, 2022 and 2021

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	March 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		209,596	251,612
Trade and other receivables	5	5,689,102	4,469,100
Inventory	6	6,057,667	4,379,951
Prepaids and deposits	7	807,437	733,670
Total current assets		**12,763,802**	**9,834,333**
Non-current assets			
Notes receivable	12	31,682	31,944
Exploration and evaluation assets	8	4,076,461	3,645,082
Mineral properties, plant and equipment	9	22,893,248	21,018,056
TOTAL ASSETS		**39,765,193**	**34,529,415**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	11,122,833	10,706,481
Deferred revenue	11	2,029,256	2,374,062
Promissory note	12	-	404,507
Total current liabilities		**13,152,089**	**13,485,050**
Non-current liabilities			
Deferred income tax liability		2,931,884	2,972,000
Deferred revenue	11	-	71,206
Subordinated note	12	19,579,208	18,735,319
Decommissioning and restoration provision	13	303,083	282,434
Contingent consideration	14	437,774	502,034
TOTAL LIABILITIES		**36,404,038**	**36,048,043**
SHAREHOLDERS' EQUITY			
Share capital	17	51,146,255	48,113,755
Share option, RSU and warrant reserve	17	6,105,339	5,639,099
Contributed surplus		7,171,442	7,171,442
Deficit		(58,803,899)	(59,056,348)
Accumulated other comprehensive loss		(2,257,982)	(3,386,576)
Equity attributable to shareholders		3,361,155	(1,518,628)
TOTAL LIABILITIES AND EQUITY		**39,765,193**	**34,529,415**

Nature of operations (Note 1)
Subsequent events (Note 21)

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 and Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2022 $	March 31, 2021 $
Revenues		9,806,960	9,745,577
Cost of sales	15	(5,641,613)	(6,790,616)
Income from mine operations		4,165,347	2,954,961
Staffing and management costs		691,700	764,543
Other general and administration		218,832	135,884
Professional and consulting fees		200,673	203,761
Share-based compensation	17	466,240	4,375
Investor relations		60,438	60,575
Depreciation		38,870	6,505
Income before other items		2,488,594	1,779,318
Finance costs		(1,260,242)	(1,321,030)
Insurance proceeds		-	1,045,375
Other gains (losses)	16	(41,048)	(162,254)
Foreign exchange gain (loss)		11,641	30,202
Income for the period before tax		1,198,945	1,371,611
Current income tax expense		(946,496)	(1,014,190)
Income for the period		252,449	357,421
Other comprehensive income (loss)			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment		1,128,594	(1,035,322)
Total comprehensive income (loss) for the period		**1,381,043**	**(677,901)**

Earnings per common share			
Basic	20	0.00	0.01
Diluted	20	0.00	0.00
Weighted average number of common shares outstanding			
Basic	20	76,738,928	62,021,981
Diluted	20	81,900,979	73,282,780

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 Three Months Ended March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

	Notes	Number of Common Shares	Share Capital $	Share option and warrant reserve $	Contributed surplus $	Deficit $	Accumulated Other Comprehensive Income $	Total $
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	17	200,000	76,000	(38,000)	-	-	-	38,000
Exercise of warrants	17	1,152,888	288,221	-	-	-	-	288,221
Share-based compensation		-	-	4,374	-	-	-	4,374
Income for the period		-	-	-	-	357,421	-	357,421
Other comprehensive income for the period		-	-	-	-	-	(1,035,322)	(1,035,322)
Balance as at March 31, 2021		**62,964,484**	**47,324,839**	**5,444,313**	**7,171,442**	**(57,481,420)**	**(2,880,678)**	**(421,504)**
Balance as at December 31, 2021		**66,120,150**	**48,113,755**	**5,639,099**	**7,171,442**	**(59,056,348)**	**(3,386,576)**	**(1,518,628)**
Shares issued pursuant to Tucuma Property Option Agreement	17	250,000	77,500	-	-	-	-	77,500
Exercise of warrants	17	11,820,000	2,955,000	-	-	-	-	2,955,000
Share-based compensation	17	-	-	466,240	-	-	-	466,240
Income for the period		-	-	-	-	252,449	-	252,449
Other comprehensive income for the period		-	-	-	-	-	1,128,594	1,128,594
Balance as at March 31, 2022		**78,190,150**	**51,146,255**	**6,105,339**	**7,171,442**	**(58,803,899)**	**(2,257,982)**	**3,361,155**

Soma Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

		Three months ended
	March 31, 2022 $	**March 31, 2021 $**
Operating Activities		
Income (loss) for the period from continuing operations	252,449	357,421
Non-cash items:		
Finance costs	1,260,242	1,321,030
Current income tax expense	946,496	1,014,190
Depreciation	717,686	468,384
Other losses (gains)	41,048	83,904
Share-based compensation	466,240	4,375
Other expenses	-	78,350
Foreign exchange loss (gain)	(11,641)	(30,202)
Changes in working capital items:		
Trade and other receivables	(1,220,071)	(699,640)
Inventory	(1,348,357)	480,164
Prepaids, deposits and advance royalties	(72,650)	(44,086)
Trade payables and accrued liabilities	(3,817,146)	(3,277,316)
Income tax advances paid	(171,400)	-
	(2,957,101)	**(243,426)**
Investing Activities		
Expenditures on construction in progress	(1,966,126)	(793,577)
Expenditures on exploration and evaluation assets	(294,965)	(55,239)
Expenditures on mineral properties, plant and equipment	(155,041)	(75,405)
Disposition of property, plant and equipment	-	435,420
Disposition of exploration and evaluation assets	318,878	-
	(2,097,254)	**(488,801)**
Financing Activities		
Proceeds from exercise of stock options and share purchase warrants	2,955,000	326,222
	2,955,000	**326,222**
Effect of foreign exchange rate fluctuation	2,057,340	(145,083)
Increase (decrease) in cash during the period	(42,015)	(551,088)
Cash, beginning of the period	251,612	2,418,987
Cash, end of the period	**209,596**	**1,867,899**

(Unaudited - expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Soma Gold Corp. ("Soma" or the "Company") was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia) and trades 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 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8 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 May 30, 2022.

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 March 31, 2022	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%	Producing gold mine and active exploration and development company
Soma Gold US Inc.	United States	100%	US-based administration company

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).

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.

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 (“CAD”). The functional currency of Angra is the Brazilian Real. The functional currency of CML, Four Points and Soma Gold US Inc. is the US dollar (“USD”). The functional currency of Operadora is the Colombian Peso. The presentation currency of the Company is the Canadian dollar.

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

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

Transactions and balances
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 Notes 3 and 5 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 May 2021, the IASB published amendments to IAS 12 - Income Taxes. The amendments 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 effective date is for annual periods beginning on or after January 1, 2023, with early adoption permissible. The Company is currently assessing the effect of the amendments on its consolidated financial statements.

There are no other IFRS standards or interpretations that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

(Unaudited - expressed in Canadian Dollars)

5. TRADE AND OTHER RECEIVABLES

The Company's receivables consist of the following:

	March 31, 2022 $	December 31, 2021 $
Income taxes receivable	1,645,029	1,164,854
Trade receivables	286,006	390,679
Employee allowances	456,879	464,764
Value-added tax receivable	3,052,665	2,309,184
Other	248,523	139,619
	5,689,102	**4,469,100**

6. INVENTORY

The Company's inventory consists of the following:

	March 31, 2022 $	December 31, 2021 $
Materials and supplies	4,708,786	4,126,498
Gold in-circuit	1,348,882	253,452
	6,057,667	**4,379,951**

7. PREPAIDS AND DEPOSITS

The Company's prepaids and deposits consist of the following:

	March 31, 2022 $	December 31, 2021 $
Advances to suppliers	641,665	473,931
Prepaid insurance	157,532	250,679
Other advances	1,117	1,407
Deposits	7,123	7,123
Prepaid services	-	530
	807,437	**733,670**

(Unaudited - expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	Nechi	Zara	Tucumã	Total
	$	$	$	$
December 31, 2020	**611,759**	**108,865**	**-**	**720,624**
Additions	1,342	828,544	236,072	1,065,958
Disposals	-	(131,064)	-	(131,064)
Transfer from assets held for sale	-	-	2,210,003	2,210,003
Foreign exchange	(890)	(62,523)	(157,026)	(220,439)
December 31, 2021	**612,211**	**743,822**	**2,289,049**	**3,645,082**
Additions	-	244,843	50,122	294,965
Option payments received	-	-	(318,878)	(318,878)
Shares issued for option agreement	-	-	77,500	77,500
Foreign exchange	439	54,990	322,363	377,792
March 31, 2022	**612,650**	**1,043,655**	**2,420,156**	**4,076,461**

Nechi Gold Project

The Company owns 100% of 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 NSR royalties totaling 2.0%.

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.

Tucumã Gold Project

Through its subsidiary Angra, 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. In 2020, the Company planned to sell Angra and the Tucuma Project and classified it as held for sale. During the year ended December 31, 2021, the Company determined that an option agreement was a more probable outcome and reclassified the related assets to exploration and evaluation assets.

In the current period, the Company announced that it had optioned its Tucumã Project in Brazil to Ero Copper Corp. (“Ero”). Ero can acquire a 100% interest in the Project by completing the following:

a. Cash payments of:
    a. US$250,000 on signing the agreement (completed)
    b. US$100,000 on or before five business days after September 6, 2023
    c. US$100,000 on or before five business days after September 6, 2024

b. Complete exploration expenditures of:
    a. US$1,200,000 on or before September 6, 2023
    b. US$250,000 on or before September 6, 2024
    c. US$250,000 on or before September 6, 2025

c. Make a final option payment of US$6,000,000 in cash or common shares in the event that Soma has exercised the Buy-Back Option (defined below), or US$3,000,000 in cash or common shares in the event that Soma has failed to exercise the Buy-Back Option, on or before September 6, 2025.

(Unaudited - expressed in Canadian Dollars)

Soma entered into a separate agreement with the former owners of certain mining rights within the Project providing Soma an option (the "Buy-Back Option") to acquire the former owners' existing 1% net smelter returns royalty ("NSR") and to extinguish the former owners' right to a US$3,000,000 payment due upon commencement of commercial production. Soma can exercise the Buy-Back Option by issuing the former owners an initial 250,000 common shares of Soma (completed) and issuing an additional 250,000 common shares of Soma within three years.

Upon Soma having exercised the Buy-Back Option and Ero having exercised the Option to acquire a 100% interest in and to the Properties, Soma will be entitled to receive a 1.5% NSR, subject to Ero retaining the exclusive right and option to repurchase a 1.0% NSR by paying to Soma US$1,000,000 by the third anniversary after the date on which Ero publicly announces a construction decision on the Project.

9. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral Property	Buildings and Infrastructure	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2020	**10,175,902**	**599,982**	**9,492,727**	**90,114**	**219,565**	**161,441**	**20,739,731**
Additions	(20,512)	-	336,314	217,026	210,287	6,632,197	7,375,312
Disposals	-	(184,848)	-	(19,277)	(28,010)	(135,141)	(367,276)
Reversal of impairment	-	237,290	-	-	-	-	237,290
Foreign exchange	(501,138)	175,378	(576,868)	(14,847)	(15,154)	(464,068)	(1,396,697)
Transfer from assets held for sale	-	-	3,899	-	-	-	3,899
December 31, 2021	**9,654,252**	**827,802**	**9,256,072**	**273,016**	**386,688**	**6,194,429**	**26,592,259**
Additions	-	-	128,350	26,691	-	1,966,126	2,121,167
Foreign exchange	194,287	4,451	15,129	12,787	4,622	439,593	670,868
March 31, 2022	**9,848,539**	**832,253**	**9,399,551**	**312,494**	**391,310**	**8,600,149**	**29,384,294**

	Mineral Property	Buildings and Infrastructure	Equipment and machinery	Office equipment	Vehicles	Construction in progress	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2020	**730,597**	**143,313**	**1,892,702**	**50,355**	**73,737**	**-**	**2,890,703**
Depreciation/depletion	1,440,221	23,822	1,021,344	70,536	177,429	362,489	3,095,841
Disposals	-	(11,525)	-	(6,092)	(16,232)	-	(33,849)
Foreign exchange	(179,312)	(368)	(185,130)	(4,235)	(11,298)	-	(380,343)
Transfer from assets held for sale	-	-	1,850	-	-	-	1,850
December 31, 2021	**1,991,506**	**155,242**	**2,730,766**	**110,564**	**223,636**	**362,489**	**5,574,202**
Depreciation/depletion	252,738	5,315	226,009	36,997	39,549	157,079	717,687
Foreign exchange	59,383	(2,301)	99,905	4,860	9,421	27,890	199,157
March 31, 2022	**2,303,627**	**158,256**	**3,056,680**	**152,420**	**272,605**	**547,458**	**6,491,046**
Net Book Value							
December 31, 2021	7,662,746	672,559	6,525,306	162,452	163,052	5,831,940	21,018,056
March 31, 2022	**7,544,912**	**673,998**	**6,342,871**	**160,073**	**118,704**	**8,052,690**	**22,893,248**

El Bagre

The Company owns 100% of the El Bagre Gold Mining Complex ("El Bagre") in Antioquia, Colombia. El Bagre consists of the La Ye and Los Mangos operating underground gold mines, the Cordero underground mine development project, and an on-site gold processing plant. The properties are subject to an NSR royalty of 1%.

El Limon

The Company owns 100% of the El Limon Mine and Mill in Antioquia, 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.

(Unaudited - expressed in Canadian Dollars)

During the year ended December 31, 2021, the Company reevaluated its long-term plans for the El Limon Mine and Mill. The El Limon Mine was shut down with no plans to resume mining unless future exploration success identifies sufficient mineral reserves and resources to warrant restarting mining operations. The Company still intends to restart the El Limon Mill, but it will be fed with ore from other Company mines, particularly the Cordero Mine. As such, the Company determined that the El Limon Mill and the El Bagre Gold Mining Complex constitute a single cash-generating unit. The VIU of the realigned cash-generating unit exceeds its carrying value and in 2021 the Company recorded a partial reversal of previous impairments totaling $237,290, which represents the portion of the impairment related to the building and infrastructure of the El Limon mill.

10. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2022 $	**December 31, 2021 $**
Trade payables	4,595,610	4,998,993
Taxes payable	3,712,585	2,615,042
Employee benefit liabilities	1,243,444	1,572,305
Accrued liabilities	616,571	627,274
Salaries and wages payable	634,984	468,822
Withholdings payable	127,000	285,825
Advances	5,898	5,541
Other	186,741	132,679
	11,122,833	**10,706,481**

11. DEFERRED REVENUE

	March 31, 2022 $	**December 31, 2021 $**
Opening balance	**2,445,269**	**5,369,103**
Interest	368,595	1,893,457
Gold deliveries	(754,570)	(4,771,307)
Foreign exchange	(30,038)	(45,984)
Closing balance	**2,029,256**	**2,445,269**
Less: current portion	(2,029,256)	(2,374,062)
Non-current portion	**-**	**71,206**

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. Under the Offtake Agreement, the Company pays to MVPR a percentage of the value of gold mined at Operadora as follows:

- 12% on the first 24,500 gold ounces delivered (completed in January 2022);
- 6% on the next 22,000 gold ounces delivered; and

(Unaudited - expressed in Canadian Dollars)

- 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 months ended March 31, 2022 the Company delivered 4,164 ounces of gold (2021 - 3,528) under the Offtake Agreement. The delivery of the gold resulted in a decrease in deferred revenue of $754,570 for the three months ended March 31, 2022 (2021 - $964,677).

12. 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 months ended March 31, 2022 and 2021 as follows:

	Three months ended	
	March 31, 2022 $	**March 31, 2021 $**
Staffing and management costs	271,984	242,326
Share-based compensation	444,536	-
	716,520	**242,326**

For the three months ended March 31, 2022 the Company also paid $24,000 (2021 - $24,000) of office rent to a Company controlled by a director.

a) Subordinated Note

The Company has an outstanding ten-year Subordinated Note with a face value of $21,604,781 owing to Conex Services Inc. ("Conex"), a company owned by a director. The interest rate of the Subordinated Note is 12%, compounded quarterly. Principal and interest are repayable to Conex four years after the agreement date, beginning August 1, 2024. At inception, management used an effective interest rate of 18% to estimate the present value of the Subordinated Note at $14,539,366.

For the three months ended March 31, 2022, $87,931 (2021 – $34,160) of accretion and $755,958 (2021 – $671,659) of interest was expensed as finance costs in the statements of income (loss). The outstanding face value of the Subordinate Note, including accrued interest, as at March 31, 2022 was $26,310,218 (December 31, 2021 - $25,554,259).

(Unaudited - expressed in Canadian Dollars)

	March 31, 2022 $	December 31, 2021 $
Opening balance	**18,735,319**	**15,670,001**
Interest and accretion	843,889	3,065,318
Closing balance	**19,579,208**	**18,735,319**

b) Other Balances and Transactions

- At March 31, 2022, there is $31,682 in notes receivable due from an executive of the Company (December 31, 2021 - $31,944). The note receivable carries an interest rate of 2.5% per annum, compounded monthly, and has a three-year term. For the three months ended March 31, 2022 interest revenue of $199 (2021 - $Nil) was recorded in the statements of income related to the note receivable.
- At March 31, 2022, there is $36,362 in trade payables and accrued liabilities owing to executives and directors of the Company (December 31, 2021 - $66,060).
- At March 31, 2022, there is $23,252 in trade payables and accrued liabilities owing to a private company owned by a director of the Company (December 31, 2021 - $23,252).
- At March 31, 2022, there is $nil due under a promissory note to a private company owned by a director (December 31, 2021 - $404,507). The promissory note carried interest at a rate of 0.3% per month, compounded monthly. For the three months ended March 31, 2022, interest expense of $493 (2021 - $Nil) was recorded in the statements of income related to the promissory note. The promissory note was repaid in January 2022.

13. DECOMMISSIONING AND RESTORATION PROVISION

The Company estimates 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 is based on the current best estimate of mine closure and reclamation activities considering 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 3.15% (December 31, 2021 – 3.15%), a discount rate of 7.7% (December 31, 2021 – 7.7%) and a liability risk adjustment of 5.0% (December 31, 2021 – 5.0%) in calculating the provision. At March 31, 2022, the liability for retirement and remediation on an undiscounted basis before fair value adjustment is $320,574 (December 31, 2021 – $320,574). Most of the expected expenditures to settle the decommissioning and restoration provision are anticipated to occur in 2024 and 2025 as the current tailings pond is reclaimed and the La Ye and Los Mangos mines are permanently closed.

(Unaudited - expressed in Canadian Dollars)

14. CONTINGENT CONSIDERATION

	March 31, 2022 $	December 31, 2021 $
Opening balance	**502,034**	**460,392**
Payments	(98,060)	-
Effect of foreign exchange difference	(7,180)	(1,321)
Loss on fair value adjustment	40,980	42,963
	437,774	**502,034**

The contingent consideration is associated with the acquisition of Operadora. It is related to a 1% NSR royalty due on all future production from the El Bagre and Nechi properties. 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%.

15. COST OF SALES

	Three months ended March 31, 2022 $	March 31, 2021 $
Production costs	4,962,797	6,328,736
Depreciation	678,816	461,880
	5,641,613	**6,790,616**

16. OTHER GAINS (LOSSES)

	Three months ended March 31, 2022 $	March 31, 2021 $
Other expenses	(68)	(78,350)
Loss on revaluation (Note 14)	(40,980)	(83,904)
	(41,048)	**(162,254)**

17. SHARE CAPITAL

Authorized
Unlimited common shares without par value.

(Unaudited - expressed in Canadian Dollars)

Transactions
The following transactions impacted the number of common shares outstanding for the three months ended March 31, 2022:

(i) The Company issued 11,820,000 common shares of the Company for proceeds of $2,955,000 related to the exercise of warrants.

(ii) The Company issued 250,000 common shares of the Company, valued at $77,500, pursuant to the Buy-Back Option associated with the Tucumã project (see note 9).

The following transactions impacted the number of common shares outstanding for the year ended December 31, 2021:

(i) The Company issued 200,000 common shares for proceeds of $38,001 related to the exercise of stock options.

(ii) The Company issued 4,308,554 common shares for proceeds of $1,077,137 related to the exercise of warrants.

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 March 31, 2022 and December 31, 2021 and the changes for the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2020	**3,025,000**	**0.75**	**3.19**
Granted	765,000	0.32	4.39
Exercised	(200,000)	0.19	3.51
Expired	(172,500)	1.50	-
Balance, December 31, 2021	**3,417,500**	**0.65**	**3.33**
Granted	1,762,000	0.35	4.69
Exercised	-	-	-
Expired	(30,000)	1.80	-
Balance, March 31, 2022	**5,149,500**	**0.54**	**3.65**

During the three months ended March 31, 2022 the Company granted 1,762,000 options (2021 – nil) with various vesting terms. The weighted average trading price of the Company's common shares on the dates options were exercised during the three months ended March 31, 2021 was $0.43. No options were exercised in the three months ended March 31, 2022.

(Unaudited - expressed in Canadian Dollars)

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating the fair values of options granted during the three months ended March 31, 2022 and the year ended December 31, 2021 are as follows:

	March 29, 2022	January 10, 2022	May 28, 2021	April 28, 2021
Risk free rate	2.84%	2.74%	0.92%	0.93%
Expected life	3 years	5 years	2.5 years	2.5 years
Expected volatility	114%	100%	123%	119%
Forfeiture rate	Nil	Nil	Nil	Nil
Expected dividends	Nil	Nil	Nil	Nil

Total share-based compensation expense for the three months ended March 31, 2022 related to the vesting of stock options was $460,168 (2021 – $4,375).

Stock options outstanding at March 31, 2022 are as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
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
January 10, 2027	0.35	1,662,000	1,662,000
May 18, 2025	0.31	100,000	100,000
	0.54	**5,149,500**	**5,149,500**

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 stipulates that a maximum of 400,000 RSU's can be issued. 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.

(Unaudited - expressed in Canadian Dollars)

	Number of RSU's	Weighted Average Fair Value $
Balance, December 31, 2020	-	-
Granted	200,000	0.31
Settled	-	-
Balance, December 31, 2021	**200,000**	**0.36**
Granted	-	-
Settled	-	-
Balance, March 31, 2022	**200,000**	**0.31**

Total share-based compensation expense for the three months ended March 31, 2022 related to the vesting of RSU's was $6,072 (2021 – $nil).

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 of the RSU's is estimated based on the quoted market price of the Company's common shares at the reporting date multiplied by the number of vested RSU's.

Warrants

The Company's warrants outstanding as at March 31, 2022 and December 31, 2021 and the changes for the periods then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, December 31, 2020	**47,906,124**	**0.70**
Exercised	(4,308,554)	0.25
Expired	(1,882,421)	3.00
Expired	(11,019,105)	1.50
Balance, December 31, 2021	**30,696,043**	**0.34**
Exercised	(11,820,000)	0.25
Balance, March 31, 2022	**18,876,043**	**0.39**

Warrants outstanding at March 31, 2022 were as follows:

Expiry Date	Exercise Price $	Outstanding Warrants
July 6, 2022	0.25	13,126,043
April 4, 2023	2.00	250,000
October 16, 2023	0.66	5,500,000
	0.39	**18,876,043**

The Weighted average remaining contractual life is 0.90 years.

18. FINANCIAL RISK MANAGEMENT

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

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

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

The largest component of the Company's trade and other receivables is related to income taxes or value-added taxes receivable due from countries in which the Company operates (principally Colombia). The Company considers the credit risk for these receivables to be low. There are also amounts owing related to trade receivables, employee allowances receivable, and other receivables. The maximum exposure for these categories of receivables are their carrying amounts as disclosed in Note 5.

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 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 $209,596 and $251,612 as at March 31, 2022 and December 31, 2021, 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 Dollars (USD) and Colombian Pesos (COP), which exposes the Company to fluctuating balances and cash flows due to various foreign exchange rates.

As at March 31, 2022, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was $420,714 ($546,783 as at December 31, 2021) and $191,582 ($1,200,781 as at December 31, 2021), respectively. As at March 31, 2022, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was $5,422,828 ($3,961,233 as at December 31, 2021) and $9,870,165 ($7,861,271 as at December 31, 2021), 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. Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the price of gold would impact revenue for the period by approximately $490,000 (year ended December 31, 2021 – $1,998,000).

f) Other risks

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, Colombia and Brazil, 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.

Fair values

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

The fair value of the note payable and contingent consideration for disclosure purposes 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 note payable for disclosure purposes, is determined using Level 2 inputs. The fair value the contingent consideration for disclosure purposes, 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).

(Unaudited - expressed in Canadian Dollars)

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

As at March 31, 2022	**Carrying value**		**Fair value hierarchy**		
	FVTPL	**Amortized cost**	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**	**$**
Financial assets					
Notes receivable	-	31,682	-	31,682	-
	-	31,682	-	31,682	-
Financial liabilities					
Notes payable	-	19,579,208	-	19,579,208	-
Contingent consideration	437,774	-	-	-	437,774
	437,774	19,579,208	-	19,579,208	437,774

As at December 31, 2021	**Carrying value**		**Fair value hierarchy**		
	FVTPL	**Amortized cost**	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**	**$**
Financial assets					
Notes receivable	-	31,944	-	31,944	-
	-	31,944	-	31,944	-
Financial liabilities					
Promissory note	-	404,507	-	404,507	-
Notes payable	-	18,735,319	-	18,735,319	-
Contingent consideration	502,034	-	-	-	502,034
	502,034	19,139,826	-	19,139,826	502,034

Capital Management

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

Historically the Company depended largely on external financing to fund its activities but commenced commercial mining activities in 2020. The capital structure of the Company currently consists of equity attributable to shareholders of $3,361,155 (December 31, 2021 – negative equity of $1,518,628). 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 March 31, 2022. The Company is not subject to externally imposed capital requirements.

(Unaudited - expressed in Canadian Dollars)

19. 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:

For the three months ended March 31, 2022	Colombia	Brazil	Corporate and other	Total
Total assets	37,276,829	2,254,960	233,404	**39,765,193**
Total liabilities	13,150,473	172,735	23,080,830	**36,404,038**
Revenue	9,806,960	-	-	**9,806,960**
Cost of sales	5,641,613	-	-	**5,641,613**
Income for the period	2,569,805	(37,022)	(2,280,334)	**252,449**

For the three months ended March 31, 2021	Colombia	Brazil (Held for sale)	Corporate and other	Total
Total assets	28,355,597	2,068,103	191,671	**30,615,371**
Total liabilities	8,598,766	171,439	22,266,670	**31,036,875**
Revenue	9,745,577	-	-	**9,745,577**
Cost of sales	6,790,616	-	-	**6,790,616**
Income for the period	2,226,337	(19,673)	(1,849,243)	**357,421**

20. EARNINGS PER SHARE

The calculation of diluted earnings per share is based on income attributable to ordinary shareholders and the weighted-average number of shares outstanding after adjustments for the effect of potentially dilutive shares. For the three months ended March 31, 2022, 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 is antidilutive.

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

	Three months ended March 31, 2022 $	Three months ended March 31, 2021 $
Income for the period:	252,449	357,421
Basic weighted average number of common shares outstanding	76,738,928	62,021,981
Effective impact of dilutive securities:		
Share options(i)	867,714	920,190
RSU's	200,000	-
Warrants(ii)	4,094,337	10,340,609
Diluted weighted average number of common shares outstanding	81,900,979	73,282,780
Earnings per common share		
Basic	0.00	0.01
Diluted	0.00	0.00

(i) 2,259,500 share options were excluded from the dilution calculation.
(ii) 5,750,000 warrants were excluded from the dilution calculation.

21. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2022:

(i) 4,000,000 warrants were exercised for gross proceeds of $1,000,000.

(ii) 66,668 shares were issued on vesting of RSU's (Note 17)