SOMA GOLD CORP.

Condensed Interim Consolidated Financial Statements
(Unaudited – Expressed in Canadian Dollars)

For the Three Months Ended March 31, 2023 and 2022

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 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)

As at	Notes	**March 31, 2023 $**	**December 31, 2022 $**
ASSETS			
Current assets			
Cash and cash equivalents		680,211	529,667
Trade and other receivables	5	6,943,506	6,755,306
Inventory	6	6,855,833	4,751,233
Prepaids and deposits	7	716,709	767,280
Total current assets		**15,196,259**	**12,803,486**
Non-current assets			
Notes receivable	14	54,132	54,032
Exploration and evaluation assets	8	4,872,241	4,447,326
Mineral properties, plant and equipment	9	35,415,501	34,208,542
TOTAL ASSETS		**55,538,133**	**51,513,386**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10, 14	9,572,802	10,517,315
Equipment financing - current portion	11	1,986,373	1,944,226
Lease obligations - current portion	12	251,310	243,319
Deferred revenue - current portion	13	111,504	9,488
Total current liabilities		**11,921,989**	**12,714,348**
Non-current liabilities			
Deferred income tax liability		3,506,269	3,537,000
Equipment financing	11	3,435,956	3,928,759
Lease obligations	12	508,833	274,908
Deferred revenue	13	1,504,761	1,537,818
Subordinated note	14	23,409,232	22,400,264
Decommissioning and restoration provision	15	1,425,420	1,441,080
Contingent consideration	16	2,759,977	2,913,648
TOTAL LIABILITIES		**48,472,437**	**48,747,825**
SHAREHOLDERS' EQUITY			
Share capital	19	54,373,173	54,373,173
Share option, RSU and warrant reserve	19	6,553,862	6,266,098
Contributed surplus		7,171,442	7,171,442
Deficit		(57,594,480)	(58,798,808)
Accumulated other comprehensive loss		(3,438,301)	(6,246,344)
TOTAL SHAREHOLDERS' EQUITY		**7,065,696**	**2,765,561**
TOTAL LIABILITIES AND EQUITY		**55,538,133**	**51,513,386**

Nature of operations (Note 1)
Subsequent events (Note 23)

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.
Consolidated Statements of Income and Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	Notes	For the three months ended March 31, 2023 $	March 31 2022 $
Revenues		16,000,931	9,806,960
Cost of sales	17	(9,397,229)	(5,641,613)
Income from mine operations		6,603,702	4,165,347
Staffing and management costs		814,463	691,700
Other general and administration		324,842	218,832
Professional and consulting fees		238,253	200,673
Share-based compensation	19	287,764	466,240
Investor relations		25,426	60,438
Depreciation		22,259	38,870
Income before other items		4,890,695	2,488,594
Finance costs		(1,541,272)	(1,260,242)
Other losses	18	(23,200)	(41,048)
Foreign exchange gain (loss)		(97,294)	11,641
Income before tax		3,228,929	1,198,945
Current income tax expense		(2,024,601)	(946,496)
Income for the period		1,204,328	252,449
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment		2,808,043	1,128,594
Total comprehensive income for the period		**4,012,371**	**1,381,043**

Earnings per common share			
Basic	22	0.01	0.00
Diluted	22	0.01	0.00
Weighted average number of common shares outstanding			
Basic	22	91,081,820	76,738,928
Diluted	22	92,700,532	81,900,979

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, 2023 and 2022
(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, 2021		**66,120,150**	**48,113,755**	**5,639,099**	**7,171,442**	**(59,056,348)**	**(3,386,576)**	**(1,518,628)**
Exercise of stock options	19	250,000	77,500	-	-	-	-	77,500
Exercise of warrants	19	11,820,000	2,955,000	-	-	-	-	2,955,000
Share-based compensation	19	-	-	466,240	-	-	-	466,240
Income		-	-	-	-	252,449	-	252,449
Other comprehensive income		-	-	-	-	-	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**
Balance as at December 31, 2022		**91,081,820**	**54,373,173**	**6,266,098**	**7,171,442**	**(58,798,808)**	**(6,246,344)**	**2,765,561**
Share-based compensation	19	-	-	287,764	-	-	-	287,764
Income		-	-	-	-	1,204,328	-	1,204,328
Other comprehensive income		-	-	-	-	-	2,808,043	2,808,043
Balance as at March 31, 2023		**91,081,820**	**54,373,173**	**6,553,862**	**7,171,442**	**(57,594,480)**	**(3,438,301)**	**7,065,696**

Soma Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	For the three months ended	
	March 31 2023 $	March 31 2022 $
Operating Activities		
Income for the period from continuing operations	1,204,328	252,449
Non-cash items:		
Finance costs	1,541,272	1,260,242
Depreciation	1,538,358	717,686
Other losses	23,200	41,048
Share-based compensation	287,764	466,240
Foreign exchange loss (gain)	97,294	(11,641)
Changes in working capital items:		
Trade and other receivables	(143,797)	(1,220,071)
Inventory	(1,856,173)	(1,348,357)
Prepaids, deposits and advance royalties	50,571	(72,650)
Trade payables and accrued liabilities	(1,253,046)	(2,870,647)
Income tax advances paid	-	(171,400)
Net cash from (used in) operating activities	**1,489,771**	**(2,957,101)**
Investing Activities		
Expenditures on construction in progress	(645,270)	(1,966,126)
Expenditures on exploration and evaluation assets	(264,568)	(294,965)
Expenditures on mineral properties, plant and equipment	(1,219,460)	(155,041)
Disposition of property, plant and equipment	97,650	-
Disposition of exploration and evaluation assets	-	318,878
Net cash used in investing activities	**(2,031,648)**	**(2,097,254)**
Financing Activities		
Repayment of equipment financing	(594,240)	-
Increase in lease obligation	270,832	-
Lease payments	(79,961)	-
Gold deliveries under offtake agreement	(215,161)	-
Proceeds from exercise of stock options and share purchase warrants	-	2,955,000
Net cash from (used in) financing activities	**(618,530)**	**2,955,000**
Effect of foreign exchange rate fluctuation	1,310,951	2,057,340
Increase (decrease) in cash during the period	150,544	(42,015)
Cash, beginning of the period	529,667	251,612
Cash, end of the period	**680,211**	**209,597**

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

(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 and the Cordero underground gold mine. Commercial production was declared for the Cordero mine on January 1, 2023.

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 25, 2023.

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, 2023	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 and Four Points Mining SAS. The financial statement of Operadora contain the results of its subsidiary SGC Resources Ltd.

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 Note 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 October 2020, the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. This new requirement may change how companies classify their debt. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company's own equity instruments. The effective date is for annual periods beginning on or after January 1, 2024, with early adoption permitted.

(Unaudited – Expressed in Canadian Dollars)

The Company is currently assessing the effects of this new pronouncement but does not anticipate it having a material impact 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.

5. TRADE AND OTHER RECEIVABLES

The Company's receivables consist of the following:

	March 31, 2023 $	December 31, 2022 $
Income taxes receivable	786,931	248,941
Trade receivables	491,418	1,041,014
Employee allowances	429,916	469,819
Value-added tax receivable	5,218,365	4,851,506
Other	16,876	144,026
	6,943,506	**6,755,306**

6. INVENTORY

The Company's inventory consists of the following:

	March 31, 2023 $	December 31, 2022 $
Materials and supplies	5,739,446	4,221,512
Gold in-circuit	1,116,387	529,721
	6,855,833	**4,751,233**

The amount of inventory recognized as an expense for the three months ended March 31, 2023 was $2,308,551 (2022 - $1,418,124) and is included as a production cost in cost of sales (Note 17).

(Unaudited – Expressed in Canadian Dollars)

7. PREPAIDS AND DEPOSITS

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

	March 31, 2023 $	December 31, 2022 $
Advances to suppliers	231,311	307,454
Prepaid insurance	281,568	378,959
Prepaid software	178,858	66,673
Other advances	66	7,071
Deposits	7,123	7,123
Licenses	17,783	-
	716,709	**767,280**

8. EXPLORATION AND EVALUATION ASSETS

	Nechi $	Zara $	Tucumã $	Total $
December 31, 2021	**612,211**	**743,822**	**2,289,049**	**3,645,082**
Additions	241	878,239	62,822	941,302
Option payments received	-	-	(318,878)	(318,878)
Shares issued for option agreement	-	-	77,500	77,500
Foreign exchange	(751)	(156,806)	259,877	102,320
December 31, 2022	**611,701**	**1,465,255**	**2,370,370**	**4,447,326**
Additions	3,672	260,896	-	264,568
Foreign exchange	361	69,008	90,978	160,347
March 31, 2023	**615,734**	**1,795,159**	**2,461,348**	**4,872,241**

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 year, 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.

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.

(Unaudited – Expressed in Canadian Dollars)

9. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral Properties	Buildings and Infrastructure	Equipment & machinery	Office equipment	Vehicles	Right-of-use assets	Construction in progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2021	**9,654,252**	**827,802**	**9,256,072**	**273,016**	**386,688**	**-**	**6,194,429**	**26,592,259**
Additions	1,465,995	274,278	4,508,434	108,330	2,368,537	690,167	9,729,083	19,144,824
Disposals	-	-	-	(187,305)	(61,235)	-	-	(248,540)
Foreign exchange	(527,294)	50,125	(223,804)	(9,015)	(223,757)	(60,705)	(1,511,994)	(2,506,444)
December 31, 2022	**10,592,953**	**1,152,205**	**13,540,701**	**185,026**	**2,470,236**	**629,462**	**14,411,519**	**42,982,100**
Additions	780,156	12,837	162,241	-	-	264,227	645,270	1,864,730
Disposals	-	-	-	(97,650)	-	-	-	(97,650)
Transfers	14,484,853	-	-	-	-	-	(14,484,853)	-
Foreign exchange	581,525	10,253	237,375	2,164	99,483	33,416	269,929	1,234,145
March 31, 2023	**26,439,487**	**1,175,295**	**13,940,317**	**89,540**	**2,569,719**	**927,105**	**841,865**	**45,983,325**

	Mineral Properties	Buildings and Infrastructure	Equipment and machinery	Office equipment	Vehicles	Right-of-use assets	Construction in progress	Total
Accumulated Depreciation	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
December 31, 2021	**1,991,506**	**155,242**	**2,730,766**	**110,564**	**223,636**	**-**	**362,489**	**5,574,202**
Depreciation/depletion	1,043,805	154,446	650,118	141,089	105,615	149,590	1,606,904	3,851,565
Disposals	-	-	-	(184,946)	(12,341)	-	-	(197,287)
Foreign exchange	(137,340)	(1,776)	(104,245)	1,418	(19,823)	(13,145)	(180,011)	(454,921)
December 31, 2022	**2,897,972**	**307,911**	**3,276,638**	**68,125**	**297,086**	**136,445**	**1,789,381**	**8,773,559**
Depreciation/depletion	1,177,270	46,001	211,284	1,385	34,968	67,450	-	1,538,358
Transfers	1,820,186	-	-	-	-	-	(1,820,186)	-
Foreign exchange	119,160	6,598	81,008	406	10,426	7,505	30,804	255,907
March 31, 2023	**6,014,588**	**360,510**	**3,568,930**	**69,916**	**342,480**	**211,400**	**-**	**10,567,824**
Net Book Value								
December 31, 2022	7,694,981	844,293	10,264,063	116,901	2,173,150	493,017	12,622,137	34,208,542
March 31, 2023	**20,424,899**	**814,784**	**10,371,386**	**19,624**	**2,227,238**	**715,705**	**841,865**	**35,415,501**

El Bagre

The Company owns 100% of the El Bagre Gold Mining Complex ("El Bagre") in Antioquia, Colombia. El Bagre consists of the legacy La Ye and Los Mangos underground gold mines, the Cordero underground mine (commercial production declared on January 1, 2023), and an on-site gold processing plant. The La Ye and Los Mangos gold mines are at the end of their respective mine lives and are being decommissioned in 2023. The properties are subject to an NSR royalty of 1%.

With the declaration of commercial production, construction in progress relating to the Cordero Mine was transferred to mineral properties in the period. In accordance with *International Accounting Standards 16*, proceeds from Cordero gold concentrates produced during the construction phase, along with related costs (including depletion) were recognized in profit or loss.

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)

10. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2023 $	December 31, 2022 $
Trade payables	4,670,108	6,992,314
Taxes payable	2,267,413	616,147
Employee benefit liabilities	1,135,121	1,242,361
Accrued liabilities	221,741	239,598
Salaries and wages payable	953,770	645,511
Withholdings payable	324,649	781,384
	9,572,802	**10,517,315**

11. EQUIPMENT FINANCING

	March 31, 2023 $	December 31, 2022 $
Opening balance	**5,872,985**	**-**
Increase in equipment financing	-	6,632,313
Interest	126,051	115,034
Repayments	(594,240)	(530,722)
Foreign exchange	17,533	(343,640)
Closing balance	**5,422,329**	**5,872,985**
Less: current portion	(1,986,373)	(1,944,226)
Non-current portion	**3,435,956**	**3,928,759**

The Company has entered a financing arrangement with Sandvik Financial Services S.A. to purchase various pieces of underground mining equipment. The loans carry an interest rate of 9%, require monthly payments of principal and interest, and are amortized over 36 months.

The financing is secured by the underlying equipment purchased, which has a net book value of $6,446,443 at March 31, 2023. The financed equipment is included in equipment & machinery and vehicles in mineral properties, plant and equipment (Note 9).

(Unaudited – Expressed in Canadian Dollars)

12. LEASE OBLIGATIONS

	March 31, 2023 $	December 31, 2022 $
Opening balance	**518,227**	**-**
Additions	270,832	690,167
Interest	16,331	31,585
Lease payments	(79,961)	(169,169)
Foreign exchange	34,714	(34,356)
Closing balance	**760,143**	**518,227**
Less: current portion	(251,310)	(243,319)
Non-current portion	**508,833**	**274,908**

The leases relate principally to light vehicles and portable camp and office buildings.

13. DEFERRED REVENUE

	March 31, 2023 $	December 31, 2022 $
Opening balance	**1,547,306**	**2,445,269**
Interest	300,021	911,033
Gold deliveries	(215,161)	(3,360,191)
Revaluation due to updated resource estimate	-	1,466,634
Foreign exchange	(15,901)	84,561
Closing balance	**1,616,265**	**1,547,306**
Less: current portion	(111,504)	(9,488)
Non-current portion	**1,504,761**	**1,537,818**

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 was US$5.0 million.

- 12% on the first 24,500 gold ounces delivered (completed in January 2022);
- 6% on the next 22,000 gold ounces delivered (completed in January 2023); and
- 1% on the gold ounces delivered until the end of production.

The remaining payments under the Offtake Agreement are variable, as they are subject to cumulative adjustments when the number of ounces to be delivered under the contracts change, when there is an increase in the Company's mineral reserve and resource estimates or when there are changes to the mine plans. The value of the remaining obligation saw a substantial increase during the year ended December 31, 2022 due to the release of a new resource estimate and updated mine plan covering the years 2023 through 2026.

For the three months ended March 31, 2023, the Company delivered 6,377 (2022 - 4,164) ounces of gold under the Offtake Agreement. The delivery of the gold for the three months ended March 31, 2023 resulted in a decrease in deferred revenue of $215,161 (2022 - $754,570).

(Unaudited – Expressed in Canadian Dollars)

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

14. 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 as follows:

	Three months ended	
	March 31, 2023	March 31, 2022
	$	$
Staffing and management costs	234,886	241,984
Share-based compensation	57,617	444,536
	292,503	**686,520**

For the three months ended March 31, 2023 the Company also paid $25,680 (2022 - $24,000) in office rent and $32,100 (2022 - $30,000) in consulting fees 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, 2023, $158,131 (2022 - $87,931) of accretion and $850,837 (2022 - $755,958) of interest was expensed as finance costs in the statements of income. The outstanding face value of the Subordinate Note, including accrued interest, as at March 31, 2023 was $29,612,371 (December 31, 2022 - $28,761,534).

	March 31, 2023	December 31, 2022
	$	$
Opening balance	**22,400,264**	**18,735,319**
Interest and accretion	1,008,968	3,664,945
Closing balance	**23,409,232**	**22,400,264**

b) Other Balances and Transactions

- At March 31, 2023, there is $54,132 in notes receivable due from an executive of the Company (December 31, 2022 - $54,032). The original note was retired during 2022 and a new note was issued later in the year. The notes carried an interest rate of 2.5% per annum, compounded monthly, and had three-year terms. For the three months ended March 31, 2023 interest revenue of $100 (2022 - $199) was recorded in the statements of income related to the notes receivable.

(Unaudited – Expressed in Canadian Dollars)

- At March 31, 2023, there is $21,539 in trade payables and accrued liabilities owing to executives and directors of the Company (December 31, 2022 - $42,411).
- At March 31, 2023, there is $23,252 in trade payables and accrued liabilities owing to a private company owned by a director of the Company (December 31, 2022 - $23,252).

15. DECOMMISSIONING AND RESTORATION PROVISION

	March 31, 2023 $	December 31, 2022 $
Opening balance	**1,441,080**	**282,435**
Additions for new projects	-	1,024,669
Changes in estimated costs	-	147,790
Changes in economic assumptions	51,198	(1,244)
Accretion on provision	28,859	17,667
Settlements during the period	(157,171)	-
Foreign exchange	61,454	(30,237)
Closing balance	**1,425,420**	**1,441,080**

The Company estimates its decommissioning and restoration provision based on its understanding of the requirements to reclaim and remediate its El Bagre 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 inflation rates of 7.15% to 2.96% (December 31, 2022 - 7.15% to 2.96%), a discount rate of 11.30% (December 31, 2022 - 12.96%) and a liability risk adjustment of 5.0% (December 31, 2022 - 5.0%) in calculating the provision. At March 31, 2023, the liability for retirement and remediation on an undiscounted basis before fair value adjustment is $1,754,785 (December 31, 2022 - $1,833,756).

Approximately 21% of the provision is anticipated to be utilized over 2023-2024 with the closure of the La Ye and Los Mangos mines and the current tailings pond facility. The remainder is expected to be incurred in the two years following the closure of the Cordero mine. The current Cordero mine plan currently extends until 2026.

(Unaudited – Expressed in Canadian Dollars)

16. CONTINGENT CONSIDERATION

	March 31, 2023 $	December 31, 2022 $
Opening balance	**2,913,648**	**502,034**
Payments	(218,521)	(476,249)
Effect of foreign exchange difference	(2,753)	16,553
Loss on fair value adjustment	67,603	2,871,310
	2,759,977	**2,913,648**

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 10%, average gold price of US$1,877, and average USD-CAD exchange rate of 1.35. If all other variables remain constant, a 10% change in the quantity of gold produced, the gold price or the exchange rate would change the contingent consideration by $276,000.

The contingent consideration payments are variable, as they are subject to cumulative adjustments when the number of ounces to be delivered under the contracts change, when there is an increase in the Company's mineral reserve and resource estimates or when there are changes to the mine plans. The value of the remaining obligation saw a substantial increase during the year ended December 31, 2022 due to the release of a new resource estimate and updated mine plan covering the years 2023 through 2026.

17. COST OF SALES

	Three months ended	
	March 31, 2023 $	March 31, 2022 $
Production costs	7,881,130	4,962,797
Depreciation	1,516,099	678,816
	9,397,229	**5,641,613**

18. OTHER GAINS (LOSSES)

	Three months ended	
	March 31, 2023 $	March 31, 2022 $
Other income (expenses)	44,403	(68)
Loss on revaluations of contingent consideration and deferred revenue (Notes 13, 16)	(67,603)	(40,980)
	(23,200)	**(41,048)**

(Unaudited – Expressed in Canadian Dollars)

19. SHARE CAPITAL

Authorized
Unlimited common shares without par value.

Transactions
There was no share transaction during the three months ended March 31, 2023.

The following transactions impacted the number of common shares outstanding for the year ended December 31, 2022:

(i) The Company issued 24,645,002 common shares of the Company for proceeds of $6,161,251 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).

(iii) The Company issued 66,668 shares valued at $20,667 in relation to previously granted restricted share units.

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, 2023 and December 31, 2022 and the changes for the three months then ended are as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2021	**3,417,500**	**0.65**	**3.33**
Granted	2,752,000	0.13	4.11
Expired	(277,500)	1.21	-
Balance, December 31, 2022	**5,892,000**	**0.47**	**3.70**
Granted	800,000	0.46	1.45
Expired	(200,000)	2.30	-
Balance, March 31, 2023	**6,492,000**	**0.41**	**4.20**

During the three months ended March 31, 2023 the Company granted 800,000 options (2022 - 1,762,000) with various vesting terms. No options were exercised during the three months ended March 31, 2023.

(Unaudited – Expressed in Canadian Dollars)

The fair value of all 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, 2023 and the year ended December 31, 2022 are as follows:

	March 2023	**December 2022**	**October 2022**	**March 2022**	**January 2022**
Risk free rate	2.96%	2.91%	3.49%	2.84%	2.74%
Expected life	5 years	2.5 years	1.5 years	3 years	5 years
Expected volatility	99%	85%	70%	114%	100%
Forfeiture rate	Nil	Nil	Nil	Nil	Nil
Expected dividends	Nil	Nil	Nil	Nil	Nil

Total share-based compensation expense for the three months ended March 31, 2023 related to the vesting of stock options was $276,000 (2022 - $460,168).

Stock options outstanding at March 31, 2023 are as follows:

Expiry Date	**Exercise Price**	**Options Outstanding**	**Options Exercisable**
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
October 6, 2025	0.32	250,000	250,000
December 22, 2025	0.31	350,000	350,000
April 28, 2026	0.33	100,000	100,000
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
December 16, 2027	0.30	740,000	740,000
March 27, 2028	0.46	800,000	800,000
	0.41	**6,492,000**	**6,492,000**

The options dated May 10, 2023 expired unexercised subsequent to the period ended March 31, 2023.

(Unaudited – Expressed in Canadian Dollars)

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.

	Number of RSU's	Weighted Average Fair Value $
Balance, December 31, 2021	**200,000**	**0.36**
Granted	-	-
Settled	(66,668)	0.31
Balance, December 31, 2022 and March 31, 2023	**133,332**	**0.33**

Total share-based compensation expense for the three months ended March 31, 2023 related to the vesting of RSU's was $11,764 respectively (2022 - $6,072).

The RSU's are awarded to executives and are measured at fair value, which is determined based on the quoted market price of the Company's common shares at the grant date. The fair value of the estimated number of RSU's that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSU's with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSU's.

Warrants

The Company's warrants outstanding as at March 31, 2023 and December 31, 2022 and the changes for the three months then ended are as follows:

	Number of Warrants	Exercise Price $
Balance, December 31, 2021	**30,696,043**	**0.34**
Exercised	(24,645,002)	0.25
Expired	(301,041)	0.25
Balance, December 31, 2022 and March 31, 2023	**5,750,000**	**0.72**

(Unaudited – Expressed in Canadian Dollars)

Warrants outstanding at March 31, 2023 were as follows:

Expiry Date	Exercise Price $	Outstanding Warrants
April 4, 2023	2.00	250,000
October 16, 2023	0.66	5,500,000
	0.72	**5,750,000**

The warrants dated April 4, 2023 expired unexercised subsequent to the period ended March 31, 2023.

The Weighted average remaining contractual life is 0.52 years.

20. FINANCIAL RISK MANAGEMENT

Financial risk management

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

a) Interest rate risk

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

b) Credit risk

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

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. The Company's trade receivables are related to doré delivered to MVPR. The Company uses a single gold buyer and receives payment for 75% of the delivery value on the business day following delivery, and the remaining 25% on the business day following the export of refined metal by the refinery. Given the single buyer and very short-term nature of the trade receivables the Company considers their credit risk to be low. There are also smaller amounts owing related to 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. At March 31, 2023. the Company had cash of $680,211 (December 31, 2022 - $529,667) and working capital of $3,274,270 (December 31, 2022 - $89,138).

The Company's financial obligations consist of trade payables and accrued liabilities, equipment financing, lease obligations and a subordinated note. The maturity analysis of the financial obligations as at March 31, 2023 is as follows:

	1 year	2-3 years	4-5 years	More than 5 years	Total
	$	**$**	**$**	**$**	**$**
Trade payables and accrued liabilities	9,572,802	-	-	-	9,572,802
Equipment financing - principal and interest	2,394,966	3,708,792	-	-	6,103,758
Lease obligations - principal and interest	251,310	508,833	-	-	760,143
Subordinated note - principal and interest	-	11,527,700	16,274,400	21,022,210	48,824,310
	12,219,078	15,745,325	16,274,400	21,022,210	65,261,013

d) Foreign currency risk

Foreign currency risk is 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, 2023, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was $775,102 (December 31, 2022 - $1,414,448) and $5,529,514 (December 31, 2022 - $6,626,650), respectively. As at March 31, 2023, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was $6,818,995 (December 31, 2022 - $5,839,169) and $9,163,354 (December 31, 2022 - $9,347,786), respectively.

The effect on earnings before taxes at March 31, 2023 of a 10% appreciation or depreciation in foreign currencies against the Canadian dollar on the Companies net financial instruments is estimated to be $712,000 (year ended December 31, 2022 - $875,000). 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 profit (loss) for the three months ended March 31, 2023 by approximately $800,000 (year ended December 31, 2022 - $2,648,000).

f) Other risks

Colombia has recently elected a new President who has announced a review of various laws and regulations, including mining royalties and income taxes for companies exporting minerals. Corporate income tax rates have been increased from 31% to 35%, but no changes were made to the royalty rates. Future changes to Colombian laws and regulations could negatively impact the Company.

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 notes receivable, equipment financing, subordinated note 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 notes receivable, equipment financing and subordinated note, for disclosure purposes, is 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.

(Unaudited – Expressed in Canadian Dollars)

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.

As at March 31, 2023	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets					
Notes receivable	-	54,132	-	-	-
	-	54,132	-	-	-
Financial liabilities					
Equipment financing	-	5,422,329	-	-	-
Subordinated note	-	23,409,232	-	-	-
Contingent consideration	2,759,977	-	-	-	2,759,977
	2,759,977	28,831,561	-	-	2,759,977

As at December 31, 2022	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets					
Notes receivable	-	54,032	-	-	-
	-	54,032	-	-	-
Financial liabilities					
Promissory note	-	5,872,985	-	-	-
Subordinated note	-	22,400,264	-	-	-
Contingent consideration	2,913,648	-	-	-	2,913,648
	2,913,648	28,273,249	-	-	2,913,648

The fair value of level 3 contingent consideration is determined using a discounted cash flow model, taking into consideration assumptions including future gold prices, future foreign exchange rates and operating results from the Company's mines (Note 16). The equipment financing has a fair value of $5,403,000 (December 31, 2022 - $5,835,000), and the subordinated note has a fair value of $26,288,468 (December 31, 2022 - $25,327,000). The fair value of the notes receivable and promissory note approximate their fair values.

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 $7,065,696 (December 31, 2022 - $2,765,561) and a subordinated note of $23,409,232 (December 31, 2022 - $22,400,264). 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 three months ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

(Unaudited – Expressed in Canadian Dollars)

21. 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, 2023	Colombia	Brazil	Corporate and other	Total
Total assets	52,903,794	2,296,449	337,890	**55,538,133**
Total liabilities	18,893,059	29,592	29,549,786	**48,472,437**
Revenue	16,000,931	-	-	**16,000,931**
Cost of sales	9,397,229	-	-	**9,397,229**
Income for the year	3,694,411	(38,767)	(2,451,316)	**1,204,328**

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 year	2,569,805	(37,022)	(2,280,334)	**252,449**

22. 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, 2023, 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:

(Unaudited – Expressed in Canadian Dollars)

	Three months ended	
	March 31, 2023 $	March 31, 2022 $
Income for the period:	1,204,328	252,449
Basic weighted average number of common shares outstanding	91,081,820	76,738,928
Effective impact of dilutive securities:		
Share options	1,485,380	867,714
RSU's	133,332	200,000
Warrants	-	4,094,337
Diluted weighted average number of common shares outstanding	92,700,532	81,900,979
Earnings per common share		
Basic	0.01	0.00
Diluted	0.01	0.00

1,025,000 (2022 - 2,259,500) options and 5,750,000 (2022 - 5,750,000) warrants were excluded from the calculation as their effect was antidilutive.

23. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2023:

(i) 200,000 stock options were exercised.

(ii) 66,668 shares were issued on the vesting of RSU's (Note 19).

(iii) 200,000 stock options expired and an additional 300,000 stock options were issued to employees of the company.

(iv) 250,000 warrants expired.

(v) The Company purchased 100% of the Otú Centro Project ("Otú Centro") in Antioquia, Colombia. The Otú Centro Project includes 11,160 hectares of highly prospective ground along the Otú gold trend and is directly south of and contiguous with the Soma's Zara Project. Principal terms of the agreement include:

- An initial cash payment of US$1,000,000 on closing the agreement (completed).
- A second cash payment of US$1,120,000 due on May 12, 2024.
- The assumption of US$150,000 in liabilities related to the properties.
- The granting of a 2% NSR on metallic minerals. One-half of the NSR (1%) can be repurchased by Soma for US$1,000,000 (indexed to US CPI).