

SOMA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

BACKGROUND

This management's discussion and analysis ("MD&A") of financial position and results of operations is prepared as of May 29, 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") of Soma Gold Corp. (the "Company" or "Soma") for the three months ended March 31, 2024 and 2023 and the audited consolidated financial statements for the years ended December 31, 2023 and 2022 as presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Company's reporting currency is Canadian dollars, and all amounts are expressed in Canadian dollars unless otherwise stated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated mineral production or property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise any additional funds, if required.

DESCRIPTION OF BUSINESS

The Company is a natural resource company engaged in the business of acquiring, exploring, developing and operating mining properties in South America. The Company was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia). Soma trades on the TSX Venture Exchange under the symbol "SOMA" and on the OTCQX Best Market under the symbol "SMAGF".

The Company's principal operation is the El Bagre Gold Mining Complex ("El Bagre") which consists of an operating gold processing plant (the "El Bagre Mill") and the Cordero underground mine – which was declared to have achieved commercial production effective January 1, 2023. El Bagre is located approximately 170 kilometers northeast of Medellin in the department of Antioquia, Colombia.

CORPORATE HIGHLIGHTS

Amended Offtake Agreement – In May 2024, Soma announced that it had amended its offtake agreement (the “Offtake Agreement”) with Goldlogic Corp. (“Goldlogic” - formerly Neuva Granada Gold Corp.) and MVPR International Incorporated by drawing an additional US\$3 million. Under the terms of the amended Offtake Agreement, Soma received a new advance payment of US\$3 million from Goldlogic and will deliver a monthly cash payment equivalent to 59.9 ounces of gold to Goldlogic for 36 months, commencing in June 2024 (Tranche 4). The funds will be used to continue development work at the Aurora mine and to augment the Company’s 2024 exploration budget.

Final Otu Centro Payment – In May 2024, Soma announced that it had made the second and final payment (US\$1.12 million) required to purchase the prospective Otu Centro properties, which include the past producing Aurora Mine. As a result, the Company now owns 100% of the properties, subject to a 2% NSR on metallic minerals.

Resignation of CEO – In January and February 2024, Soma announced that Javier Cordova had temporarily resigned from all positions with the Company (including President, CEO and Director) and taken a leave of absence to deal with personal issues. In April 2024, the Company announced that the resignation was permanent.

Listing on the OTCQX Best Market – In January 2024, the Company announced that it would graduate from trading on the OTCQB Venture Market and begin trading on the OTCQX Best Market.

Environmental Award – In December 2023, Soma announced that they had received the highest “Sustainability Seal” from the environmental authority CORANTIOQUIA. The AAA certification level is awarded to organizations that surpass regulatory requirements and demonstrate outstanding sustainability performance.

New Collective Bargaining Agreement – In September 2023, Soma announced that they had reached a new two-year Collective Agreement with Sintramienenergetica-Zaragoza, the Union representing employees at the El Bagre Gold Mining Complex.

Acquisition of Otú Centro Properties – In May 2023, Soma announced the acquisition of the exploration properties immediately to the south of our existing Zara concessions. The acquisition added 11,160 hectares to our land position in the highly prospective Otú gold trend.

VP of Capital Markets Appointed – In April 2023, the Company announced that Jean-Francois Meilleur had been appointed as Vice-President of Capital Markets.

New ESG Initiative in Colombia – In March 2023, the Company announced that it was partnering with CORANTIOQUIA, on its ‘EcoSchools Program’ – a landmark initiative which provides environmental education and awareness and eco-friendly infrastructure to rural schools.

Civil Unrest – In March 2023, the Company announced that it had temporarily suspended operations due to civil unrest directed at the Colombia Government. Although the protests were not directed at Soma, the Company suspended operations in the interest of workers’ safety. The shutdown lasted seven days before operations were safely resumed.

VP of Operations Appointed – In February 2023, the Company announced that Mark Bren, an experienced mine operator, had been appointed the Vice-President of Operations to oversee the Company’s operations in Colombia.

Commercial Production at Cordero – In January 2023, the Company announced that the construction phase of the Cordero Mine was largely complete, and that commercial production was achieved effective January 1, 2023.

Repayment of Gold Loan – In January 2023, the Company announced that it had completed the 2nd tranche of payments owing under the gold loan. The only remaining obligation is a 1% NSR.

Self-performing Mining Operations – In January 2023, the Company announced that it was now self-

performing mining operations with its newly purchased fleet of Sandvik underground mining equipment.

New 43-101 Resource – In January 2023, the Company announced the results of a new independent 43- 101 Report including a significant increase to resources at Cordero and a positive Preliminary Economic Assessment (PEA). Highlights included:

- Indicated Mineral Resources at Cordero increased by 18% to 78,000 ounces.
- Inferred Mineral Resources at Cordero increased by 1,093% to 192,000 ounces.
- Total Indicated Mineral Resources in Antioquia increased by 10% to 127,000 ounces.
- Total Inferred Mineral Resources in Antioquia increased by 174% to 277,000 ounces.
- Using base-case metal price of US\$1,700 per ounce of gold and a CAD/US\$ exchange rate of 0.75, the project has a pre-tax NPV of \$94.6million, and an after-tax NPV of \$55.9 million, both using an 8% discount rate.

The full Technical Report was filed on Sedar on February 16, 2023.

OPERATING SUMMARY

El Bagre Project

The El Bagre Mill has a capacity of 450 tonnes per day (“tpd”) and had historically produced up to 20,000 ounces of gold annually. Production increased to 23,115 gold equivalent (AuEq) ounces in 2022 and to 32,340 AuEq ounces in 2023. Soma’s existing El Limon, Zara, and newly acquired Otú Centro projects are contiguous with El Bagre, and management believes that El Bagre’s mineralized trend extends onto the El Limon property.

In 2023, Soma started decommissioning its legacy La Ye and Los Mangos mines and declared commercial production at its new Cordero underground mine (“Cordero”). Ore from Cordero has now fully replaced mill feed from La Ye and Los Mangos - at a higher average grade. The Company also plans on restarting the El Limon Mill as total mining production warrants. The two mills have a combined capacity of 675 tpd and are fully permitted to a combined capacity of 1,400 tpd to accommodate future growth.

For the three months ended March 31, 2024, Soma sold 7,024 (2023 - 6,448) gold equivalent ounces⁽¹⁾ at an average realized price⁽²⁾ of CAD\$2,814 (2023 - \$2,537) per ounce. Summary production data for recent periods is as follows:

2024	Quarter 1
Tonnes mined	38,254
Tonnes milled	37,742
Gold equivalent ounces sold ⁽¹⁾	7,024
Average realized price per ounce ⁽²⁾	2,814

2023	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year-To-Date
Tonnes mined	35,300	39,009	43,411	39,438	157,158
Tonnes milled	34,171	38,369	38,241	37,742	148,523
Gold equivalent ounces sold ⁽¹⁾	6,448	8,943	9,112	7,266	31,769
Average realized price per ounce ⁽²⁾	2,537	2,628	2,556	2,729	2,612

2022	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Tonnes mined	44,972	34,904	28,667	35,439	143,982
Tonnes milled	42,180	35,277	30,087	34,576	142,120
Gold equivalent ounces sold ⁽¹⁾	4,235	7,583	5,494	5,640	22,952
Average realized price per ounce ⁽²⁾	2,368	2,392	2,254	2,411	2,359

⁽¹⁾ Gold equivalent (“AuEq”) ounces include silver ounces produced and sold and converted to a gold equivalent based on the spot market price. The silver content accounts for approximately 1% of the total gold equivalent ounces.

⁽²⁾ Average realized price per ounce is a “Non-IFRS Financial Performance Measure” and readers should refer to that section of this Management’s Discussion and Analysis for a description of this measurement.

An updated NI 43-101 Technical Report on the El Bagre Gold Mining Complex and Nechi Project, Department of Antioquia, Colombia (the "Technical Report"), by SLR Consulting (Canada) Ltd. ("SLR") of Toronto, Canada was filed on SEDAR (www.sedar.com) and on the Company's website on February 16, 2023. The Technical Report had an effective date of December 31, 2022, and estimated the Company's resources at:

	Tonnage (tonnes)	Grade (g/t gold)	Contained Metal (ounces)
Indicated			
Cordero	355,000	6.9	78,000
Nechi	310,000	4.9	49,000
Indicated Total	665,000	5.9	127,000
Inferred			
Cordero	761,000	7.9	192,000
Nechi	405,000	6.5	85,000
Inferred Total	1,165,000	7.4	277,000

1. CIM (2014) definitions were followed for mineral resources.
2. Mineral Resources are estimated at a cut-off grade of 2.4 g/t Au for Cordero and 3.1 g/t Au for Nechi.
3. Mineral Resources are estimated using a long-term gold price of US\$1,800 per ounce for Cordero and US\$1,500 per ounce for Nechi.
4. At Cordero, Mineral Resources are reported within underground reporting shapes (DSO shapes).
5. A minimum mining width of 1 meter ("m") for Cordero and 1.3m for Nechi was used.
6. Bulk density is 2.0 t/m³ for saprolite and ranges between 2.64 t/m³ and 2.75 t/m³ for fresh rock.
7. Numbers may not add due to rounding.

KEY OPERATING AND FINANCIAL STATISTICS

The key operating and financial data for the three months ended March 31, 2024 and 2023 are as follows:

In Canadian dollars unless otherwise noted.

		March 31, 2024	Three months ended March 31, 2023
Operating data			
Ore mined	t	38,254	35,300
Ore milled	t	37,742	34,171
Gold Grade	g/t Au	6.80	6.98
Recovery	%	87.6%	87.2%
Gold ounces produced	oz.	7,263	6,728
Silver ounces produced	oz.	8,889	7,988
Gold ounces sold	oz.	6,953	6,377
Silver ounces sold	oz.	8,889	8,325
Financial data			
Revenue	\$	19,331,841	16,000,931
Income from mine operations	\$	4,340,639	6,603,702
Income for the period	\$	(170,399)	1,204,328
Per share - basic	\$/share	(0.00)	0.01
EBITDA ⁽¹⁾	\$	6,029,279	6,308,559
Adjusted EBITDA ⁽¹⁾	\$	6,306,242	6,761,220
Per share - basic ⁽¹⁾	\$/share	0.07	0.07
Total cash costs ⁽¹⁾	USD \$/oz	1,192	893
Average realized price ⁽¹⁾	USD \$/oz	2,087	1,876
Average realized cash margin ⁽¹⁾	USD \$/oz	894	983

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

El Bagre - Cordero Mine achieves Commercial Production

Development of the Cordero mine, including the primary ramp beginning at the Fenix Portal and accessing levels 1 through 5, continued throughout 2022. The Company announced that the construction phase of the Cordero Mine was complete, and that commercial production was achieved effective January 1, 2023.

Construction has also continued on the Athena Portal which will access the southern areas of the Cordero deposit. Athena has reached Level 2 and is being continued on to Level 3. The Athena and Fenix Portals will eventually be connected underground at both Level 2 and Level 3. Athena will utilize a hoist for lower haulage costs and provide secondary access to increase safety.

During 2023, Cordero reached its initial production target of 450 TPD at an average head grade of ~7.0 grams per tonne (“gpt”) – fully supplying the El Bagre mill.

El Bagre - Offtake Agreement

On September 9, 2020, the Company entered into an offtake agreement (“the Offtake Agreement”) with Nueva Granada Gold Corp (“NG”) and a purchase and refining agreement with MVPR International Incorporated (“MVPR”), a wholly owned subsidiary of NG, for the mineral production from Operadora’s operations. The value of the Offtake Agreement was US\$5.0 million. Under the Offtake Agreement, the Company paid 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 (completed in January 2023), and
- 1% on the gold ounces delivered until the end of production.

The only remaining obligation under the original agreement is the 1% NSR tail. 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 NSR encompasses only gold mined on existing Operadora mining titles and is not applicable to the company's other properties.

In May 2024, Soma amended the Offtake Agreement with Goldlogic Corp. ("Goldlogic" - formerly NG) and MVPR. Under the terms of the amended Offtake Agreement, Soma received a new advance payment of US\$3 million from Goldlogic and will deliver a monthly cash payment equivalent to 59.9 ounces of gold to Goldlogic for 36 months, commencing in June 2024 (Tranche 4). The funds will be used to continue development work at the Aurora mine and to augment the Company's 2024 exploration budget.

Nechi Exploration 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. The properties are subject to NSR royalties totaling 2.0%. The Nechi Project is located approximately 25 kilometers north of El Bagre in Antioquia, Colombia.

The El Catorce and Santa Elena deposits can be reached through existing declines, with a total of 2,100m of previously completed underground development work providing access to these deposits. Mineral resources on Nechi are included in the Technical Report referenced above.

El Limon Project

The El Limon Project ("El Limon") is adjacent to the El Bagre Project, and the two mills are approximately 10 kilometers apart. El Limon includes a past producing underground mine and a gold processing plant with a capacity of ~225 tpd. The plant is permitted to process up to 400 tpd to allow for future expansion. The El Limon mine and mill have both operated sporadically during the past several years and the Company is planning on restarting the mill when the Company's overall production in the district, including from the El Bagre complex, warrants. The mine is subject to a 3% NSR royalty on gold mined on the El Limon mineral licenses, to a maximum of US\$2,000,000. Upon reaching the US\$2,000,000 NSR royalty threshold, the NSR royalty decreases to 0.5% up to a maximum of US\$1,000,000.

Soma has formalized agreements with three of the (formerly illegal) small miners on the El Limon Project and anticipates formalizing additional miners in the future. This allows them access to modern mining and processing technologies, including eliminating the need to use mercury to extract gold. These small miners will provide some of the feed for the El Limon mill.

Zara Exploration Project

The Company owns 100% of the Zara Exploration Project ("Zara"), excluding non-metallic minerals. Zara is contiguous with the El Bagre and El Limon Projects and is subject to a 2% NSR royalty.

The Company has outlined a number of priority exploration targets along the 7 km Estrella-Diamantina mineralized trend. Within this trend high priority exploration targets include (north to south):

- Estrella
- Limon
- Alacran-Diamantina

Previous exploration has outlined a mineralized zone with dimensions of 500m along strike and 250m down-dip, centered around the historic Diamantina Mine. Drilling results and underground channel sampling from inside the Diamantina Mine, indicate vein continuity with high-grade values and suggest that the vein structure is open along strike to the south and down-dip.

Further south on the Zara property additional prospective targets have been identified, including (north to south):

- Porquera (including the Primavera and Amada small mines)
- Limoncito (including the Clarita, Nueva Clarita, Upper Limoncito and Limoncito small mines)
- Cañon de Rojas (including the El Muro small mine)

Otú Centro Project

In May of 2023, the Company purchased 100% of the Otú Centro Project (“Otú Centro”), which is directly south of and contiguous with Soma’s Zara Project. Combined with our Nechi, El Bagre, El Limon and Zara Projects, Soma controls a highly prospective exploration package totaling ~40,000 hectares along the prolific Otú gold trend.

The Otú Centro properties contain eleven known mineralized quartz vein occurrences with varying amounts of historic and small-scale mining. Of particular significance are the La Aurora and La Constancia mines, which have a combined 1,000m of development work to a depth of 130m. Soma has made considerable progress in dewatering the mines and is currently in the final de-mucking stage at the lower level. Power, ventilation and support rehabilitation have been completed, enabling crews to access the drifts for sampling and mine planning. With all necessary permits secured, including environmental permits undergoing updates, Soma intends to commence mining in the near term.

On March 5, 2024, the Company announced results from their initial diamond drill program at Aurora. Three holes were drilled totaling 656 metres. The first hole had to be abandoned after drilling into some undocumented mine workings. The second hole hit a significant quartz structure (2.25m true width) but did not carry significant gold grades. The third hole hit a significant gold intercept:

- AURDDH-24-003 intersected 4.35 g/t gold over 1.0m starting at a depth of 151.6m.

In addition, the Company reported the results of underground channel samples taken in 2022 as part of their due diligence before purchasing the project. Highlight channel samples include:

- 36.6 g/t gold over 0.65m, including 94.7 g/t gold over 0.25m
- 14.2 g/t gold over 0.80m, including 37.8 g/t gold over 0.30m
- 11.0 g/t gold over 0.90m, including 24.8 g/t gold over 0.40m

Previous operators of the property have reported some significant diamond drill hole results from the vicinity of La Aurora Mine, including:

- 20.1 g/t gold over 0.9m, starting at a depth of 98.1m.
- 19.3 g/t gold over 0.7m, starting at a depth of 23.1m.
- 7.1 g/t gold over 0.5m, starting at a depth of 164.9m.
- 12.6 g/t gold over 0.4m, starting at a depth of 145.3m.

Additionally, the previous operators of the property have reported numerous high-grade channel samples taken from the historic underground workings at La Constancia and La Aurora mines, including:

- 103.0 g/t gold over 0.6m.
- 114.0 g/t gold over 0.3m.
- 41.2 g/t gold over 0.4m.
- 20.6 g/t gold over 0.7m.

Soma has planned a two-phase, 10,000 m diamond drilling program to test both the down-plunge extent of recently identified high-grade ore shoots as well as evaluate the continuity of the mineralization along strike to the north and the south.

Principal terms of the agreement, which have now all been completed, included:

- An initial cash payment of US\$1,000,000 on closing the agreement.
- A second cash payment of US\$1,120,000 due May, 2024.
- The assumption and payment 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).

2024 Exploration

Soma's geological team has undertaken a comprehensive re-interpretation of the geology and structural controls on gold mineralization in the region. This enhanced regional exploration model is based on the results of drilling and mapping across various exploration targets, including the Cordero Mine and several past-producing mines within the Company's property. The revised interpretation suggests the presence of "en echelon" parallel veins, previously unidentified, which aids in tracing vein systems along strike and expanding drill targets in historic mining areas. Significant additional exploration drilling will be needed to test the new geological model along the Otú Fault. In 2024, the Company's exploration plans include the following primary thrusts:

- ~7,500m of brownfield drilling, from both surface and underground, are planned for at and near the Cordero mine with the intention of both improving and expanding upon the resources contained in our Technical Report.
- ~7,500m of diamond drilling on our larger land package, including near the historic Limon and Aurora mines and on the Zara Exploration Project.
- The Company is continuing an extensive field exploration program consisting of prospecting, mapping, and soil and sediment sampling to identify new exploration targets and better define existing prospects on our broader land package.
- At Aurora, the Company is dewatering the mine to gain access to the drifts for exploration sampling and to evaluate the potential for near-term future mining scenarios.
- At Nechi, the Company is commencing engineering work and environmental studies required to advance Nechi towards a production decision.

Tucuma Exploration Project (Brazil)

The Company owns 100% of the Tucuma ("Tucuma") copper/gold exploration project, located in the Carajas metallogenic province in the State of Pará, Brazil. The Tucuma Project is held in the Company's 100% owned subsidiary Angra Metals Mineracao Ltda. ("Angra"). In March 2022, the Company announced that it had optioned Tucuma to Ero Copper Corp. ("Ero"). Ero can acquire a 100% interest in the Project by completing the following:

- a. Cash payments of:
 - US\$250,000 on signing the agreement (completed)
 - US\$100,000 on or before five business days after September 6, 2023 (completed)
 - US\$100,000 on or before five business days after September 6, 2024
- b. Complete exploration expenditures of:
 - US\$1,200,000 on or before September 6, 2023 (completed)
 - US\$250,000 on or before September 6, 2024 (completed)
 - US\$250,000 on or before September 6, 2025 (completed)
- 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.

Ero has completed the first two cash payments, totaling US\$350,000, and incurred exploration expenditures of US\$1.9 million on the Tucuma Project.

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 to the former owners an initial 250,000 common shares of Soma within 30 days of the execution of the Buy-Back Option agreement (completed) and issuing an additional 250,000 common shares of Soma within three years of the execution of the Buy-Back Option agreement.

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 Properties.

Mr. Chris Buchanan, P.Geo., is Soma’s Vice-President of Exploration and a Qualified Person as defined by National Instrument 43-101. Mr. Buchanan has reviewed and approved the technical information disclosed in this MD&A.

FINANCIAL RESULTS

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

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Revenues	19,331,841	16,000,931
Cost of sales	(14,991,202)	(9,397,229)
Earnings from mine operations	4,340,639	6,603,702
Income (loss) for the period	(170,399)	1,204,328
Earnings per common share		
Basic	(0.00)	0.01
Diluted	(0.00)	0.01
Total cash	922,172	680,211
Total assets	77,643,836	55,538,133
Total non-current liabilities	35,807,779	36,550,448

Three months ended March 31, 2024 compared to three months ended March 31, 2023

The following is an analysis of the significant variances between the three months ended March 31, 2024 and 2023.

For the three months ended	March 31, 2024	March 31, 2023	
	\$	\$	
Revenues	19,331,841	16,000,931	Revenues were higher by \$3.3 million or 21% in the current quarter as 7,024 gold-equivalent ounces were sold vs 6,448 ounces in the comparative quarter. This was driven by more mill throughput – 37,742 tonnes were milled in the current quarter vs. 34,171 tonnes in the comparative period.
			Additionally, the average realized price per ounce ⁽¹⁾ was higher - USD\$2,087 in the current quarter compared to USD\$1,876 in the comparative quarter.

Cost of sales	14,991,202	9,397,229	Cost of sales have increased by 60% (\$5.6 million). Cash cost of sales increased by 44% (\$3.5 million), but depreciation increased by 138% (\$2.1 million) as the newly built Cordero mine attracts a higher rate of depletion per ounce. 8% more tonnes of ore was mined and 38% more tonnes of waste were moved in the current quarter vs the comparative quarter. Additionally, costs in Colombia have been significantly impacted by inflationary pressures over the past year.
Staffing and management costs	979,108	814,463	Staffing and management costs have increased by 20% (\$165 thousand) as the Company built up its management team over during 2023 and due to general inflationary pressures leading to higher salaries over the past year.
Share-based compensation	2,020	287,764	Share-based compensation was significantly higher in Q1-2023, as 800,000 options were granted in that quarter vs. none granted in Q1-2024.

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

SUMMARY OF QUARTERLY RESULTS

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

Three Months Ended	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenues	19,331,841	19,392,492	22,781,198	22,987,091	16,000,931	13,300,557	12,107,696	17,743,251
Income from mine operations	4,340,639	3,211,797	8,394,621	9,838,109	6,603,702	2,649,718	4,127,801	8,034,147
Income (loss)	(170,399)	(5,261,263)	3,218,488	3,635,321	1,204,328	(2,166,866)	316,490	1,855,467
EPS Basic	(0.00)	(0.06)	0.04	0.04	0.01	(0.02)	0.00	0.02
EPS Diluted	(0.00)	(0.06)	0.03	0.04	0.01	(0.02)	0.00	0.02

Revenues and income from mine operations generally rose as more ore from the Company's new, higher-grade, Cordero mine was processed, and as the amount of ore being milled ramped up. These amounts leveled off as the El Bagre mill neared full capacity. In 2023 and 2024, all of the ore supplying the mill is being mined at the Cordero mine. Revenue decreased in the last two quarters as lower-grade sections of the Cordero mine were accessed. Future production increases will depend on the Company's ability to mine enough ore to warrant the opening of the El Limon mill. Future revenues will also be highly sensitive to prevailing market prices for gold and on actual gold grades mined.

Revenue and income from mine operations can vary quarter-to-quarter for various reasons. Q2-2022 revenue was higher than usual as the last pour from the prior quarter did not reach the refinery in time to meet the revenue cut-off, resulting in 805 ounces of gold sales shifting from Q1 to Q2. Revenue dipped during Q3-2022 as a two-week mine strike and ramp up time to return to normal operations impacted production. The strike was resolved in late September. Income from mine operations was lower in Q4-2022 as the Company absorbed costs due to a new collective agreement with the Company's union, inflation and supply chain constraints, and costs associated with bringing Cordero to commercial production (achieved January 1, 2023) and moving to self-performing all mining operations with our new underground mining fleet.

Income (loss) can also vary significantly from quarter-to-quarter, primarily due to a variety of non-recurring items and/or non-cash items. The income from Q4-2022 was exceptionally low as receipt of our Technical Report and updated mining plan triggered a revaluation of both our deferred revenue and contingent consideration balances. This resulted in a substantial increase to both obligations and a corresponding loss on fair value adjustment of \$4 million during the quarter. The income from Q4-2023 was low due to both a drop in gold grade meaning fewer ounces mined than in recent quarters, and due to some year-end charges – particularly related to a large deferred income tax expense.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS Accounting Standards, provide readers with an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before interest, income tax provision, depreciation and amortization. Adjusted EBITDA also adjusts for non-cash items like share-based compensation and other components that management considers to be non-recurring. Both EBITDA and Adjusted EBITDA are non-GAAP financial measures. Management believes these measures are valuable indicators of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures. Management uses the measures for this purpose. It is intended to provide additional information to investors and analysts. They do not have any standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the financial statements:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Income (loss) for the period	(170,399)	1,204,328
Finance costs	1,686,485	1,541,272
Current and deferred income taxes	873,277	2,024,601
Depreciation expense	3,639,916	1,538,358
EBITDA	6,029,279	6,308,559
(Gain) loss on revaluations	(63,356)	67,603
Foreign exchange loss	338,299	97,294
Share-based compensation	2,020	287,764
Adjusted EBITDA	6,306,242	6,761,220

Total Cash Costs

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

Total cash costs include cost of sales such as mine, plant and mine general and administrative costs less noncash depreciation and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently. The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

	For three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Gold ounces sold	6,953	6,377
Total cash costs reconciliation		
Cost of sales	14,991,202	9,397,229
Less: non-cash costs	(3,613,567)	(1,516,099)
Less: Silver revenue	(196,104)	(178,102)
Total cash costs	11,181,531	7,703,028
Total cash costs per ounce of gold sold	1,608	1,208
Total cash costs (USD)	8,291,214	5,694,979
Total cash costs per ounce of gold sold (USD)	1,192	893

All-in Sustaining Costs (AISC)

AISC provide a measure of the total cost of producing an ounce of gold. AISC includes total cash costs (as described above), sustaining capital expenditures, treatment and refinery charges, payments on lease obligations, accretion on decommissioning and restoration provision, and corporate administrative costs divided by gold ounces sold to arrive at the AISC per ounce of gold sold.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining capital. The following table reconciles this non-IFRS measure to the most directly comparable IFRS measures disclosed in the financial statements.

	For three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Gold ounces sold	6,953	6,377
AISC reconciliation		
Total cash costs	11,181,531	7,703,028
Sustaining capital expenditures ⁽¹⁾	3,152,735	891,922
Treatment and refinery charges	428,729	357,951
Payments on lease obligations	97,015	79,961
Accretion on decommissioning and restoration provision	44,249	28,859
Corporate administrative costs ⁽²⁾	1,680,812	1,690,748
AISC	16,585,071	10,752,469
AISC per ounce of gold sold	2,385	1,686
AISC (USD)	12,239,905	7,949,482
AISC per ounce of gold sold (USD)	1,760	1,247

⁽¹⁾ Sustaining capital includes capitalized mine development costs, exploration expenditures at the operating mine, new and replacement equipment required for continuing operations and other capital expenditures considered to be sustaining in nature.

⁽²⁾ Includes corporate administrative costs per the statement of income and comprehensive income, excluding depreciation.

Average Realized Price and Average Realized Cash Margin

Average realized price and average realized cash margin per ounce of gold sold are used by management and readers to better understand the gold price and cash margin realized throughout a period. Average realized price is calculated as revenue from precious metal sales plus treatment and refining charges less silver

revenue divided by gold ounces sold. Average realized cash margin represents average realized price per gold ounce sold less total cash costs per gold ounce sold.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures disclosed in the financial statements.

	March 31, 2024 \$	For the three months ended March 31, 2023 \$
Revenue	19,331,841	16,000,931
Add: Treatment charges	428,729	357,951
Less: Silver revenue	(196,104)	(178,102)
Gold revenue	19,564,466	16,180,780
Gold ounces sold	6,953	6,377
Average realized price	2,814	2,537
Less: Total cash costs per ounce of gold sold	(1,608)	(1,208)
Average realized cash margin per ounce of gold sold	1,206	1,329
Average realized price (USD)	2,087	1,876
Less: Total cash costs per ounce of gold sold (USD)	(1,192)	(893)
Average realized cash margin per ounce of gold sold (USD)	894	983

Working Capital

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

	March 31, 2024 \$	December 31, 2023 \$
Current assets	25,384,080	22,653,560
Current liabilities	26,649,876	22,347,589
Working capital	(1,265,796)	305,971

LIQUIDITY AND CAPITAL MANAGEMENT

The Company's objectives when managing liquidity and capital are to safeguard the Company's ability to continue as a going concern so that it can support its operating, development and exploration plans and provide returns for shareholders and benefits for other stakeholders and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk.

The Company regularly prepares and uses budgets and cash flow forecasts and monitors them against actual results to ensure it has sufficient cash to meet operational costs, planned capital investments, scheduled debt repayments and other commitments. In the management of capital, the Company includes components of debt instruments and shareholders' equity. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended March 31, 2024.

As at March 31, 2024, the Company had cash and cash equivalents of \$922,172 (December 31, 2023 - \$1,781,703) and working capital deficit of \$1,265,796 (December 31, 2023 - working capital of \$305,971). During the three months ended March 31, 2024, Soma generated income from mine operations of \$4,340,639 (2023 - \$6,603,702) and net loss of \$170,399 (2023 - net income of \$1,204,328). In May 2024, the Company amended its Offtake Agreement Goldlogic and MVPR. Under the terms of the amended Offtake Agreement, Soma received a new advance payment of US\$3 million from Goldlogic and will deliver a monthly cash payment equivalent

to 59.9 ounces of gold to Goldlogic for 36 months, commencing in June 2024 (Tranche 4). The funds will be used to continue development work at the Aurora mine and to augment the Company's 2024 exploration budget. Management anticipates that cash flows from operations are sufficient to fund operations for 2024 but may raise additional debt or equity financing to increase exploration drilling, facilitate property acquisitions or fund development at areas such as Limon, Nechi and Aurora.

In addition to items discussed above, the following items had a significant impact on the liquidity and capital resources of the Company during the current period:

a) Cordero Construction

During the three months ended March 31, 2024, the Company capitalized \$3.1 million related to Cordero development and exploration costs and work on the new tailings pond facility (2023 - \$1.4 million).

b) Promissory Note

During the three months ended March 31, 2024, the Company borrowed USD\$1,000,000 from Conex Services Inc., a company owned by a director. The promissory note had a two-month term and carried an interest rate of 13.45% per annum, compounded monthly. Subsequent to the period ended March 31, 2024, the Company repaid the note, including accrued interest, in full.

RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment unless otherwise stated. Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

The Company paid or accrued remunerations to its directors and officers during the three months ended March 31, 2024 and 2023 are as follows:

	Three months ended	
	March 31,	March 31,
	2024	2023
	\$	\$
Staffing and management costs	257,976	234,886
Share-based compensation	1,920	57,617
	259,896	292,503

For the three months ended March 31, 2024, the Company also paid \$25,680 (2023 - \$25,680) in office rent and \$96,858 (2023 - \$32,100) 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, 2024, \$235,798 (2023 - \$158,131) of accretion and \$968,373 (2023 - \$850,837) 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, 2024 was \$32,739,722 (December 31, 2023 - \$31,771,349).

	March 31, 2024 \$	December 31, 2023 \$
Opening balance	26,179,846	22,400,264
Interest and accretion	1,204,171	4,379,582
Repayments	-	(600,000)
Closing balance	27,384,017	26,179,846
Less: current portion	(5,330,920)	(3,331,825)
Non-current portion	22,053,097	22,848,021

Included in the subordinated debt is a prepayment option which is not clearly and closely related to the host contract and as such, is accounted for as an embedded derivative. Management assesses the embedded derivative at each reporting period to determine its fair value. As at March 31, 2024, it was determined that the prepayment option had a non-material balance and as such, it has not been adjusted for.

b) Promissory Note

During the three months ended March 31, 2024, the Company borrowed \$1,348,263 (2023 - \$Nil) from Conex. The promissory note has a two-month term and carries an interest rate of 13.45% per annum, compounded monthly. Subsequent to the period ended March 31, 2024, the Company repaid the note, including accrued interest, in full.

c) Other Balances and Transactions

- At March 31, 2024, there is \$40,650 in notes receivable due from an executive of the Company (December 31, 2023 - \$Nil). The notes carries an interest rate of 2.5% per annum, compounded monthly, and has a three-year term.
- At March 31, 2024, there is \$34,192 in trade payables and accrued liabilities owing to executives and directors of the Company (December 31, 2023 - \$34,326).
- At March 31, 2024, there is \$89,535 in trade payables and accrued liabilities owing to private companies owned by directors of the Company (December 31, 2023 - \$42,750).

PROPOSED TRANSACTIONS

There are no material proposed transactions that have not been disclosed.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

Financial risk management

The Company's activities expose it to a variety of financial 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 of the Company's financial statements for the three months period ended March 31, 2024 and 2023.

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, 2024, the Company had cash of \$922,172 (December 31, 2023 - \$1,781,703) and working capital deficit of \$1,265,796 (December 31, 2023 - working capital of \$305,971).

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, 2024 is as follows:

	1 year	2-3 years	4-5 years	More than 5 years	Total
	\$	\$	\$	\$	\$
Trade payables and accrued liabilities	17,082,386	-	-	-	17,082,386
Equipment financing - principal and interest	2,662,353	1,489,505	-	-	4,151,858
Lease obligations - principal and interest	222,123	203,603	-	-	425,726
Subordinated note - principal and interest	5,330,920	15,992,760	15,992,760	10,662,950	47,979,390
Promissory note - principal and interest	1,373,509	-	-	-	1,373,509
	26,671,291	17,685,868	15,992,760	10,662,950	71,012,869

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, 2024, the CAD equivalent carrying amounts of the Company's USD denominated monetary assets and liabilities was \$2,560,235 (December 31, 2023 - \$2,829,592) and \$5,632,612 (December 31, 2023 - \$6,116,443), respectively. As at March 31, 2024, the CAD equivalent carrying amounts of the Company's COP denominated monetary assets and liabilities was \$12,685,411 (December 31, 2023 - \$10,613,710) and \$14,620,704 (December 31, 2023 - \$14,094,884), respectively.

The effect on earnings before taxes at March 31, 2024 of a 10% appreciation or depreciation in foreign currencies against the Canadian dollar on the Companies net financial instruments is estimated to be \$503,000 (year ended December 31, 2023 - \$678,000). 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 revenue for the three months ended March 31, 2024 by approximately \$967,000 (2023 - \$800,000).

f) Other risks

The President of Colombia has announced various changes to 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.

g) Operational risks

The Company's operational risks include economically developing their mining properties, creating market awareness for the Company, navigating and managing potential changes in governmental laws and regulations in different countries, hiring and retaining skilled employees and contractors, environmental hazards from its mining and exploration activities, industrial and occupational accidents and hazards, equipment failures, unexpected environmental conditions, failures or downtime at the mining operations due to weather or other events and human error.

The Company monitors these risks on an ongoing basis and responds to changes or actions involving the factors. The Company also seeks to adhere to all government regulations in its operations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Sources of estimation uncertainty:

Mineral reserves and resources

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

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

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, forfeitures, volatility and dividend yield

and making assumptions about them.

Contingent consideration

Contingent consideration arises from the 1% NSR royalty payment due on the acquisition of Operadora (Note 16 to the financial statements for the three months ended March 31, 2024 and 2023). The contingent consideration was initially recognized at the date of acquisition as part of the consideration transferred, at the acquisition date fair value. The contingent consideration is remeasured to fair value at each reporting date with changes recognized in profit or loss. The fair value is determined using a discounted cash flow estimate which requires estimating the amount and timing of future gold production, future gold prices and an appropriate discount rate.

Decommissioning and restoration provision

Decommissioning and restoration provision ("DRP") arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of DRPs relate to rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes a DRP at the time the environmental disturbance occurs. This requires management to make estimates of future costs the Company will incur to comply with reclamation laws and regulations, the timing of those costs, rates of inflation and an appropriate discount rate.

Amortization of property, plant and equipment and depletion of mining interests

Amortization rates are determined based on the estimated useful lives of the assets and depletion rates on the estimated recoverable reserves of the mineral property. If the asset life or recoverable reserves estimates differ from the initial estimates the amortization or depletion rates, as applicable, would be adjusted on a prospective basis.

Key accounting policy judgments

Impairment and reversal of impairment of mineral properties, plant and equipment

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

Impairment of exploration and evaluation assets

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

Commencement of commercial production

Determining when a mine under construction is substantially complete and ready for its intended use requires significant judgement. Some of the factors considered include: the completion of all major capital expenditures required to bring the mine into steady state operation; completion of a reasonable period of testing; the ability to produce a saleable product; transfer of the mine from the construction group to operating personnel; production reaching a pre-determined percentage of design capacity; recoveries are at or near expected levels; and the ability to sustain ore at a steady or increasing level.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

Deferred revenue

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

Modification or extinguishment of financial liabilities

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

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

ACCOUNTING POLICIES

The Company's material accounting policies are described in Notes 3 and 5 to the Company's audited financial statements for the years ended December 31, 2023 and 2022 and should be read in conjunction with those statements.

NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

There are no 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.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended March 31, 2024 and 2032 and in this accompanying MD&A (together the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and

internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

OUTSTANDING SHARE DATA

The Company had the following outstanding as at May 29, 2024:

- 91,665,152 common shares.
- 6,142,000 stock options with exercise prices from \$0.19 to \$0.66.
- 50,000 restricted share units.