

Soma Gold Corp.

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Soma Gold boss eyeing uplift in production, cashflow and operating profit as company advances its Colombia mines

Soma Gold Corp is making big operational strides at its mines in Colombia's Antioquia district, where more than 18 million ounces of gold have been generated in modern times.

The company is producing gold from two underground mines - La Ye and Los Mangos - along with a new operation called Cordero where mining began on August 15, 2021, and where construction is nearly complete. Ore is processed at the company's El Bagre mill. The firm's Nechi mine is currently being permitted, while its El Limon mill and accompanying El Limon deposit is on care and maintenance awaiting a restart when there is increased ore to feed the mill.

Soma's total NI 43 101 resource base is 220,000 ounces, of which 61,000 are in the proven and probable category. Drilling since that 2020 estimate has shown a northern extension of the Cordero deposit and a southern extension of the El Limon deposit.

The Cordero mine is already proving its worth, with output in the third quarter to end September 2021 coming in at 5,289 ounces, up 37% compared to the 3,866 ounces in 2Q, as feed from Cordero was added to the company's Mangos and La Ye mines. Also, the average grade of the material mined so far has also been 9 grams per ton (g/t), compared to 4.5 g/t from Mangos and La Ye. Group revenue for the three months to June 30, 2021, was reported at C\$8.3 million, up from C\$1.6 million in 2Q, 2020 after the sale of 3,802 ounces of gold-equivalent (2Q 2020: 707 ounces).

Proactive recently caught up with Soma Gold CEO Javier Cordova to get more detail on the company's recent performance.

PROACTIVE: Soma Gold posted strong revenue growth in the second quarter this year. How do you account for this and what are your expectations for future revenue growth?

Cordova: Revenue growth in Q2 and Q3 of 2021 are the result of our growing production due to two main factors - maintaining a steady production from our La Ye and Mangos Mines and our newly opened Cordero mine. As we increase our feed from Cordero, production and revenue should increase too.

What has been the impact of the start of mining at the Cordero mine, what is the significance of the higher head grades at that operation, and what does it mean for production for the rest of 2021/ 2022?

The main impact was an increase in production in Q3, 2021, attributable to the feed from the newly opened Cordero mine, supplementing the feed from the Mangos and La Ye mines. The average grade of the material mined at Level 2 of the Cordero Mine has been approximately 9.0 grams per ton versus the average grade of Mangos and La Ye of 4.5 grams per ton. Our Q3, 2021 production was 5,289 ounces of gold, a 37% increase from Q2 2021 production of 3,866

Price: 0.39

Market Cap: \$24.93 m

1 Year Share Price Graph



Share Information

Code: SOMA

Listing: TSX-V

52 week	High	Low
	0.65	0.25

Sector: Gold & silver

Website: www.somagoldcorp.com

Company Synopsis:

Soma Gold Corp. is a mining company focused on gold production and exploration. The company owns two adjacent mining properties in Antioquia, Colombia with a combined milling capacity of 675 tpd. (permitted for 1,400 tpd). The La Ye mine is currently operating and producing, and the El Limon mine and mill are scheduled to begin operating in Q1 2021.

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ounces.

Construction work accessing Level 3 is on-going and expected to be completed in October with two additional faces opening in November and December. Development work on the ramp to levels 4 and 5 is expected to be completed in Q1 of 2022. Once the construction phase is completed, the Cordero mine is expected to produce 600 TPD at an average head grade of 6.5 grams per ton. Over the next several months, as mining accelerates, gold production will increase to 7,500 ounces per quarter.

Why are you restarting the El Limon mill and when? Can you tell us a bit more about that mill and what it will mean for your operation?

Coming to the end of the construction of the Cordero mine will result in a dramatic increase in feed of mineralized rock from 330 tons per day (TPD) to over 600 TPD by early 2022. This increase in feed material will allow Soma to restart the El Limon mill, increasing throughput to 600 TPD and increasing gold production from 1,500 ounces per month to 2,500 ounces per month for 2022. The resulting improvement in cash flow and operating profit will be significant for the company. Our team on the ground in Colombia has done an excellent job of managing the project.

What other newsflow can investors expect in the short to medium-term?

In addition, we are on schedule to retire the first stage obligations of the off-take agreement dated September 4, 2020, with Nueva Grenada Gold Corp and MVPRI International Corporation. The agreement contemplated stage 1 deliveries until December 2022. Gold to be delivered under stage 1 of the agreement is 12% of the first 24,500 ounces produced. That milestone will be reached in December 2021. The second stage of the obligations is based on 6% of the next 22,000 ounces produced. That obligation will be met in the early part of Q4 of 2022.

The completion of the construction of the Cordero mine in Q1 2022 and the moving to stage 2 of the deliveries under the off-take agreement will increase monthly cash flow by approximately US \$450,000 per month. During that time, gold production will increase to an average of 2,500 ounces per month compared to the average of 1,516 ounces per month for 2021.

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