

# **THEESIS GOLD INC.**

Condensed Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

To the shareholders of Thesis Gold Inc:

The condensed interim financial statements of Thesis Gold Inc. (the "Company") for the three months ended March 31, 2021 and 2020 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

THESIS GOLD INC.

Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars)

(unaudited)

As at	March 31 2021	December 31 2020
<b>Assets</b>		
Current		
Cash	\$ 5,241,433	\$ 5,755,664
Goods and services tax receivable	245,651	230,027
	5,487,084	5,985,691
Reclamation bond	25,000	-
Exploration and evaluation properties (note 3)	6,606,017	6,364,019
	\$ 12,118,101	\$12,349,710
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 206,082	\$ 295,431
<b>Equity</b>		
Share capital (note 4)	12,710,697	12,427,995
Surplus reserve	-	168,502
Cumulative translation reserve	-	124,192
Option and warrant reserve	804,560	804,560
Deficit	(1,603,238)	(1,470,970)
	11,912,019	12,054,279
	\$ 12,118,101	\$12,349,710

Approved by the Board of Directors

Director (signed by) "Ewan Webster"

Director (signed by) "Nick Stajduhar"

*The accompanying notes form an integral part of these condensed interim financial statements*

THESIS GOLD INC.

Condensed Interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

(unaudited)

<b>For the three months ended</b>	<b>March 31 2021</b>	<b>March 31 2020</b>
<b>Expenses</b>		
Advertising and promotion	\$ 53,663	\$ -
General and administrative	13,646	123
Management fees (note 5)	52,000	-
Professional fees	13,163	15,000
Regulatory and filing fees	19,491	1,706
Share based compensation (note 4)	<u>283,500</u>	-
	<b>(435,463)</b>	<b>(16,829)</b>
<b>Other</b>		
Dissolution of subsidiary	315,094	-
Interest income	<u>9,699</u>	-
<b>Net loss for the period</b>	<b>\$ (110,670)</b>	<b>\$ (16,829)</b>
<b>Other comprehensive loss</b>		
Item that may be reclassified subsequently to profit and loss:		
Loss on translation of foreign operations	-	<u>(1,775)</u>
<b>Comprehensive loss for the period</b>	<b>\$ (110,670)</b>	<b>\$ (18,604)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
Basic and diluted weighted average number of common shares outstanding	<u><b>32,130,745</b></u>	<u><b>3,333,385</b></u>

*The accompanying notes form an integral part of these condensed interim financial statements*

THESIS GOLD INC.

Condensed Interim Statements of Changes in Equity  
(Expressed in Canadian Dollars)

(unaudited)

	Share capital	Option and warrant reserve	Surplus reserve	AOCI	Deficit	Total equity/ (deficit)
<b>Balance at December 31, 2019</b>	<b>\$ 300,798</b>	<b>\$ -</b>	<b>\$ 168,502</b>	<b>\$ 123,813</b>	<b>\$ (1,198,702)</b>	<b>\$ (605,589)</b>
Other comprehensive gain	-	-	-	(1,775)	-	(1,775)
Net loss	-	-	-	-	(16,829)	(16,829)
<b>Balance at March 31, 2020</b>	<b>\$ 300,798</b>	<b>\$ -</b>	<b>\$ 168,502</b>	<b>\$ 122,038</b>	<b>\$ (1,215,531)</b>	<b>\$ (624,193)</b>
Shares issued for cash	7,681,875	-	-	-	-	7,681,875
Shares issued for property	5,300,000	-	-	-	-	5,300,000
Share issuance costs	(608,118)	-	-	-	-	(608,118)
Share issuance costs – non-cash	(246,560)	-	-	-	-	(246,560)
Options issued	-	608,000	-	-	-	608,000
Warrants issued	-	196,560	-	-	-	196,560
Other comprehensive gain	-	-	-	2,154	-	2,154
Net loss	-	-	-	-	(255,439)	(255,439)
<b>Balance at December 31, 2020</b>	<b>\$12,427,995</b>	<b>\$ 804,560</b>	<b>\$ 168,502</b>	<b>\$ 124,192</b>	<b>\$ (1,470,970)</b>	<b>\$12,054,279</b>
Dissolution of subsidiary	(798)	-	(168,502)	(124,192)	(21,598)	(315,090)
Share based compensation	283,500	-	-	-	-	283,500
Net loss	-	-	-	-	(110,670)	(110,670)
<b>Balance at March 31, 2021</b>	<b>\$12,710,697</b>	<b>\$ 804,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,603,238)</b>	<b>\$11,912,019</b>

The accompanying notes form an integral part of these condensed interim financial statements

THESIS GOLD INC.

Condensed Interim Statements of Cash Flows  
(Expressed in Canadian Dollars)

(unaudited)

<b>For the three months ended</b>	<b>March 31 2021</b>	<b>March 31 2020</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (110,670)	\$ (16,829)
Items not affecting cash:		
Share based compensation	283,500	-
Changes in non-cash working capital:		
Goods and services tax receivable	(15,624)	(2,296)
Accounts payable and accrued liabilities	(89,349)	18,878
Dissolution of subsidiary	(315,090)	-
Cash used in operating activities	<u>(247,233)</u>	<u>(247)</u>
<b>Investing activities</b>		
Reclamation bond deposit	(25,000)	-
Exploration and evaluation property exploration expenditures (note 3)	(241,998)	-
Cash used in investing activities	<u>(266,998)</u>	<u>-</u>
Foreign exchange effect on cash	-	259
<b>Net increase (decrease) in cash</b>	<b>(514,231)</b>	<b>12</b>
Cash, beginning of period	<u>5,755,664</u>	<u>356,549</u>
<b>Cash, end of period</b>	<b>\$ 5,241,433</b>	<b>\$ 356,561</b>

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**1. Nature of operations**

Thesis Gold Inc., formerly Chinapintza Mining Corp (“Chinapintza”), was incorporated under the Business Corporations Act (Ontario) and continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company’s common shares are listed for trading on the TSX Venture Exchange under the trading symbol “TAU”, and on the Frankfurt Stock Exchange under the trading symbol “A2QQ0Y”. The address of the Company’s corporate office and principal place of business is 1111 West Hastings Street, Suite 780, Vancouver BC, V6E 2J3. The Company’s principal business is to acquire, explore and develop the gold and mineral exploration Ranch Gold Project located in British Columbia.

On March 11, 2020, the World Health Organization (“WHO”) declared coronavirus COVID-19 a global pandemic. To combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economies of all nations for an undeterminable period.

**2. Basis of presentation**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on May 31, 2021.

These condensed interim financial statements have been prepared on a historical cost basis, unless otherwise noted. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**3. Exploration and evaluation properties**

Ranch Property

On October 30, 2020, the Company acquired the Ranch Gold property, a mineral exploration property comprised of 31 Contiguous British Columbia Mineral Titles Online mineral claims totaling 17,832 hectares in the Tooddogone Region of northern British Columbia.

To acquire the property, the Company paid \$250,000 cash to the vendor and issued 14,000,000 common shares of the Company at a deemed price of \$0.375 per share for a total consideration of \$5,500,000. The vendor retains a 2% net smelter royalty. The Company also paid an arm’s length third party a finders’ fee of 100,000 common shares of the Company at a deemed price of \$0.50 per share.

THESIS GOLD INC.

Notes to the Condensed Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
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Total costs incurred by the Company on the Ranch property are summarized as follows:

	<b>Acquisition</b>	<b>Exploration</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	<b>\$ 5,500,000</b>	<b>\$ 864,019</b>	<b>\$ 6,364,019</b>
Geology	-	93,795	93,795
Engineering	-	12,692	12,692
Environment	-	43,884	43,884
Data analytics	-	36,029	36,029
Rentals	-	4,650	4,650
Travel and support	-	2,252	2,252
Community relations	-	46,710	46,710
General and administrative	-	1,986	1,986
<b>Balance, March 31, 2021</b>	<b>\$ 5,500,000</b>	<b>\$ 1,106,017</b>	<b>\$ 6,606,017</b>

**4. Share capital**

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at December 31, 2020</b>	<b>31,918,385</b>	<b>\$ 12,427,995</b>
Issued on vesting of restricted share units	350,000	283,500
Dissolution of subsidiary	-	(798)
<b>Balance at March 31, 2021</b>	<b>32,268,385</b>	<b>\$ 12,710,697</b>

Escrowed Common Shares.

Upon closing of the acquisition of the Ranch Gold Project, 14,000,000 common shares of the Company are subject to Value Escrow Agreement. Under the Value Escrow Agreement, 10% of the Value Escrowed Shares will be released from escrow on the Initial Release and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these financial statements, 12,600,000 common shares remained in escrow.

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants ("Eligible Persons"), the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the Eligible Person ceases to be a director, officer, consultant or employee of the Company for reasons other than death.



THESIS GOLD INC.

Notes to the Condensed Interim Financial Statements  
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A summary of stock option activity in the periods is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding options, December 31, 2020 and March 31, 2021</b>	<b>1,900,000</b>	<b>\$ 0.50</b>

A summary of the options outstanding and exercisable is as follows:

March 31, 2021			December 31, 2020		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
\$ 0.50	1,900,000	4.6	\$ 0.50	1,900,000	4.9
<b>\$ 0.50</b>	<b>1,900,000</b>	<b>4.6</b>	<b>\$ 0.50</b>	<b>1,900,000</b>	<b>4.9</b>

Subsequent to the period ended March 31, 2021, the Company granted 1,000,000 options to various directors, officers and consultants.

c) Restricted share units (“RSUs”)

On November 9, 2020, the Company adopted a restricted share unit plan (the “RSU Plan”) providing for the issuance of restricted share units (“RSUs”) to Eligible Persons of the Company. The RSU Plan allows the Board of Directors to issue RSUs up to 10% of the Company’s outstanding common shares, but no more than 5% to any one Eligible Person. The terms of the RSUs including vesting period, performance conditions, and trigger date are to be determined by the Board of Directors at the time of each grant. Upon vesting, each RSU entitles the Eligible Person to receive one common share for every RSU held or the cash equivalent, based on the fair market value of the common shares of the Company at the time of vesting.

On February 5, 2021, the Company granted 1,400,000 RSUs to Eligible Persons of the Company under the RSU Plan, which vest as follows: 25% upon the date of grant and 25% every six months thereafter. The estimated fair value of \$1,134,000, or \$0.81 per RSU, will be recognized as an expense over the vesting period. The fair value was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price, \$0.90; expected life, 1.5 years; expected volatility, 80%; risk-free rate, 0.20%; forfeiture rate, 10%; expected dividends, 0%.

As of the date of these financial statements, 1,050,000 RSUs remained unvested.

d) Warrants

The Following is a summary of the changes in the Company’s warrants during the periods:

	Number of Warrants	Weighted average exercise price
<b>Outstanding warrants, December 31, 2020 and March 31, 2021</b>	<b>13,178,500</b>	<b>\$ 0.73</b>

A summary of the warrants outstanding and exercisable is as follows:

Exercise Price	Number of warrants	March 31, 2021	Exercise Price	Number of warrants	December 31, 2020
		Remaining contractual life (years)			Remaining contractual life (years)
\$ 0.75	242,500	0.4	\$ 0.75	242,500	0.7
0.75	12,000,000	1.5	0.75	12,000,000	1.8
0.50	936,000	1.5	0.50	936,000	1.8
<b>\$ 0.73</b>	<b>13,178,500</b>	<b>1.5</b>	<b>\$ 0.73</b>	<b>13,178,500</b>	<b>1.8</b>

Subsequent to the period ended March 31, 2021, the Company received exercises of 300,500 warrants for gross proceeds of \$225,375.

## 5. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the period ended	March 31 2021	March 31 2020
Management fees paid to key management and directors	\$ 52,000	\$ -
Capitalized consulting fees paid to key management	18,000	-
Investor relations fees paid to a director	30,000	-
	<b>\$ 100,000</b>	<b>\$ -</b>

As at March 31, 2021, there were no amounts payable to related parties. At the comparative period, March 31, 2020, accounts payable and accrued liabilities included \$133,000 due to companies controlled by former key management and directors of the Company, which were subsequently paid. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

## 6. Financial instruments and risk management

### *Fair value of financial instruments*

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents and listed equity investments are classified as Level 1, whereas goods and services tax receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2, and non-listed equity investments are classified as Level 3. As at March 31 2021, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

*Financial instruments risk*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada. The Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily concentrated in its cash and accounts receivable. Cash are held at reputable financial institutions in Canada. The Company's maximum exposure to credit risk at March 31, 2021 is \$206,082 (2020 - \$295,431).

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at March 31, 2021 the Company's working capital was \$5,281,002 (2020 – \$5,690,260) and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	<b>March 31 2021</b>	<b>December 31 2020</b>
Financial assets at amortized cost:		
Cash	\$ 5,241,433	\$ 5,755,664
Goods and services tax receivable	245,651	230,027
	<b>\$ 5,487,084</b>	<b>\$ 5,985,691</b>

Financial liabilities included in the statement of financial position are as follows:

	<b>March 31 2021</b>	<b>December 31 2020</b>
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 206,082	\$ 295,431

Capital management

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and debt to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt.

Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.