THESIS GOLD INC.

(formerly Chinapintza Mining Corp.)

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Thesis Gold Inc.

Opinion

We have audited the consolidated financial statements of Thesis Gold Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprise:

- Management's Discussion and Analysis; and

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nick Miseros.

MS Partners LLP

MS Partners LLP
Licensed Public Accountants
Toronto, Ontario
April 30, 2021

(Expressed in Canadian Dollars)

As at	**December 31 2020**	December 31 2019
Assets		
Current		
Cash	**$ 5,755,664**	$ 356,549
Goods and services tax receivable	**230,027**	61,201
	5,985,691	417,750
Exploration and evaluation properties (note 4)	**6,364,019**	-
	$ 12,349,710	$ 417,750
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 295,431**	$ 595,934
Advances from related parties	**-**	427,405
	295,431	1,023,339
Equity		
Share capital (note 5)	**12,427,995**	300,798
Surplus reserve	**168,502**	168,502
Cumulative translation reserve	**124,192**	123,813
Option and warrant reserve	**804,560**	-
Deficit	**(1,470,970)**	(1,198,702)
	12,054,279	(605,589)
	$ 12,349,710	$ 417,750

Subsequent events (note 9)

Approved by the Board of Directors

Director (signed by) *"Roy Bonnell"*

Director (signed by) *"Nick Stajduhar"*

The accompanying notes form an integral part of these consolidated financial statements

(Expressed in Canadian Dollars)

For the year ended	December 31 2020	December 31 2019
Expenses		
Advertising and promotion	**$ 36,943**	$ -
General and administrative	**5,420**	370
Management fees (note 6)	**30,000**	-
Professional fees	**163,327**	8,500
Regulatory and filing fees	**36,473**	14,880
Share-based compensation (note 5, 6)	**608,000**	-
	(880,163)	(23,750)
Other		
Foreign exchange gain	**13,327**	9,768
Gain on debt settlement	**167,363**	-
Gain on disposal of property	**426,971**	-
Interest income	**234**	-
Net loss for the year	**$ (272,268)**	$ (13,982)
Other comprehensive income (loss)		
Item that may be reclassified subsequently to profit and loss:		
Gain on translation of foreign operations	**-**	968
Comprehensive loss for the year	**$ (272,268)**	$ (13,014)
Basic and diluted loss per common share	**$ (0.03)**	$ (0.00)
Basic and diluted weighted average number of common shares outstanding	**7,932,415**	3,333,385

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(Expressed in Canadian Dollars)

	Share capital	Option and warrant reserve	Surplus reserve	AOCI	Deficit	Total equity/ (deficit)
Balance at December 31, 2018	**$ 300,798**	**$ -**	**$ 168,502**	**$ 122,845**	**$ (1,184,720)**	**$ (592,575)**
Other comprehensive gain	-	-	-	968	-	968
Net loss	-	-	-	-	(13,982)	(13,982)
Balance at December 31, 2019	**$ 300,798**	-	**$ 168,502**	**$ 123,813**	**$ (1,198,702)**	**$ (605,589)**
Shares issued for cash (note 5)	7,681,875	-	-	-	-	7,681,875
Shares issued for property (note 4)	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	-	-	-	379	-	379
Net loss	-	-	-	-	(272,268)	(272,268)
Balance at December 31, 2020	**$12,427,995**	**$ 804,560**	**$ 168,502**	**$ 124,192**	**$ (1,470,970)**	**$12,054,279**

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(Expressed in Canadian Dollars)

For the year ended	December 31 2020	December 31 2019
Cash provided by (used in):		
Operating activities		
Net loss for the year	**$ (272,268)**	$ (13,982)
Items not affecting cash:		
Share-based compensation	**608,000**	-
Changes in non-cash working capital:		
Goods and services tax receivable	**(168,853)**	(2,615)
Accounts payable and accrued liabilities	**(300,503)**	3,947
Gain on disposal of property	**(426,971)**	-
Cash used in operating activities	**(560,595)**	(12,650)
Investing activities		
Exploration and evaluation property acquisition payments (note 4)	**(250,000)**	-
Exploration and evaluation property exploration expenditures (note 4)	**(864,019)**	-
Cash used in investing activities	**(1,114,019)**	-
Financing activities		
Proceeds from private placements (note 5)	**7,681,875**	-
Cash share issuance costs	**(608,118)**	-
Cash provided by financing activities	**7,073,757**	-
Foreign exchange effect on cash	**(28)**	(142)
Net increase (decrease) in cash	**5,399,115**	(12,650)
Cash, beginning of year	**356,549**	369,341
Cash, end of year	**$ 5,755,664**	$ 356,549

The accompanying notes form an integral part of these consolidated financial statements

(Expressed in Canadian Dollars)

1. Nature of operations

Thesis Gold Inc., formerly Chinapintza Mining Corp ("Chinapintza"), formerly Black Birch Capital Acquisition II Corp ("Black Birch"), was incorporated pursuant to articles of incorporation dated November 3, 2009 under the Business Corporations Act (Ontario). The Company was a "Capital Pool Corporation" ("CPC"), as this term is defined in the policies of the TSX Venture Exchange (the "Exchange") since its listing. On June 14, 2013, Black Birch was acquired by Guangshou Ecuador Minerals Ltd.("Guangshou") in a reverse takeover transaction, and as a result, Black Birch carried on the business of Guangshou and was continued pursuant to the laws of British Columbia. Effective June 14, 2013, Black Birch changed its name to Chinapintza Mining Corp. and traded under the symbol "CPA" on the TSX Venture Exchange until November 2020.

Effective November 10, 2020, Chinapintza changed its name to Thesis Gold Inc. and now trades under the symbol "TAU" on the TSXV. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on April 30, 2021.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Minera Guang Shou Ecuador S.A., JVChinapintza Minerals S.A. and Guangshou Ecuador Minerals Ltd. All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Minera Guang Shou Ecuador S.A.	Ecuador	100%	Inactive holding company
JVChinapintza Minerals S.A.	Ecuador	100%	Inactive holding company
Guangshou Ecuador Minerals Ltd.	Canada	100%	Inactive holding company

These consolidated financial statements are prepared using the functional currency of the Company and each of its subsidiaries. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Thesis is the Canadian Dollar and the functional currency of its wholly owned subsidiaries is US Dollars. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position dates. Non-monetary items in a foreign currency are measured in terms of historical cost and are translated using the exchange rates on the dates of the initial transactions. All differences are taken to the consolidated statements of loss in the periods in which they arise. The Canadian dollar is the presentation currency of the Company unless otherwise noted.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Significant management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised. The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Estimates and assumptions

Share-based compensation and non-cash share issuance costs

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. The fair values of share-based compensation and non-cash share issuance costs relating to the issuance of agents' warrants and stock options are determined using the Black-Scholes Option Pricing Model based on estimated fair values at the date of grant. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected dividend yield and expected life of the equity instruments. Changes in these assumptions can significantly affect the fair value estimates.

Impairment of exploration and evaluation assets

Recognition of exploration and evaluation property expenditures requires judgment from management in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established, and takes into considerations variables such as long-term commodity prices, exploration potential and extraction costs. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amounts capitalized are written off in profit or loss in the period when the new information becomes available.

Judgments

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant judgments in connection with future taxable profits. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Receivables are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.
In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

The Company assesses at each reporting date whether there is evidence that a financial asset or a group of financial assets is impaired. Evidence of impairment may include indications that a counter party is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when indicators suggest that there are measurable decreases in the estimated future cash flows.

The Company did not recognize any impairment of financial assets during the year ended December 31, 2020.

d) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss. Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income taxes are recorded using the liability method where by deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

e) Exploration and evaluation assets

Exploration and evaluation property acquisition costs and exploration costs directly related to specific properties are capitalized as exploration and evaluation assets and are classified as intangible assets, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analyzing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the capitalized costs of the related property are reclassified as mining assets, which will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties.

f) Government assistance

British Columbia Mining Exploration tax credits for certain exploration expenditures incurred in British Columbia are treated as a reduction of the exploration and development costs of the respective mineral property and are recorded when it is probable the Company will receive the tax credits.

g) Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding stock options and warrants. In the periods when the Company reports a net loss, the effect of potential issuances of shares under stock options and warrants is anti-dilutive. When diluted earnings per share is calculated, only those stock options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the years ended December 31, 2020 and December 31, 2019, all the outstanding stock options and warrants were anti-dilutive as the Company reported a net loss.

h) Share-based payments

Share-based payments related to the issuance of stock options to employees and others providing similar services pursuant to the Company's stock option plan, is measured at grant date, for using the fair value method whereby compensation expense is recorded in profit or loss with a corresponding increase to option and warrant reserve in equity. Share-based payments related to warrants and options issued to non-employees are measured at the fair value of the goods or services received using the graded vesting method. When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. Consideration paid on the exercise of stock options and warrants is recorded as an increase to share capital. Upon the exercise of the stock options or compensation warrants, consideration received together with the amount previously recognized in option and warrant reserve is recorded as an increase to share capital. The Company incorporates an estimated forfeiture rate for stock options that may not vest.

The Company recognizes share issue costs for the fair value of agents' warrants issued as finder's fees in connection with private placements. The fair value calculated is recorded as share issue costs with a corresponding credit to contributed surplus. The Company uses the Black-Scholes option pricing model to determine the fair value of the warrants issued.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. When some or all the economic benefits required settling a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

j) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

k) Flow-through shares

The Company may, from time to time, issue flow-through shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date to the extent that a premium exists. The equity portion is measured at the market value and the residual premium is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the "premium" the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company reduces the deferred flow-through liability and records a recovery on settlement of flow-through liability. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

l) Leases

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.
The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation in accordance with the Company's accounting policy and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

m) Accounting pronouncements not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

(Expressed in Canadian Dollars)

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. – costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022. There are no other standards/amendments or interpretations that are expected to have a significant effect on the consolidated financial statements of the Company.

4. 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.

Total costs incurred by the Company on the Ranch property are summarized as follows:

	Acquisition	Exploration	Total
Balance, December 31, 2019 and 2018			
Acquisition costs	$ 5,500,000	-	$ 5,500,000
Fieldwork supplies	-	12,663	12,663
Geology	-	201,840	201,840
Engineering	-	4,517	4,517
Drilling	-	12,392	12,392
Data analytics	-	30,383	30,383
Airborne survey	-	217,717	217,717
Travel and support	-	332,567	332,567
Community relations	-	22,496	22,496
General and administrative	-	24,444	24,444
Balance, December 31, 2020	**$ 5,500,000**	**$ 859,019**	**$ 6,359,019**

(Expressed in Canadian Dollars)

5. Share capital

On September 24, 2020, the Company consolidated all its issued and outstanding common shares based on one post-consolidation common share for every 13.21631 pre-consolidation common shares. All share data and equity-based instruments have been retroactively adjusted to give effect to the consolidation.

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:

	Number of shares	Amount
Balance at December 31, 2019 and 2018	**3,333,385**	**$ 300,798**
Shares issued in private placements	14,485,000	7,681,875
Shares issued to acquire property (note 4)	14,100,000	5,300,000
Share issuance cost	-	(854,678)
Balance at December 31, 2020	**31,918,385**	**$ 12,427,995**

On September 25, 2020, the Company issued 485,000 units of the Company at a price of $0.375 per unit for gross proceeds of $181,875. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.75 for a period of one year from the date of issuance.

On October 30, 2020, the Company issued 12,000,000 units of the Company at a price of $0.50 per unit for gross proceeds of $6,000,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.75 for a period of two years from the date of issuance.

On December 22, 2020, the Company completed a flow-through placement of 2,000,000 shares at $0.75 per share for gross proceeds of $1,500,000. The Company is committed to incur eligible exploration expenditures to the extent of the flow-through proceeds raised by December 31, 2021. As of the date of these financial statements, the Company has incurred eligible exploration expenditures of $194,500.

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, 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 optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the tenth anniversary of the date the option was granted.

(Expressed in Canadian Dollars)

A summary of stock option activity in the periods is as follows:

	Number of options		Weighted average exercise price
Outstanding options, December 31, 2019 and 2018	**-**		**-**
Issued	1,900,000	$	0.50
Outstanding options, December 31, 2020	**1,900,000**	**$**	**0.50**

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

December 31, 2020				December 31, 2019				
Exercise Price		Number of options	Remaining contractual life (years)	Exercise Price		Number of options	Remaining contractual life (years)	
$	0.50	1,900,000	4.9	$	-	-	-	i
$	**0.50**	**1,900,000**	**4.9**	**$**	**-**	**-**	**-**	

i On November 10, 2020, the Company granted stock options to acquire up to an aggregate 1,900,000 common shares of the Company under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of $0.50 per common share and have an expiry date of November 10, 2025 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of $608,000, or $0.32 per option, has been recorded as share-based compensation expense during the year ended December 31, 2020 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price $0.50; expected life, 5 years; expected volatility, 80%; risk-free rate 0.48%; expected dividends, 0%. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.

c) Warrants

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

	Number of Warrants		Weighted average exercise price
Outstanding warrants, December 31, 2019 and 2018	**-**		**-**
Issued	13,178,500	$	0.73
Outstanding warrants, December 31, 2020	**13,178,500**	**$**	**0.73**

(Expressed in Canadian Dollars)

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

	December 31, 2020			December 31, 2019		
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)	
$ 0.75	242,500	0.7	$ -	-	-	
0.75	12,000,000	1.8	-	-	-	
0.50	936,000	1.8	-	-	-	i
$ 0.73	**13,178,500**	**1.8**	**$ -**	**-**	**-**	

i During the year ended December 31, 2020, 936,000 warrants were issued to agents pursuant to the non-brokered private placement closing on October 30, 2020 as compensation for services provided by the agents. The estimated fair value of the agents' warrants of $196,560, or $0.21 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.50; expected life, 2 years; expected volatility, 80%; risk free rate, 0.26%; expected dividends, 0%.

d) Surplus reserve

The Company's surplus reserve balance on December 31, 2020 and 2019 is $168,502.

6. 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 year ended	**December 31 2020**	**December 31 2019**
Management fees paid to key management and directors	**$ 30,000**	$ -
Investor relations fees paid to a director	**20,000**	-
	$ 50,000	**$** -

During the year ended December 31, 2020, 1,500,000 options were issued to key management (2019 – $nil) resulting in a non-cash share-based compensation expense of $480,000 (2019 – $nil).

At December 31, 2019, accounts payable and accrued liabilities include $570,877 due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment. No amounts were outstanding at December 31, 2020.

7. 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 December 31 2020, 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.

(Expressed in Canadian Dollars)

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 December 31, 2020 is $295,431 (2019 - $595,934).

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.

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 December 31, 2020 the Company's working capital was $5,690,260 (2019 – deficit of $178,184) 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:

	December 31 2020	December 31 2019
Financial assets at amortized cost:		
Cash	**$ 5,755,664**	$ 356,549
Goods and services tax receivable	**230,027**	61,201
	$ 5,985,691	$ 417,750

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

	December 31 2020	December 31 2019
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	**$ 295,431**	$ 595,934

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.

(Expressed in Canadian Dollars)

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.

8. Deferred income taxes

Provision for income taxes

Major items causing the Company's effective tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) were as follows:

	December 31 2020	December 31 2019
Expected tax recovery from operations	**$ (72,151)**	$ (3,705)
Changes resulting from:		
Permanent differences	**65,226**	-
Temporary differences	**(45,298)**	-
	(52,223)	(3,705)
Valuation allowance	**52,223**	3,705
Income tax recovery	**$ -**	$ -

Temporary differences

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31 2020	December 31 2019
Mine exploration costs	**$ 664,519**	$ -
Share issuance costs	**683,742**	-
Debt issuance costs	**-**	-
Non-capital losses	**1,213,241**	1,161,018
	$ 2,561,502	$ 1,161,018

Deferred tax assets have not been recognized in respect of the preceding items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

Tax loss carry-forwards

The non-capital losses for Canadian income tax purposes of approximately $2,561,502 expire between 2030 and 2040.

9. Subsequent events

Subsequent to December 31, 2020, the Company granted 1,400,000 restricted stock units ("RSUs") to various directors, officers, and consultants under the Company's RSU plan. The RSUs are payable in common shares of Thesis and will be vested in four equal installments of 350,000 over eighteen months.