

THESIS GOLD INC.

Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(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, 2023 and 2022 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 2023	December 31 2022
Assets		
Current		
Cash	\$ 12,556,750	\$14,170,877
Goods and services tax recoverable	65,197	1,081,901
Other receivable	391,958	-
Prepays and deposits	493,531	452,169
	<u>13,507,436</u>	<u>15,704,947</u>
Non-current		
Reclamation bond	310,000	310,000
Exploration and evaluation properties (note 3)	43,094,890	42,664,353
	<u>43,407,290</u>	<u>42,974,353</u>
	<u>\$ 56,912,326</u>	<u>\$58,679,300</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 535,574	\$ 2,008,718
Non-current		
Asset retirement obligation liability	310,000	310,000
	<u>846,574</u>	<u>2,318,718</u>
Equity		
Share capital (note 4)	59,537,848	59,478,244
Option and warrant reserve	6,130,869	6,130,869
Deficit	(9,602,965)	(9,248,531)
	<u>56,065,752</u>	<u>56,360,582</u>
	<u>\$ 56,912,326</u>	<u>\$58,679,300</u>

Approved by the Board of Directors

(signed by) "Ewan Webster" Director

(signed by) "Nick Stajduhar" Director

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)

For the three months ended	March 31 2023	March 31 2022
Expenses		
Advertising and promotion	\$ 178,667	\$ 219,213
Management fees (note 5)	41,000	60,333
Professional fees	38,114	23,123
Regulatory and filing fees	12,269	56,968
General and administrative	33,936	21,128
	<u>(303,986)</u>	<u>(380,765)</u>
Other		
Interest income	162,136	39,295
Gain on settlement of flow-through liability	-	46,667
Share-based compensation (note 4, 5)	<u>(212,584)</u>	<u>(3,344,750)</u>
Net loss and comprehensive loss for the period	<u>\$ (354,434)</u>	<u>\$ (3,639,553)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.07)</u>
Basic and diluted weighted average number of common shares outstanding	<u>56,847,044</u>	<u>50,777,837</u>

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THESIS GOLD INC.

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

(unaudited)

	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at December 31, 2021	\$29,686,115	\$ 3,413,361	\$ (4,483,442)	\$28,616,034
Shares issued for cash	24,500,118	-	-	24,500,118
Share issuance costs	(1,707,230)	-	-	(1,707,230)
Share issuance costs – non-cash	(629,350)	-	-	(629,350)
Options and RSUs issued	191,750	2,607,000	-	2,798,750
Options exercised	813,200	(368,700)	-	444,500
Warrants issued	-	629,350	-	629,350
Warrants exercised	826,674	(148,294)	-	678,380
Flow-through premium liability	(518,522)	-	-	(518,522)
Net loss	-	-	(3,639,553)	(3,639,553)
Balance at March 31, 2022	\$53,162,755	\$6,132,717	\$ (8,122,995)	\$51,172,477
Share issuance costs	(13,061)	-	-	(13,061)
Options and RSUs issued	191,750	-	-	191,750
Warrants exercised	6,136,800	(1,848)	-	6,134,952
Net loss	-	-	(1,125,536)	(1,125,536)
Balance at December 31, 2022	\$59,478,244	\$ 6,130,869	\$ (9,248,531)	\$56,360,582
Share issuance costs	(70)	-	-	(70)
Options and RSUs issued	59,674	-	-	59,674
Net loss	-	-	(354,434)	(354,434)
Balance at March 31, 2023	\$59,537,848	\$ 6,130,869	\$ (9,602,965)	\$56,065,752

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)

For the three months ended	March 31 2023	March 31 2022
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (447,674)	\$ (3,639,553)
Items not affecting cash:		
Share based compensation	152,915	2,798,750
Settlement of flow-through liability	-	(46,667)
	(294,759)	(887,470)
Changes in non-cash working capital:		
Goods and services tax recoverable	1,016,704	326,939
Accounts receivable and prepayments	(41,362)	(253,161)
Accounts payable and accrued liabilities	(1,905,859)	(918,445)
Cash used in operating activities	(1,225,276)	(1,732,137)
Investing activities		
Exploration and evaluation property acquisition expenditures (note 3)	(4,615)	-
Exploration and evaluation property exploration expenditures (note 3)	(384,166)	(548,540)
Cash used in investing activities	(388,781)	(548,540)
Financing activities		
Proceeds from private placements	-	24,500,118
Proceeds from option exercises	-	444,500
Proceeds from warrant exercises	-	678,380
Share issuance costs	(70)	(1,707,230)
Cash provided (used in) by financing activities	(70)	23,915,768
Net increase (decrease) in cash	(1,614,127)	21,635,091
Cash, beginning of period	14,170,877	13,201,890
Cash, end of period	\$ 12,556,750	\$ 34,836,981

As at March 31, 2023, \$397,955 (2022 – \$1,634,594) of exploration and evaluation property expenditures are included in accounts payable and accrued liabilities.

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

THESIS GOLD INC.

Notes to the Condensed Interim Financial Statements
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

1. Nature of operations

Thesis Gold Inc. (the "Company") 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.

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 30, 2023.

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 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.

In addition, the Company acquired three additional mineral property claims contiguous with the property for cash consideration of \$5,500 and two additional mineral property claims contiguous with the property and paid cash consideration in the amount of \$4,000. With the addition of these claims, the Ranch Property has been further consolidated into a single contiguous land package.

THESIS GOLD INC.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

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

	Acquisition	Exploration	Total
Balance, December 31, 2022	\$ 5,512,292	\$ 37,152,061	\$ 42,664,353
Assays and analysis	-	309,273	309,273
Claims and land use	5,923	-	5,923
Drilling	-	200,612	200,612
Engineering	-	35,090	35,090
Environment	-	33,407	33,407
Fieldwork	-	110,911	110,911
Fieldwork supplies	-	3,683	3,683
Geological consulting	-	60,686	60,686
Permits	-	13,266	13,266
Rentals	-	9,823	9,823
Roads and maintenance	-	3,600	3,600
Travel and support	-	5,306	5,306
Mineral exploration tax credit	-	(391,958)	(391,958)
Balance, March 31, 2023	\$ 5,518,215	\$ 37,576,675	\$ 43,094,890

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:

	Number of shares	Amount
Balance at December 31, 2022	64,885,864	\$ 59,478,244
Shares issued on vesting of restricted share units	186,482	152,915
Share issuance cost	-	(70)
Balance at March 31, 2023	65,072,346	\$ 59,631,089

Escrowed common shares

Upon closing of the acquisition of the Ranch Gold Project on October 30, 2020, 14,000,000 common shares of the Company were subject to a value escrow agreement whereby 10% of the common shares are to be released from escrow immediately ("Initial Release") and an additional 15% are to be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As at March 31, 2023, 4,200,000 common shares remained in escrow.

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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 expire if not exercised on the earlier of the expiry date or 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.

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

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2022 and March 31, 2023	5,560,000	\$ 1.38

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

March 31, 2023			December 31, 2022		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
\$ 0.50	1,900,000	2.9	\$ 0.50	1,900,000	3.9
1.30	610,000	3.4	1.30	900,000	4.4
1.65	100,000	1.4	1.65	100,000	2.4
1.35	1,300,000	3.8	1.35	1,350,000	4.8
2.43	1,650,000	4.2	-	-	-
\$ 1.38	5,560,000	3.5	\$ 0.97	4,250,000	4.2

c) Restricted share units

On November 9, 2020, the Company adopted a restricted share unit plan (the "RSU Plan") providing for the issuance of 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 15, 2023, the Company granted 1,491,833 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 \$477,387, or \$0.32 per RSU, is 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, \$0.82; expected life, 1.5 years; expected volatility, 80%; risk-free rate, 3.43%; expected dividends, 0%. As of the date of these condensed interim financial statements, 1,118,875 remain unvested. There were 372,958 RSUs redeemed during the period for 186,482 common shares and \$152,910 cash.

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d) Warrants

The Following is a summary of the changes in the Company's warrants for the two years ended December 31, 2022:

	Number of Warrants	Weighted average exercise price
Outstanding warrants, December 31, 2022 and March 31, 2023	556,947	\$ 2.70

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

Exercise Price	Number of warrants	March 31, 2023	Exercise Price	Number of warrants	December 31, 2022
		Remaining contractual life (years)			Remaining contractual life (years)
\$ -	-	-	\$ 0.75	10,538,750	0.8
-	-	-	0.50	930,400	0.8
-	-	-	1.50	701,714	1.0
2.70	556,947	1.1	-	-	-
\$ 2.70	556,947	1.1	\$ 0.77	12,170,864	0.8

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 three months ended	March 31 2023	March 31 2022
Management fees paid to key management and directors	\$ 41,000	\$ 60,333
Capitalized consulting fees paid to key management	24,000	23,000
Investor relations fees paid to a director	32,500	32,500
	\$ 97,500	\$ 115,833

During the period ended March 31, 2023, there were no options issued to key management and directors (2022 – 1,275,000) resulting in a non-cash share-based compensation expense of \$nil (2022– \$2,014,500).

At March 31, 2023, accounts payable and accrued liabilities include \$1,017 (2022 - \$ nil) 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. All amounts have been subsequently paid.

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.

As at March 31, 2023, the Company's financial instruments are comprised of cash and cash equivalents, reclamation bonds and accounts payable and accrued liabilities. The carrying values of cash and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations. The Company's cash and cash equivalents are classified as Level 1 of the fair value hierarchy.

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 currency 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. Cash are held at reputable financial institutions in Canada. The Company's maximum exposure to credit risk at March 31, 2023 is \$12,556,750 (December 31, 2022 - \$14,170,877).

THESIS GOLD INC.

Notes to the Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)

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 March 31, 2023 the Company's working capital was \$13,696,229 (December 31, 2022 – \$13,696,229) 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:

	March 31 2023	December 31 2022
Financial assets at amortized cost:		
Cash	\$ 12,556,750	\$ 14,170,877
Reclamation bond	310,000	310,000
	<u>\$ 12,866,750</u>	<u>\$ 14,480,877</u>

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

	March 31 2023	December 31 2022
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 535,574	\$ 2,008,718
Asset retirement obligation	310,000	310,000
	<u>\$ 845,574</u>	<u>\$ 2,008,718</u>

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

Determination of fair value

The statements of financial position carrying amounts for cash, accounts payable and accrued liabilities approximate fair value due to their short-term nature.