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## Thesis Gold: Building Our Investment Case for Lawyers

Despite the fact that Thesis Gold’s share price has surged 75% from its recent low of \$0.38 set on February 27<sup>th</sup>, we still believe there is considerable price upside available. Our interest in the story was piqued following the consolidation of Benchmark Metals and Thesis in late 2023, bringing together the Lawyers and Ranch gold-silver projects in north central British Columbia. The Company reconstituted its Board of Directors and recently appointed William (Bill) Lytle, a seasoned mine builder and operator, as Chairman. We expect the Company will release an updated resource in a matter of weeks and will follow with an updated Preliminary Economic Assessment (PEA) by the end of the summer. We are building our investment case for Thesis and expect to follow-up with a more comprehensive model as soon as the resource is made public.

### Investment Summary

- Upside to a Sizeable Gold Silver Resource:** The current NI 43-101 mineral resource is comprised of 3.1M oz gold equivalent (AuEQ) ounces of measured and indicated (67.4Mt @ 1.16 g/t Au, 22.9 g/t Ag) and 414K oz AuEQ of Inferred (4.9Mt @ 2.20 g/t Au, 35.1 g/t Ag). We are anticipating that will grow by approximately 1.0M oz when the Company releases its update within a matter of weeks.
- Updated PEA Expected by Late Summer:** The Company is planning to incorporate underground mining at Lawyers and satellite feed from Ranch when they release an updated PEA later this summer. We expect a significant increase in the annual gold-equivalent production from the mine to over 200K oz per year over the 12-year life from the current level of approximately 160K oz/a.
- New, Higher Metal Price Assumptions:** The current PEA used US\$1,700/oz gold, US\$21.75/oz silver and a US to CAD exchange rate of 0.77:1. We ran a model a model using the PEA parameters under two increased price cases. Case 1 used Au at \$1,900/oz and Ag at \$22.50/oz with a 0.74:1 exchange rate and Case 2 used spot prices of Au at \$2,350/oz and Ag at \$28.50/oz with a 0.725:1 exchange rate. We tested both Case 1 and 2 with inflation adjusted capital and operating costs. The impact on the economics ranged from a worst-case scenario of no significant change in our Inflated cost Case 1, to more than doubling the NPV@5% of both Case 2 scenarios.
- Enterprise Value Per Ounce Upside Evident:** We estimate Thesis has a current EV/oz value of US\$24/oz versus an average of US\$47/oz from our universe of precious metal exploration companies. If our resource expansion assumption is reasonable the Company’s current EV/oz would drop to \$18/oz. In order to maintain a \$24/oz value the share price would have to increase by 27% to \$0.88/share. For Thesis to move up to the average value of \$47/oz, the Thesis share price would have to increase \$1.65.

We rest our case.

### TAU-TSXV

Rating:	N/A
Target:	N/A
Price:	\$0.67

#### Market Data

Basic Shares O/S (M)	174.1
FD Shares O/S (M)	175.9
Market capitalization (\$M)	118.4
Enterprise Value (\$M)	107.6
Cash (\$M)	10.8
LT debt (\$M)	0.0
52 Week Range	0.37-1.22
Avg. Weekly Volume (k)	191.4
Fiscal Year End	

#### Company Description

Thesis Gold Inc. is a junior resource company and reporting issuer in the provinces of British Columbia and Alberta. Its principal business is the identification, evaluation, acquisition and exploration of mineral properties. The Company is currently focused on defining the resource potential and development of the Ranch and Lawyers gold silver project in the Toadoggone mining district of north central British Columbia. Common shares of the Company trade on the TSX Venture exchange under the symbol "TAU".



Source: Consensus Data - Refinitiv, Forecasts/Estimates - Leede Jones Gable

## Background

In August, last year, Thesis Gold Inc. completed a Plan of Arrangement to merge with Benchmark Metals Inc. consolidating 100% ownership of the Toodoggone district Ranch and Lawyers gold projects in north central British Columbia. Together the two projects cover 325 km<sup>2</sup> of highly prospective Lower Jurassic volcanic and sedimentary rocks which are the host to multiple epithermal deposits and prospects (Exhibit 1).

Shortly after the merger was completed, the Company reconstituted its Board to include CEO Ewan Webster, Thomas Mumford, Nickolas Stajduhar, Jody Shimkus and Lisa Peterson. On February 26, 2024, William (Bill) Lytle was appointed Non-Executive Chairman further strengthening the technical oversight capabilities and governance of the Company.

In September 2023 Thesis outlined their post-merger strategy as follows:

- YE 23: Complete its 50,000m drill program comprised of 30,000m at Ranch and 20,000m at Lawyers.
- 2Q 24: Update Lawyers mineral resource estimate including underground component and complete a maiden MRE on Ranch.
- 2Q 24: Update comprehensive metallurgical test work on ore from Lawyers and Ranch.
- 3Q 24: Incorporate Lawyers underground and Ranch resource into an updated Preliminary Economic Assessment (PEA).

Exhibit 1. Location of the Lawyers and Ranch Gold-Silver Projects



Source: Company Documents

## Lawyers Project

The Lawyers gold deposit is classified as a low-sulphidation gold-silver epithermal mineral system comprised of the Cliff Creek, Dukes Ridge, Phoenix and AGB zones controlled by NW to NNW structures within a 5km by 8km radiometric (potassic) alteration anomaly. Precious metal mineralization consists of quartz veins, stockwork zones and breccias, typical of the upper levels of a strong hydrothermal mineralizing system. Gold and silver mineralization is associated with pyrite and minor copper, lead and zinc sulphides. The ratio of gold to silver varies throughout the deposits and local, bonanza grades probably related to multiple pulses of the mineralizing event.

In September 2022, Benchmark published an updated MRE (Exhibit 2) and PEA contemplating an open pit mining operation and 10,600 tonne per day (tpd) processing facility producing 1.64M ounces (oz) gold and 25.7M oz silver over a 12-year life. The Company recognized that not only nearly 40% of the total mineral inventory was not captured in this mine plan and that the mineral system remained open to depth. It was decided that an infill drill program would be completed to assess the potential to mine high grade mineralization beneath the designed pit.

## Ranch Project

The Ranch project was acquired by the Company in 2020. It is comprised of more than 20 known structurally controlled, mineralized prospects over an area of roughly 25km<sup>2</sup>. Precious metal mineralization is classified as intermediate to high-sulphidation style associated with quartz-barite-pyrite-sericite mineralogy and minor base metal sulphides including elevated copper in the form of chalcopyrite and/or enargite.

Exhibit 2. Lawyers Mineral Resource Estimate, September 2022

Deposit	Tonnage (Kt)	Grade			Contained Metal		
		Gold (g/t)	Silver (g/t)	AuEQ <sup>1</sup> (g/t)	Gold (Koz)	Silver (M oz)	AuEQ <sup>1</sup> (K oz)
<b>Measured &amp; Indicated</b>							
Cliff Creek	55,591	1.18	18.1	1.41	2,117	32.3	2,520
AGB	11,784	1.06	45.7	1.64	403	17.3	620
<b>Total M&amp;I</b>	<b>67,375</b>	<b>1.16</b>	<b>22.9</b>	<b>1.45</b>	<b>2,520</b>	<b>49.6</b>	<b>3,140</b>
<b>Inferred</b>							
Cliff Creek	4,416	2.28	36.6	2.73	323	5.2	388
AGB	457	1.43	20.4	1.77	21	0.3	26
<b>Total M&amp;I</b>	<b>4,873</b>	<b>2.20</b>	<b>35.1</b>	<b>2.64</b>	<b>344</b>	<b>5.5</b>	<b>414</b>

Metal Prices used Au = US\$1,750/oz; Ag = US\$20/oz; Exch CAD:US = 1:0.78

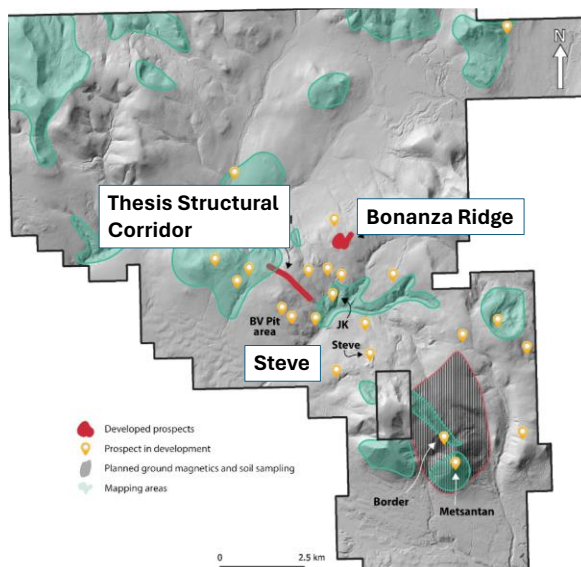
1. AuEQ = Gold-Equivalent: based on Ag:Au ratio of 80:1

Source: Company Documents

In 2023, Company focused on infill and expansion drilling to determine the continuity between known mineralized zones and to test new prospects and coincident geochemical and geophysical targets. This work has led to an improved understanding of what is referred to as the Thesis Structural Corridor which appears to connect the Bingo, Thesis II and Thesis III zones over a 1.5km strike length. Work has extended the high-grade mineralization at the Bonanza-Ridge zone over a continuous strike length of 700m with evidence pointing toward an interconnection of the structural network between the two zones. A new discovery known as the Steve Zone was indicated by drilling beneath a silica cap, 3.5km SW of the Bonanza Ridge. Here mineralization is inferred to extend from surface anomalism to a depth of 440m over a strike length of at least 330m (Exhibit 3).

Precious metal drill intersections vary widely across the property, ranging from broad zones of up to 50m in core length with generally a 0.5 to 2.0 g/t gold and 5 to 30 g/t silver to structurally constrained intervals of up to 10m in width with 10 to 20 g/t gold and 50 to 250 g/t silver. While little or no copper is reported in most of the drill intercepts, elevated values ranging to over 1.0% are observed at the deeper portions of the Bonanza ridge zone.

Exhibit 3. Ranch Project, Principal Prospects



Source: Company Documents

## New Resource & Revised PEA

We expect the Company will release an updated MRE by the end of April. Our expectation is that the update will include a maiden resource at Ranch on the order of 750K oz AuEQ at an average gold-equivalent grade of at least 2.5 g/t. There is a possibility that some portion of the Ranch system could carry an average grade >5.0 g/t and that the Company will target the higher-grade material early in a future production scenario.

At Lawyers, our expectation is that much of the existing resource that was not captured in the PEA pit shell will be upgraded and modelled for potential underground extraction. Therefore, we'd expect to see an elevated cut-off grade applied to this portion of the model and consequent higher average grade. Our expectation, therefore, is for a modest increase in the total contained gold-equivalent ounces at Lawyers of say approximately 250K oz.

Thesis have indicated that they plan on releasing an updated PEA with satellite feed from Ranch and high-grade underground ore at Lawyers to augment the Lawyers open pit. Our expectation is that it will lead to a significant increase in the annual gold-equivalent production from the mine to over 200K oz per year over the 12-year life from the current level of approximately 160 K oz/a. We plan on updating our model to incorporate these changes following the release of the updated MRE.

## Our Analysis

We built a valuation model to reflect the current PEA mine plan using the data and assumptions to create a LJV Calibration model and valuation outcome. Our calibration model compares favourably with TAU's PEA model as show in the left columns of Exhibit 4.

Exhibit 4. Thesis 2022 PEA Parameters and Results versus LJV Calibration Model

Model Parameters	Unit	TAU 2022 PEA	LJV Calibration	Pct. Variance
Gold	US\$/oz	1,735	1,735	0.0%
Silver	US\$/oz	21.75	21.75	0.0%
Exchange Rate	C\$US\$	0.77	0.77	0.0%
Ore Tonnes Milled	000 t	46,662	46,662	0.0%
Waste Tonnes Mined	000 t	275,486	275,486	0.0%
Grades				
Gold Grade	g/t	1.18	1.18	-0.0%
Silver	g/t	22.7	22.68	-0.1%
Recovery				
Gold Recovery	%	92.4%	92.3%	-0.1%
Silver	%	75.6%	75.5%	-0.1%
Payable Metal Production				
Gold Production	000 oz	1,634	1,634	-0.0%
Silver	000 oz	25,491	25,690	0.8%
Gold-Equivalent	000 oz	1,954	1,956	0.1%
Mine Life	Years	12.0	12.0	0.0%
Mill Throughput	K tpd	10.6	10.7	1.4%
Mining Cost	C\$/t	3.59	3.59	-0.0%
Strip Ratio	Waste::Ore	5.90	5.90	0.0%
Total Mining Cost/t of Ore	C\$/t	24.79	24.78	-0.0%
Processing Cost	C\$/t	17.31	17.31	0.0%
G&A	C\$/t	5.15	5.15	0.1%
Total Cost per Tonne Processed	C\$/t	47.25	47.25	-0.0%
NSR Royalty Rate	C%M	0.5%	0.5%	0.0%
Development Capital	C\$M	484	484	-0.0%
Sustaining Capital	C\$M	142	142	0.1%
Total Capital	C\$M	626	626	0.0%
Cash Cost	US\$/oz	707	705	-0.3%
All-In Cost	US\$/oz	824	823	-0.1%
After-Tax Cumulative Cash Flow	C\$M	1,000	1,009	0.9%
After-Tax NPV @ 5%	C\$M	589	589	0.0%
IRR	%	24%	23%	-2.6%
Payback	Years	2.8	3.1	9.7%

Source: Company Documents, LJV Analysis

We then ran a sensitivity analysis on two separate metal price and exchange rate cases where:

Case 1: Gold = US\$1,900/oz; Silver = US\$22.50/oz; US:CAD Exchange Rate = 0.74:1

Case 2: Gold = US\$2,350/oz; Silver = US\$28.50/oz; US:CAD Exchange Rate = 0.725:1

We re-ran both Case 1 and 2 applying a 15% inflation adjustment to the operating costs and a 10% adjustment to the preproduction capital costs. The impact on the economics ranges from a worst-case scenario of no significant change in our Inflated cost Case 1, to more than doubling the NPV@5% of both Case 2 scenarios.

Exhibit 5. Sensitivity Analysis of Thesis PEA Model

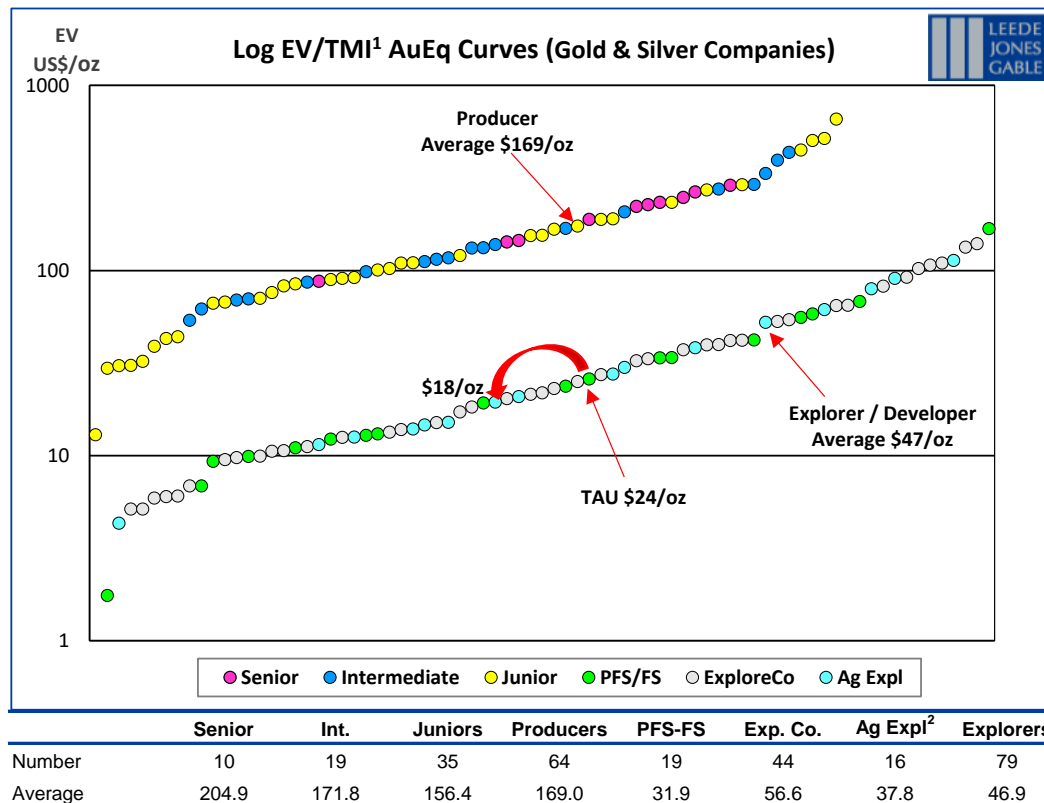
TAU 2022 PEA	Using PEA Capital & Operating Costs				Model Parameters	Unit	TAU 2022 PEA	Inflation Adjusted Capital & Operating Costs			
	CASE 1	Pct. Variance	CASE 2	Pct. Variance				CASE 1	Pct. Variance	CASE 2	Pct. Variance
1,000	1,336	33.6%	2,223	122.3%	After-Tax Cumulative Cash Flow	C\$M	1,000	1,056	5.6%	1,938	93.8%
589	816	38.6%	1,442	144.8%	After-Tax NPV @ 5%	C\$M	589	607	3.0%	1,228	108.6%
24%	29%	20.2%	43%	79.9%	IRR	%	24%	22%	-8.1%	36%	49.8%
2.8	2.4	-15.2%	1.6	-44.2%	Payback	Years	2.8	3.2	14.9%	1.8	-34.7%

Source: LJG Analysis

### Enterprise Value Per Ounce

Currently we estimate that the market is valuing Thesis at approximately US\$24/oz AuEQ versus our exploration data curve which ranges from US\$3/oz to well over US\$100/oz and averages \$47/oz. If we assume the Company adds ~1.0M oz to its mineral inventory and market cap remains the same, the EV/oz would drop to approximately \$18/oz. That would represent more than a 60% discount to the average value on our curve. Assuming our resource upgrade is reasonable, Thesis' share price would have to increase by 27% to \$0.88/share in order to maintain the current EV/oz value of \$25/oz. In order for Thesis to be valued at the average EV/oz level of \$47/oz the stock price would have to increase to \$1.65/share.

Exhibit 6. Thesis Current Position on LJG's Precious Metal Industry EV/oz Chart



1. TMI: Total Mineral Inventory includes M&I resources plus Inferred resources

2. Ag Expl Companies TMI comprised of >50% Ag, translated into AuEq using Ag @ \$23.50/oz and Au @ \$2,050/oz

Source: LJG Analysis

**Disclosures** none

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Speculative Buy	10	38.4%
Hold	1	3.8%
Sell	1	3.8%
Tender	1	3.8%
Under Review	-	-