

Ticker: TAU CN

Pro-forma Cash: C\$20m

Project: Lawyers / Ranch

Market cap: C\$145m

Price: C\$0.74/sh

Country: Canada, BC

REC. (unc): BUY

TARGET (unc): C\$2.90/sh

RISK RATING (unc): HIGH

- **PEA is overall a beat on our estimates** driven by the increased mill size lifting production above 200koz pa over the still long 14-year mine life, driving a higher NPV.
- **Capex is higher than expected** due to the scale-up + inflation, but benchmarks against peers, of which Valentine is the best direct comparison in our view (discussed below).
- **The main blemish for us:** lower underground grade and higher UG development costs.
- **Only ~9% of inferred resources used for this study** and with all the capital intensive PFS work already behind, Thesis can springboard into desktop/engineering fairly quickly.

We look to the full PEA filing within 45 days to refine our assumptions. For now, we match the PEA inputs, and estimate an NPV5% of C\$1,577m simply by lifting metal prices to our US\$2,000/oz Au and US\$30/oz Ag LT deck. We then add \$5/oz refining cost and adjust for spot FX, bringing our NPV5%-2,000 to C\$1,643m, from C\$1,454m previously. As such, **we maintain our BUY rating and our \$2.90/sh price target** based on a simple 0.3xNAV_{5%-2,000}. Stepping back, the project's ~3.3Moz @ 1.61g/t AuEq inventory, OP 5:1 strip and ~4.6Mtpa mill for 215koz AuEq (165koz pa Au) LOM and C\$598m capex is remarkably similar to Calibre's Valentine asset in construction—2.7Moz @ 1.62g/t Au P&P with ~7:1 strip and ~4.0Mtpa mill for 179koz pa LOM and C\$653m capex (updated 2Q24)—which equates to ~US\$120/t pa capital intensity vs Thesis' US\$111/t pa PEA (that excludes powerline costs). While this asset was further advanced at the time Calibre acquired it, we note it saw inventories grow over time pre-FID for many years and a peak market cap of ~C\$800m, hence the upside for Thesis is clear – (i) progress to PFS, (ii) exploration drilling and (iii) permits could see a big lift in valuation.

Table 1. Thesis Gold 24' PEA summary and SCP 'old vs new' inputs and economics

	TAU	SCP				TAU	SCP			
Lawyers / Ranch (100%)	24' PEA	Old	New	Δ (%)		24' PEA	Old	New	Δ (%)	
Pit inventory (000t)	58,200	52,462	58,169	11%	Pit mining cost (C\$/t mined)	4.08	3.72	4.08	10%	
Pit inventory (g/t AuEq)^A	1.44	1.58	1.54	-3%	UG mining cost (C\$/t mined)	72.47	87.43	72.47	-17%	
Pit inventory (000oz AuEq)^A	2,698	2,664	2,875	8%	Processing cost (C\$/t)	15.85	17.32	15.85	-8%	
UG inventory (000t)	6,500	3,500	6,500	86%	G&A (C\$/t)	5.23	5.19	5.23	1%	
UG inventory (g/t AuEq)^A	3.17	4.12	3.42	-17%	Refining cost (US\$/oz)	--	5.00	4.90	-2%	
UG inventory (000oz AuEq)^A	662	463	715	54%	Royalty (%)	0.5%	0.5%	0.5%	-3%	
SCPe strip ratio (x)	5.0	5.6	5.0	-9%	AISC incl. royal. (US\$/oz AuEq)*	1013	894	885	-1%	
Nameplate throughput (000tpa)	4,600	3,800	4,600	21%	Total build capex (C\$m)	598	484	598	24%	
Mill head grade (AuEq g/t)	1.61	1.74	1.73	-1%	Sus capex exc. closure (C\$m)	547	311	547	76%	
Au recovery (%)	93.0%	92.2%	93.0%	1%	Gold price (US\$/oz)	1,930	2,000	2,000	0%	
Ag recovery (%)	86.1%	75.6%	86.1%	14%	Silver price (US\$/oz)	24.00	30.00	30.00	0%	
Prod'n AuEq Y1-3 (000oz pa)	273	231	297	28%	NPV5% post-tax (C\$m)	1,277	1,454	1,643	13%	
Prod'n AuEq LOM (000oz pa)	215	173	234	36%	IRR post-tax (%)	35%	41%	41%	1%	
Mine life (years)	14.0	15.0	14.0	-7%	Payback (years)	2.00	2.00	1.50	-25%	

Source: Thesis Gold, SCP estimates; ^Avaries by price deckSource: Thesis Gold, SCP estimates; ^AAISC incl. royalty and net of Ag by-product rev.

PEA beat; Larger mine drives 58% IRR & C\$2.3bn NPV5% at ~spot; springboard to PFS / permitting

Yesterday, Thesis Gold reported a PEA for the combined Lawyers/Ranch deposits, highlighting a C\$1.28bn NPV5%-1930 and 35% IRR (C\$2.25bn at US\$2,500/oz gold) and two-year payback on C\$598m build capex (+24% vs 22' PEA). The 2024 PEA outlines combined open pit and underground mining (2.5ktpd) feeding a 12.6ktpd plant with a Merrill Crowe recovery circuit, producing precious metal concentrate and gold-silver doré. Pit inventory grew to **2.7Moz @ 1.44g/t AuEq** with a reduced strip ratio (5.0:1), while the maiden UG inventory totaled **~660koz @ 3.17g/t AuEq**. Total mill feed of **~3.3Moz (64.7Mt) @ 1.61g/t AuEq** supports annual production of published 215koz AuEq (165koz Au) over 14 years, with higher output in early years (273koz AuEq Y1-3). Operating costs are C\$4.08/t for pit mining, C\$72.5/t for UG, and

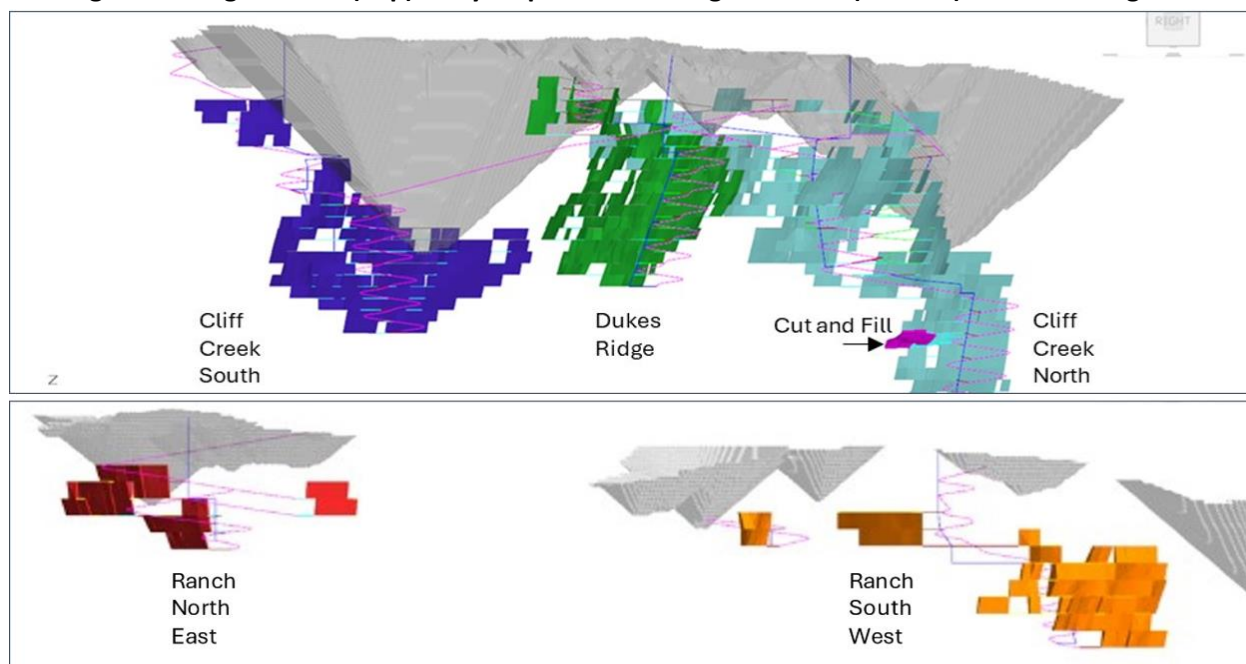
US\$1,013/oz AuEq AISC. The C\$598m capex covers a larger plant, new flotation circuit, and inflation, with C\$547m sustaining capital over LOM, including C\$251m for UG development starting in Y2. **Next steps:** With the PEA complete, Thesis Gold is progressing to a Pre-Feasibility Study (PFS) for the Lawyers-Ranch Project. A 10,000m drill program is underway to upgrade Inferred Mineral Resources to Indicated and Indicated to Measured, aiming for PFS Mineral Reserve conversion. Significant PFS/FS data inputs are either completed or on track, advancing the project toward the next development phase.

Our view: larger operation, higher costs, higher production for +13% lift in SCPe NAV; PFS key

Against SCP forecast: The new PEA offers a solid 'first look' at the combined assets and maiden UG inclusion, showing a clear improvement over the previous CY24 PEA. The overall grade of 1.73g/t AuEq (using SCP prices) is within 3% of our forecast, with a larger-than-expected inventory of 2.9Moz pitable and 715koz UG, mainly due to the unexpected inclusion of a small UG at Ranch, albeit the UG grade was lower than we expected. Recoveries improved significantly, with a +1% increase for gold and a +14% jump for silver, aided by the added flotation circuit. This, combined with an 21% plant-size increase, pushed production to 234koz AuEq pa LOM, beating our estimates by 36%. On costs, we think the operating costs are reasonable at this stage, with C\$4.08/t mining costs conservatively above peers. The UG development of C\$251m was above our expectations given the larger and more complex UG designed across both deposits (we assumed single access under Lawyers previously). Build capex is higher than expected due to a larger mill, partially offset by savings from removing the powerline cost (C\$46m in prior study). This could be a future risk, though mitigated by a contingency buffer. At US\$111/t pa, the build capex is lower than peers like Calibre's Valentine and Iamgold's Cote but above Artemis' Blackwater.

Bottom line: While there's room for optimization, the PEA highlights the combined asset's potential, positioning Lawyers/Ranch as a high-quality asset in Canada. With most capital-intensive PFS work complete and an Initial Project Description submission possible as early as 1H25, Thesis is poised for a potential re-rate as it advances through PFS/DFS de-risking and permitting.

Figure 1. Long sections (Top) Lawyers pit + UG looking West and (Bottom) Ranch looking East



Source: Thesis Gold

Why we like Thesis Gold

1. Significant resource base: 4.4Moz @ 1.5g/t AuEq (87% M&I) OP and 0.3Moz @ 2.9g/t UG

2. Scarcity value on >215koz AuEq pa and low US\$1,013/oz AISC in Canada
3. On infrastructure with year-round road access, 45km NW of tie into the Kemess mine power grid
4. Regional exploration upside at both Ranch and Lawyers for ounce growth along strike and depth
5. New Chair, Bill Lytle (current SVP COO B2Gold) brings mine building experience and network

Catalysts

- 2H25: SCPe PFS
- 2025: SCPe Permitting updates
- 2H24: Exploration results

Research

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Ticker: TAU CN	Price / mkt cap: C\$0.74/sh, C\$145m	Project PNAV today: 0.09x	Asset: Lawyers/Rand
Author: B Gaspar	Rec / 0.3xNAV PT: BUY, C\$2.9/sh	1xNAV ₂₀₂₄ FF FD: C\$6.82/sh	Country: Canada: BC

Commodity price	FY24E	FY25E	FY26E	FY27E	FY28E
Gold price	2,000	2,000	2,000	2,000	2,000
Share data	Basic	FD	FF FD with build		
Basic shares (m)	196.2	209.8	287.0		

SOTP project valuation*

	C\$m	O/ship	NAVx	C\$/sh
Ungeared proj. @ build start	1,644	100%	0.30x	2.35
Pro forma cash	20	100%	1.00x	0.10
Cash from ITM options	11	100%	1.00x	0.05
Resources outside of inventory @ US\$50/oz	84	100%	1.00x	0.40
Asset NAV5% C\$2000/oz	1,759			2.90

*Diluted for options but not build

Market P/NAV5%: 0.09x

Asset value: 1xNPV project @ build start (C\$m, ungeared)*

Project NPV (C\$m)*	\$1800oz	\$1900oz	\$2000oz	\$2500oz	\$3000oz
10.0% discount	874	972	1,071	1,565	2,057
7.5% discount	1,092	1,208	1,325	1,906	2,485
5.0% discount	1,367	1,506	1,644	2,337	3,027
Ungeared project IRR:	36%	39%	41%	52%	63%
Project NPV per share (C\$/sh)*	\$1800oz	\$1900oz	\$2000oz	\$2500oz	\$3000oz
10.0% discount	1.25	1.39	1.53	2.24	2.94
7.5% discount	1.56	1.73	1.89	2.73	3.55
5.0% discount	1.96	2.15	2.35	3.34	4.33

Group valuation over time^	Nov 24	Nov 25	Nov 26	Nov 27	Aug 28
Lawyers mine (C\$m)	1,567	1,734	2,067	2,462	2,412
Group G&A and finance (C\$m)	(156)	(151)	(152)	(137)	(107)
Net cash prior qtr (C\$m)	9	14	167	(139)	(276)
Cash from options (C\$m)	11	11	11	11	11
NAV FF FD (C\$m)	1,432	1,608	2,093	2,197	2040
FD shares in issue (m)	210	210	287	287	287
1xNAV5%/sh FF FD (C\$/sh)	6.82	7.66	7.29	7.65	7.11

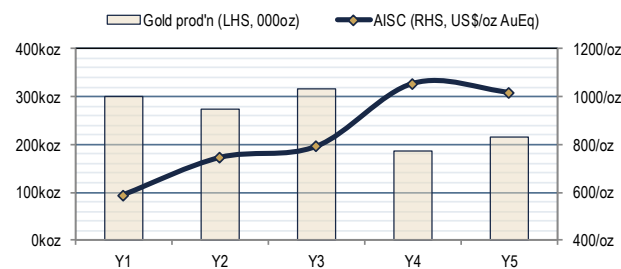
Geared company NAV diluted for mine build, net G&A and finance costs

2Q25 1xNAV FF FD (C\$/m)^	\$1800oz	\$1900oz	\$2000oz	\$2500oz	\$3000oz
10.0% discount	1,394	1,525	1,656	2,311	2,964
7.5% discount	1,544	1,688	1,831	2,548	3,264
5.0% discount	1,723	1,881	2,040	2,834	3,625
Geared project IRR:	34%	37%	39%	50%	60%
2Q25 1xNAV FF FD (C\$/sh)^	\$1800oz	\$1900oz	\$2000oz	\$2500oz	\$3000oz
10.0% discount	4.02	4.56	5.11	7.95	10.88
7.5% discount	4.79	5.40	6.02	9.20	12.46
5.0% discount	5.71	6.41	7.11	10.69	14.33

^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity

Production	Y1	Y2	Y3	Y4	Y5
Gold eq production (000oz)	300	274	316	186	216
AISC + rity (US\$/oz AuEq)	589	745	792	1,056	1,017

AISC = C1 + royalty, refining and sust. Capex; Y1 from NQ26



Source: SCP estimates

SCPe Mining inventory	Tonnes	AuEq (g/t)	AuEq (koz)	Ag (%)
OP: M&I plus inferred	91.2Mt	1.5g/t	4,403koz	25%
UG M&I plus inferred	3.3Mt	2.9g/t	303koz	27%
SCP pit inventory	52.5Mt	1.5g/t	2,577koz	25%
SCP UG inventory	3.5Mt	4.0g/t	450koz	19%

Funding: uses		Funding: sources
Mine build capex	C\$598m	Cash + ITM options
SCPe G&A to 1st Au	C\$9m	Mine debt @ 60% gearing
SCPe pre-production exp'n	C\$12m	DFS / Mine build equity at 0.4xNAV
SCPe fin costs + wkg cap	-C\$34m	Total proceeds
Total uses	C\$585m	Buffer

Ratio analysis (yr to Feb)	FY24E	FY25E	FY26E	FY27E
Average shares out (m)	187.9	289.5	445.0	445.0
EPS (C\$/sh)	-	-	-	0.22
CFPS (C\$/sh)	-	-	-	-
EV (C\$m)	126.4	48.7	469.7	606.2
FCF yield (%)	-	-	-	-
P/CF (x)	-	-	-	-
EV/EBITDA (x)	-	-	-	2.7x

Income statement (yr to Feb)	FY24E	FY25E	FY26E	FY27E
Net revenue (C\$m)	-	-	-	353.2
COGS (C\$m)	-	-	-	106.5

Gross profit (C\$m)				
D&A, attrib (C\$m)	-	-	-	23.0
Admin (C\$m)	12.6	21.5	21.5	21.5
Expensed exp'n (C\$m)	5.0	6.0	-	-
Finance cost (C\$m)	-	-	2.7	32.7
Royalty (C\$m)	-	-	-	1.3
Forex, other (C\$m)	-	-	-	-
Taxes (C\$m)	-	-	-	70.7
Net income (C\$m)	(17.6)	(27.5)	(24.2)	97.5

Cash flow (yr to Feb)	FY24E	FY25E	FY26E	FY27E
EBIT (C\$m)	(17.6)	(27.5)	(21.5)	201.0
Add back D&A (C\$m)	-	-	-	23.0
Less tax + interest (C\$m)	-	-	2.7	103.4
Change in wkg cap (C\$m)	-	(1.7)	-	(40.9)
Add other non-cash (C\$m)	8.7	17.5	17.5	17.5
Cash flow ops (C\$m)	(8.9)	(11.7)	(6.7)	97.2

Cash flow ops (C\$m)				
PP&E - build + sust. (C\$m)	-	(74.8)	(299.2)	(233.7)
PP&E - exp'n (C\$m)	-	-	-	-
Cash flow inv. (C\$m)	-	(74.8)	(299.2)	(233.7)
Share issue (C\$m)	19.7	239.4	-	-
Warrant proceeds (C\$m)	-	-	-	-
Debt draw (repay) (C\$m)	-	-	268.5	213.5
Cash flow fin. (C\$m)	19.7	239.4	268.5	213.5

Net change in cash (C\$m)				
	10.9	152.8	(37.4)	77.0
EBITDA (C\$m)	(17.6)	(27.5)	(21.5)	224.0

Balance sheet (yr to Feb)	FY24E	FY25E	FY26E	FY27E
Cash (C\$m)	14.0	166.8	129.4	206.4
Acc rec., inv, prepaid (C\$m)	4.9	2.1	2.1	60.6
PP&E + other (C\$m)	175.4	250.2	549.4	760.0
Total assets (C\$m)	194	419	681	1,027
Debt (C\$m)	1.4	1.4	269.8	483.3
Accounts payable (C\$m)	4.5	-	-	17.6
Others (C\$m)	15.3	15.3	15.3	15.3
Total liabilities (C\$m)	21.2	16.7	285.1	516.3
Sh'hlds equity + wrnts (C\$m)	221.1	478.0	495.4	512.9
Retained earn'gs + rsvs (C\$m)	(48.1)	(75.6)	(99.7)	(2.2)
Liabilities + equity (C\$m)	194	419	681	1,027

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UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	50

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