INITIATING COVERAGE September 11, 2020

ARTEMIS GOLD INC.
(V-ARTG) $6.13

RATING: BUY
(initiating)

TARGET: $9.00
(initiating)

Artemis' Multi-million oz Golden Chariot (Blackwater) Readies to Roll

- Artemis Gold (ARTG-TSXV) offers development upside unlocked by the advancement of its recently acquired Blackwater project in British Columbia. ARTG's current focus is directed at re-scoping Blackwater via the application of a multi-stage development plan aimed at unlocking the project's multi-million gold ounce potential without having to spend many C$ billions in initial Capex. A recently released summary of this plan (in the form of a prefeasibility study) seems plausible. We see this as key for ARTG's experienced management team to unlock Blackwater's potential thereby delivering multiples of the project's purchase price in shareholder value. Whilst not a primary focus, we see ARTG's ownership interest in Velocity Minerals Ltd (V-VLC) as also offering Bulgarian precious metals development exposure.
  - Key reasons to own ARTG include: Blackwater (100%): Open pittable reserves of ~8.9 M in-situ AuEq oz capable of delivering an initial plus-250K oz/year production profile expandable to plus-400K oz/year at a LOM average AISC of ~US$900/oz Au (PI definition) over a ~23 year LOM. Blackwater's North American location, permitted status and community (First Nations) support adds to the project's attractiveness.
  - On Blackwater alone, we see ARTG as an attractive acquisition target based on merits that acquirers typically look for (an attractive LOM, IRR, payback). Blackwater's meaningful annual production potential and sizeable reserve base underpins this potential. Performing a simplistic buy and build analysis, we estimate an implied Au price (below Spot) of US$1,725/oz, a reflection of Blackwater and ARTG's attractiveness.
  - We see ARTG's balance sheet (~C$58M in cash) as satisfying near-term Capex needs (development and permitting activities at Blackwater).
  - We see valuation range of C$6.90/share to C$13.50/share and our target price of C$9.00/share as underpinning ARTG's attractive valuation (and re-rating potential).
  - We see ARTG trading at a discount (~0.3x NAV) to precious metal developers (~0.4x NAV). We see this due in part to a lack of awareness of ARTG's revised approach in developing Blackwater (which we see gaining traction), reflective of a re-rating opportunity, catalyzed by permitting, grade control / exploration drilling success and a FS anticipated next year.
- We are initiating coverage on ARTG with a **BUY rating and C$9.00 target**, derived by applying a 0.5x NAV multiple on our DCF8% estimate for Blackwater (assuming our base case US$1,800/oz Au gold and US$25/oz silver price), and credits for ARTG's ownership in VLC, with corporate adjustments carried at par.

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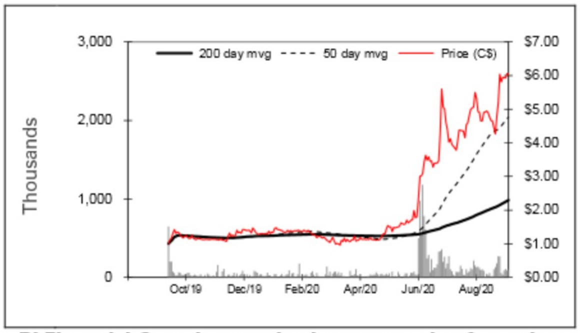
Company Statistics

Risk:	SPECULATIVE
52 Week High-Low:	C$6.22-0.95
Shares Outstanding:	121M
	162M (fd)
Market Capitalization (C$M)	$728
30 Day Average Trading Vol:	184K
Cash (C$, Last Reported):	$29M
Debt (C$, Last Reported):	$0M

Valuation Summary

(FYE Dec. 31)

Valuation Summary	C$M	C$/fd	% NAV
Blackwater (DCF 8%)	$2,341	$14.49	89%
VLC-V (39%, $/oz)	$20	$0.13	1%
Corp. Adjustments	$257	$1.59	10%
Net Asset Value	$2,618	$16.21	100%
NAVPS (C$):	$16.21		



PI Financial Corp. has received compensation for acting as a fiscal agent for ARTG in the previous 12 months. See the disclosure section for additional details.

Corporate Information

Artemis Gold is a precious metal focused BC-based company focused on identifying, acquiring, and developing gold properties in mining-friendly jurisdictions. ARTG is currently active on advancing its Blackwater project in Central BC. We note the company's ownership interest in Velocity Minerals Ltd (V-VLC) as offering a level of Bulgarian precious metals development exposure.

A Disclosure fact sheet is available on Pages 26-27 of this report.

Table of Contents

Investment Overview & Outlook

Artemis Gold (ARTG-TSXV) offers development upside unlocked by the advancement of its recently acquired Blackwater project in British Columbia. ARTG is currently focused on re-scoping Blackwater through the application of a multi-stage development plan aimed at unlocking the project's multi-million gold ounce potential without having to spend many C$ billions in initial Capex. A recently released summary of this plan (in the form of a prefeasibility study) seems plausible. We see this as an important key for ARTG's experienced management team to unlock Blackwater's potential thereby delivering multiples of the project's purchase price in shareholder value. Whilst not a primary focus, we see ARTG's ownership interest in Velocity Minerals Ltd (V-VLC) as also offering Bulgarian precious metals development exposure.

Whilst we assume that ARTG will develop Blackwater to production, we also view the project as an attractive acquisition target for a major / intermediate gold producer with North American operating experience, looking to add North American development stage near/medium term production ounces.

We see ARTG's balance sheet (~C$58M in cash) as satisfying near-term Capex needs (development and permitting activities at Blackwater).

Key reasons to own ARTG include:

- The asset (100% of Blackwater): located in Central British Columbia: a ~8.9 M in-situ AuEq oz open pittable P & P reserve capable of delivering an initial plus-250K oz/year production profile expandable to plus-400K oz/year at a LOM average AISC of ~US$900/oz Au (PI Financial's definition which includes taxes) over a ~23 year LOM. Blackwater's permitting status (provincial and federal environmental assessment approvals in-hand) and community support (Participation Agreements with First Nations signed) adds to the project's attractiveness.
- Balance Sheet: Well-funded: ~C$58M in cash,
- Valuation: Compelling,
- Takeout potential,
- Metal price sensitivity; and
- Near-term catalysts & newsflow.

Valuation

We are initiating coverage on Artemis Gold Inc. (ARTG-TSXV) with a **BUY rating and a C$9.00 target price**. To derive our target, we apply a 100% weighting on our project NAVPS estimate, comprised of a 0.5x NAV multiple on our DCF8% estimates for Blackwater, and credits for ARTG's ownership in VLC, with corporate adjustments carried at par. In our view, our valuation adequately captures the value of ARTG's assets, and the development opportunity presented by Blackwater.

Attractive Attributes

In a sector that remains starved of new discoveries and development opportunities, we see companies (such as ARTG) that are advancing projects that screen well as potential acquisition candidates providing important building blocks for growth for larger companies (with technically strong and proven management teams). If built and operated by ARTG (which management has the skillset to achieve) we also see Blackwater as a cornerstone asset for the company, with growth aspirations - we understand- of its own.

Whether ARTG succeeds in building Blackwater or gets acquired in the process of (or shortly after, as in the case of management's predecessor company Atlantic Gold Corp) we believe that ARTG screens well as a potential acquisition target based on merits that we feel acquirers are looking for when entering into M & A transactions, such as Blackwater's attractive LOM (modelled) at ~23 years, IRR (~30%). Payback of ~19% (% modelled LOM + construction period) and exploration upside. We also see ownership interest in VLC further reinforcing ARTG's attractiveness as an acquisition target (see Exhibit 1).

Exhibit 1: ARTG Snapshot

Artemis Gold Rating: Buy, C$9.00 Target price			
Market Capitalization & Enterprise Value:			
Market Cap: ~C$740.1M EV: ~C$711.5M	IRR: 31%		Payback (% modelled LOM)[3] ~19%
NAV:	**Modelled vs. Defined Resources**		
PNAV: ~C$2361.8M (C$14.62/share)	LOM (Modelled) 22.5 years	M & I Coverage (Modelled / M & I oz) 66%	Global Coverage (Modelled / M & I + I oz): 65%
Balance Sheet[2]:	**Production & Costs (LOM Av.):**		
Cash C$28.6M Debt C$0.0M Net Debt C$-28.6M	329 Koz AgEq/year (Av) Initial Capex (C$M): $600		AISC[1] (US$/oz AgEq): $914)M Sustaining + Growth Capex (C$N $1,706
Metal Value (2018E):	**Development Timeline:**		
Gold: 95% Gold: 5%	H1/21 H2/21 H1/22 H2/22 Exploration / Permitting	H1/23 H2/23 H1/24 H2/24 Construction	H1/25 H2/25 H1/26 H2/26 Production

Notes: 1. AISC (PI Definition)
2. As of 31 March 2020
3. (% modelled LOM + construction period)

Source: PI Financial Corp.

While we see ARTG advancing Blackwater to production, we test our valuation to determine whether ARTG is "ripe for the picking" at Blackwater's current stage of development in the current metal price environment. We see a gold price of at least ~US$1,/25/oz as needed satisfy a "win-win" outcome for both an acquirer and target company (ARTG) (see Takeout Potential on page 19). As such, based on Blackwater's current stage of development and the project's attractive valuation in the current metal price environment (~US$1,/25/oz < Spot gold), we see ARTG as an attractive takeout candidate at current price levels. Whilst we view this as a simple approach, with no value given to any upside potential (exploration, etc., beyond our modelled assumptions) and potential synergies, we see this as a useful tool to gauge ARTG's attractiveness from an acquisition perspective, in terms of a universal measure (the gold price).

Asset Overview

ARTG's primary asset is its 100% owned Blackwater project located in Central British Columbia, accounting for a significant component (~90%) of our NAV est. Blackwater is located ~160 km SW of Prince George and consists of 328 mineral claims covering an area of 148,688 ha. The claims include the Capoose, Auro, Key, Parlane and RJK claim blocks. ARTG recently acquired 100% of the Blackwater project from New Gold Inc (T-NGD).

While not a primary focus for ARTG, we also see potential value in the company's 19% ownership (based on issued and outstanding shares), or 39% on a partially diluted basis in Velocity Minerals Ltd (V-VLC); and the company's option to earn a 100% ownership in the early stage GK exploration property, located ~1/ km west of the community of Telegraph Creek, NW British Columbia, Canada.

Blackwater Acquisition (From New Gold)

ARTG closed the acquisition of Blackwater (from New Gold) on August 24, 2020. ARTG purchased Blackwater for (1) an initial payment of C$140M; (2) /,40/,40/ shares (at C$2./0/share); (3) a cash payment of C$50M to be paid in a year's time and (4) a secured gold stream in favor of New Gold. As such New Gold will purchase 8% of the refined gold produced from Blackwater for 35% of the US dollar gold price. Once 279,908 ounces of gold have been delivered the gold stream will reduce to 4% (est. value of the stream: ~C$372M). In the event that commercial production at Blackwater is not achieved by the 7th, 8th, or 9th anniversary of the closing of the transaction (which closed on August 24, 2020), New Gold will be entitled to receive additional cash payments of C$28M on each of those dates. The acquisition cost (inclusive of payments in cash and shares amounts to a NPV total of ~C$582M).

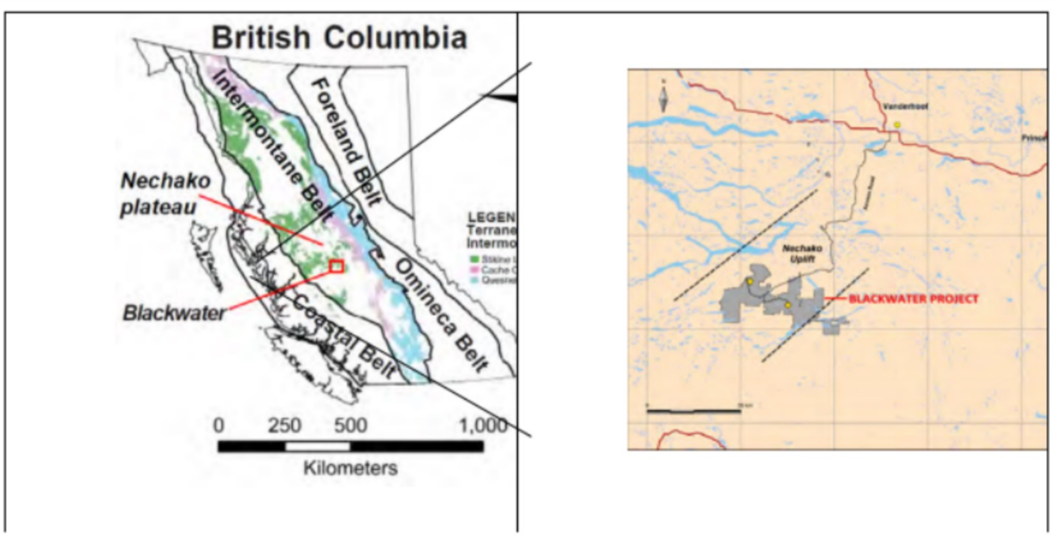
Blackwater (British Columbia)

Geologically speaking, Blackwater is located on the Nechako Plateau, part of the Intermontane Belt superterrane situated between the Coast Belt to the west and the Omineca Belt to the east near the geographic centre of British Columbia. The project area is underlain by rocks of the Stikine terrane, comprising an assemblage of magmatic arc and related sedimentary rocks that span Jurassic to early Tertiary time. Topographic relief for the plateau is moderate with elevations ranging from 1,000 to 1,800 m above sea level.

Blackwater ranks as an advanced development stage project that has received both federal and provincial environmental approvals (Federal Decision Statement and Provincial Environmental Assessment Certificate has been awarded). Whilst New Gold had advanced Blackwater to the feasibility stage (FS) of development, underpinned by a 2014 feasibility study, ARTG is re-thinking the development of the project and is considering a staged development strategy, the details of which were recently announced in a summary of a revised pre-feasibility study (2020 PFS, announced August 26, 2020), due to be published later in Q3/20.

Blackwater has had a relatively short exploration history before NewGold's involvement, mineralization being discovered in 1973 during a regional silt geochemical survey by previous owner Granges Inc. Drilling by various companies was undertaken between 1973 – 1985 and 2005 – 2006, focused on exploring for high grade veins deposits. NewGold's involvement commenced in 2011 by consolidating ownership via the acquisition of previous owners Richfield Ventures Corp, Silver Quest Resources Ltd and Geo Minerals Ltd. Multiple (7) resource estimates have been performed for Blackwater's mineral endowment as well as a 2013 PEA and 2014 FS which ranks as one of the most recent technical assessment of Blackwater's economic upside (apart from the recent 2020 PFS). No production has occurred from the project area.

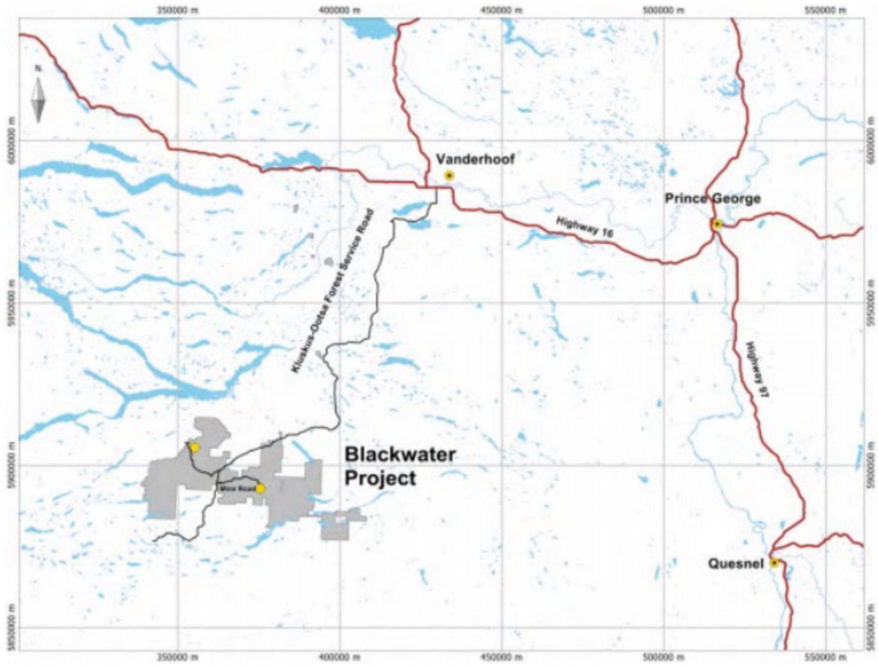
Exhibit 2: Black Pine Historical Production



Source: NewGold

Blackwater is accessible by major highway and access road. While there is no grid-connected power in the direct vicinity of Blackwater, the main BC Hydro 500 kV transmission lines supplying western British Columbia are ~100 km to the north. Several interconnection points from the 500 kV lines to existing 230 kV substations and transmission lines are possible in an area between Fraser Lake and Vanderhoof ~112 km NE the project. Power for the current Blackwater exploration camp is provided by generators. We expect the bulk of the water requirements for the project to be met with reclaim water with fresh water drawn from lakes (Tatelkuz Lake, in the previous feasibility study).

Exhibit 3: Blackwater Project Access



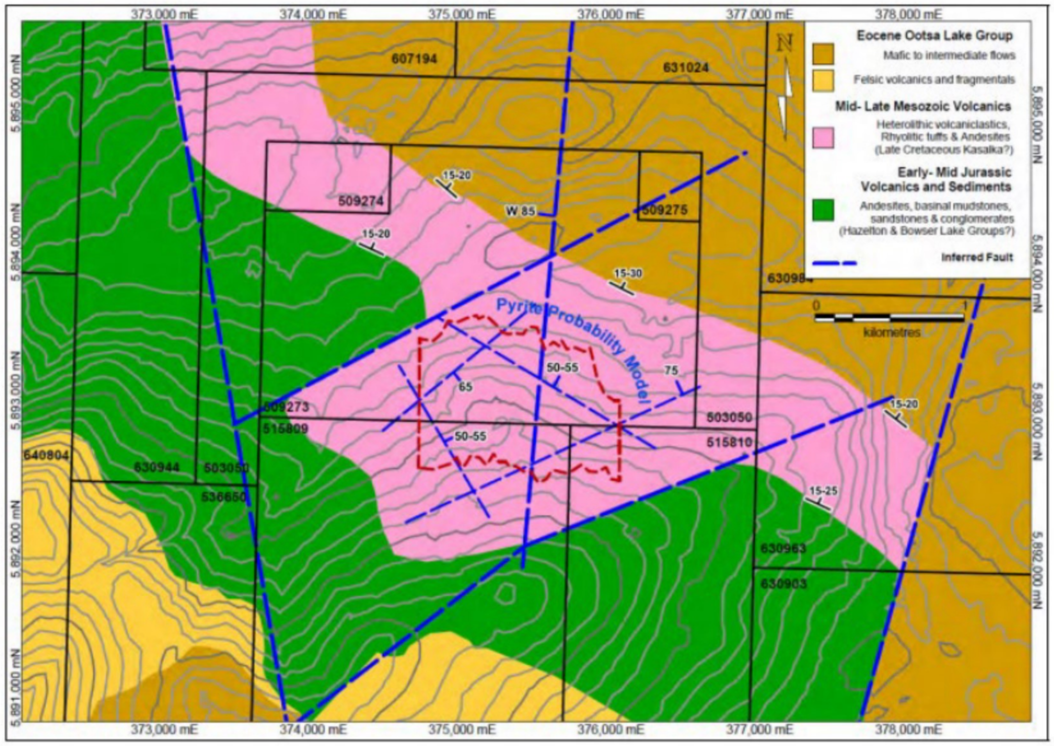
Source: NewGold

Geological Controls & Exploration Upside

Broadly speaking, using available drill core (due to a lack of outcrop), Blackwater is best characterized as a low to intermediate sulphidation epithermal style Au, Ag deposit hosted by late Cretaceous aged felsic to intermediate volcanic rocks that have undergone extensive silicification and hydrofracturing associated with stockwork veining and disseminated sulphide mineralization. Quaternary glacial, colluvial, and fluvial deposits obscure most of the bedrock within the immediate Blackwater project area.

A well-developed system of NE, NW, and northerly striking faults are thought to be the principal control to Au-Ag mineralization in the region and are thought to have had an overarching control over mineralization at Blackwater. These include NW–SE-trending structures characterized by zones of tectonic brecciation and chloritic gouge and NE-trending structural discontinuities that appear to have a major control on alteration and mineralization, but do not appear to have caused any major displacements. The deposit is bounded by post-mineral graben-forming faults to the north and south. A major N– S-trending fault also dissects the orebody. The N-S structural dislocation was used (in the 2014 FS) to subdivide the resource block model into two structural domains, one to the east of it and one to the west. The recent 2020 PFS considers three domains based on the N-S structural dislocation.

Exhibit 4: Blackwater Deposit Plan Map



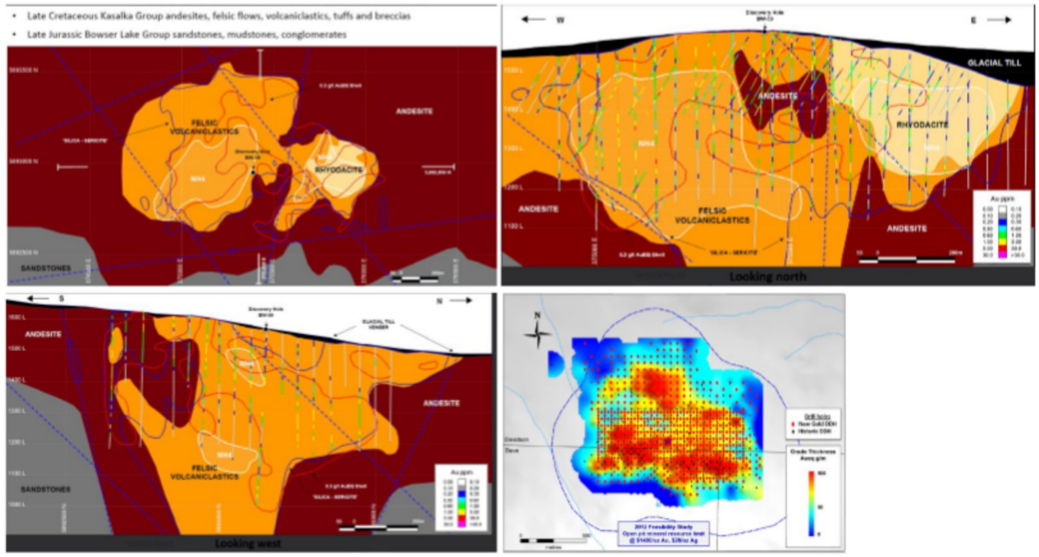
Source: New Gold Inc.

Gold/silver mineralization is characterized by gold-bearing polymetallic sulphides (pyrite, sphalerite, marcasite, pyrrhotite) as disseminations and porosity infillings within fragmental units. Mineralization occurs within an irregularly-shaped system of stockwork and disseminated sulphides that strike approximately E–W dipping moderately to the north. Disseminated Au–Ag mineralization is defined by an E–W-trending tabular– conical-shaped deposit with a lateral extent of up to 1,300 m E–W x 950 m N–S. Mineralization remains open at depth in the SW as well as to the north and NW. The centre of the deposit has an average thickness of 350 m and, where open, a vertical extension of up to 600 m. The mineralized zone plunges shallowly to the north and NW with inferred steep, north-plunging higher-grade mineralized shoots, measuring tens of metres thick, likely influenced by near-vertical structural intersections (see Exhibit 5).

We note that the 2014 FS generally recognizes five types of sulphide mineralization at Blackwater, namely (1) disseminated, (2) porosity infill, (3) vein, (4) hydrothermal brecciation and related silicification, and (5) mineralization that's structurally related. Also, gold and silver mineralization seem to be hosted predominantly within a central core of felsic tuffs and volcaniclastic breccias that are enveloped by a sequence of massive and more-cohesive andesitic flows and tuffs. We also note that the 2014 FS resource reflects a large higher-grade zone of mineralization near-surface within the southern half of the pit design.

Mineralization occurs within 2 km from a cluster of mineralized porphyry intrusive centers belonging to the same late Cretaceous aged felsic to intermediate volcanic hosts to Blackwater.

Exhibit 5: Blackwater Deposit Sections



Source: New Gold Inc.

Previous Work

A total of 1,149 core drill holes (357,507 m) have been drilled in the project area between 2009 and January 2013. Of this total, 134 were completed by Richfield, and 1,015 by New Gold. Prior to Richfield and NewGold's involvement 81 holes totaling 7,633 m were drilled by previous operators between 1981 and 2006. We understand that these were not used to compile the current resource estimate. As mentioned, multiple (7) resources have been estimated at Blackwater, complemented by a 2013 PEA, 2014 FS and a recent 2020 PFS, compiled by ARTG.

We understand that, prior to ARTG's involvement, New Gold assessed alternative operating scenarios for Blackwater, specifically lowering the project's initial Capex requirements, assess potential for a higher-grade pit as well as considering strategic alternatives to advance the project. NewGold spent US$8.1M at Blackwater during Q1/20 and US$5.1M in 2019 and US$7.3M in 2018. NewGold also recorded impairment losses of ~US$218M at Blackwater in 2019.

Plans for H2/20

As mentioned, ARTG's plans for Blackwater are to aggressively advance the project along the development track underpinned by an operating plan which considers, amongst other things:

- A review the resource using MIK (Multiple Indicator Kriging) to optimize open pit ore / waste tonnes and grade (optimize mine scheduling),
- Evaluate the southern half of the deposit for high grade starter pit potential,
- Deferment of the cost of pre-stripping from initial Capex,
- Reduced initial Capex by staging mine throughput ramping up to 20Mtpa (New Gold 2014 FS case) through two subsequent expansion stages funded from future operating cashflows,
- Redesigned the process flow sheet leveraging off historical and recent test work (performed by New Gold),
- Assess cost the benefits of using smaller, off-the-shelf, modular buildings and crushing equipment,
- Staging Capex for TSF construction optimized around initial capacify requirements, haulage distances, as well as simplified water management.

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ARTG's approach in developing Blackwater is outlined in a recent revised 2020 PFS (August 26, 2020), details of which are discussed below. We anticipate the filing of the technical report for the study later in Q3/20 .

ARTG's Plans for 2021 & 2022

ARTG plans to carry out a Phase 1 program of grade control drilling through to year-end as well as well as drill test for resource expansion potential to the north, northwest and at depth through to mid-2021 when we anticipate the tabling of a revised feasibility study. Concurrently, ARTG plans to advance provincial and federal permitting as well as pursue further engagement/negotiations with First Nations. Activities next year are also expected to focus on fixed EPC contract negotiations and project financing, in preparation for a potential Q2/22 development decision.

Community & Permitting

ARTG plans to continue New Gold's work on First Nations engagement as well as provincial and federal permitting culminating in the issuance of development permits by late 2021/early 2022. Last year, New Gold executed a Participation Agreement with the Lhoosk'uz Dené Nation and the Ulkatcho First Nation, the two Indigenous groups whose traditional territories overlap the Blackwater mine site. New Gold continued to engage with other Indigenous groups who may be affected by the project prior to ARTG's involvement. These include the Nadleh Whut'en First Nation, Saik'uz First Nation, Stellat'en First Nation and Nazko First Nation.

Resource Estimates & Economic Studies

We recognize two advanced level economic studies performed on the Blackwater project, namely a 2014 FS (released by New Gold) and a more recent (and optimized) 2020 PFS (released by ARTG). While we use the ARTG optimized PFS as the basis for our modelled operating plan for Blackwater, its worth highlighting the resource/reserve estimate and operating plan published in the 2014 FS, for comparative purposes.

Comparison – 2014 FS vs. 2020 PFS

Based on the geologic block model (tabled in the recently released 2020 PFS) that incorporates more or less the same drill dataset used in the 2014 FS (288,738 individual assays from ~310 km of core from 1,002 drill holes at a nominal drill hole spacing ranging from 25 m to 50 m), Blackwater's reserve / resource endowment is sizeable. An elevated cut-off grade strategy was selected to minimize payback and maximize NPV in both the 2020 PFS and 2014 FS. A block model (10m x 10m x 10m) was applied to estimate resources in the 2020 PFS that considers three domains based on the major N-S structural dislocation (a major fault mentioned earlier). As mentioned, previous work had subdivided the resource block model into two structural domains, one to the east of it and one to the west of the dislocation.

Cut-Off Grades, Direct Processing & Stockpiling: The modelled operating plan for Blackwater envisaged in the recent 2020 PFS entails the mining and direct processing of higher grade ore for first 10 years (divided into two 5 year periods by the doubling of throughput from 15,000 tpd to 35,000 tpd in the latter 5 year period (discussed below). Specifically, this considers the milling of higher grade (av. 1.57 g/t Au) ore during the first 5-year period and a step down in milled grade (av. 1.17 g/t Au) during the second 5 -year period. We note that these grades are significantly higher than the average reserve grade detailed in the 2020 PFS (~0.75 g/t Au). The mine plan envisaged in the 2020 PFS also considers the mining and stockpiling of ore for processing at the end of the project's mine life, as well as a pre-strip, somewhat lower than that considered in the 2014 FS. We have apportioned the LOM milled tonnes presented by ARTG in its announcement of 2020 PFS results in our modelled mine plan for Blackwater, and plan to refine our estimates when we review technical report once it is published.

We note that while an elevated cut-off grade strategy was considered in the 2014 FS to minimize payback and maximize NPV, the staged mine/plant expansions envisaged in the 2020 PFS were not considered. Rather the 2014 FS considered the mining and direct processing (at an elevated rate of ~60,000 tpd) of higher grade ore for first 10 years (above a variable minimum cut-off grade of between 0.26 g/t and 0.38 g/t AuEq), as well as the mining and stockpiling of ore (above a minimum cut-off grade of 0.32 g/t AuEq) for processing at the end of the project's mine life. The AuEq value used to determine material that goes to the mill vs. material stockpiled and processed at a later stage, was based on $1,400/oz Au, $28.00/oz Ag and recoveries that varied according to ore type (oxide: 88% Au, 64% Ag through transitional/sulphide to sulphide: 85% Au, 44% Ag).

Reserves & Resources: Based on the 2020 PFS, resources were estimated (using MIK) assuming a base case 0.20 g/t AuEq cut-off, and US$2,000/oz Au, US$21.43 g/t Ag, a 0.75 US$ per C$ exchange rate, playabilities, offsite costs, a 1.5% NSR royalty and metallurgical recoveries of 93% for gold and 55% for silver. M&I resources total ~597 Mt grading ~0.61 g/t Au, ~6.4 g/t Ag (or ~11.7 M in-situ Au oz and ~122M in-situ Ag oz, or ~12.4 M in-situ AuEq oz). Inferred resources total ~ 17Mt grading ~0.45 g/t Au, ~12.8 g/t Ag, or ~0.2 M in-situ Au oz and ~7 M in-situ Ag oz, or ~0.3 M in-situ AuEq oz). Resources are reported inclusive of reserves (see Exhibit 6).

In comparison, resources estimated in the 2014 FS were pit constrained within a pit based on US$1,400/oz Au, US$28/oz Ag, and average metallurgical recoveries for gold and silver for differing ore types (oxide, transitional and sulphide) as well as for stockpiled material. The pit shell also considered costs for mining mineralized material, waste material; ore processing; sustaining capital; G&A; TSF; royalties; refining as well as pit slope angles. M&I resources totaled ~397Mt grading ~0.74 g/t Au, ~5.5 g/t Ag (or ~9.5 M in-situ Au oz and ~70 M in-situ Ag oz, or ~10.3 M in-situ AuEq oz). Inferred resources totaled ~17.6 Mt grading ~0.66 g/t Au, ~4 g/t Ag (or ~0.4 M in-situ Au oz and ~2.3 M in-situ Ag oz, or ~0.4 M in-situ AuEq oz). Resources were estimated using a minimum AuEq cut-off grade of 0.3 g/t AuEq cut-off (between 0.3 and 0.4 g/t AuEq for ore amenable for stockpiling and future processing and direct processing and above 0.4 g/t AuEq for ore amenable for direct processing). Resources were also reported inclusive of reserves.

P&P reserves defined in the 2020 PFS (as a subset of the M&I resource estimate described above) were defined at an NSR cut-off grade of C$13.00/t, assuming US$1,400/oz Au, US$15/oz Ag, and average metallurgical recoveries of 93% for gold and 55% for silver, as well as a 0.75 US$ per C$ exchange rate, playabilities, offsite costs and a 1.5% NSR royalty. The cut off also considers processing costs of C$10.00/t and administrative (G&A) costs of C$3.00/t. Reserves total ~334 Mt grading ~0.75 g/t Au, ~5.8 g/t Ag (or ~8.0 M in-situ Au oz and ~62 M in-situ Ag oz) (see Exhibit 6). This compares with P & P reserves of 344Mt that total ~344 Mt grading ~0.74 g/t Au, ~5.5 g/t Ag (or ~8.2 M in-situ Au oz and ~61 M in-situ Ag oz) in the 2014 FS, estimated using US$1,300/oz Au, US$22.00/oz Ag and variable recoveries by grade and ore type. Reserve tonnes and in-situ metal content estimated in the 2020 PFS study are similar (+/- 5%) to those estimated in the 2014 FS.

Exhibit 6: Blackwater Reserves & Resources (2020 Prefeasibility)

	Tonnes & Grade				Contained Metal		
M & I Resource	Tonnes (Mt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (Moz)	Ag (Moz)	AuEq (Moz)
Total (M&I Processed & Stockpiled)	596.77	0.61	6.40	0.70	11.67	122.38	13.37
Inferred Resource							
Total (Inferred)	16.94	0.45	12.80	0.63	0.25	6.95	0.34

	Tonnes & Grade				Contained Metal		
P & P Reserves	Tonnes (Mt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (Moz)	Ag (Moz)	AuEq (Moz)
Total (P&P Stockpiled)							
Total (P&P Processed & Stockpiled)	334.00	0.75	5.80	0.83	8.00	62.10	8.86

Source: Artemis Gold Inc.

Carrying out a simple review of the NSR values per reserve tonne assuming grade and metal prices used in the 2014 FS and 2020 PFS reflects a significant improvement in the value of reserve tonnes since 2014 (mostly as a result of higher metal prices). Quite simply, using 2014 FS cost/operating assumptions and current Spot metal prices, the value of a processed reserve tonne has doubled from ~C$30/t to ~C$60/t (the main driver being Spot Au and Ag prices vs. previous 2014 FS base case Au and Ag prices). This compares with a value of ~C$65/t (assuming Spot Au and Ag prices and 2020 PFS assumptions), or a value ~37% higher than ~C$48/t calculated using 2020 PFS assumptions and base case Au, Ag metal prices (See Exhibit 7). From a simplified $/tonne perspective Blackwater's economics look much more attractive today (at current Spot Au and Ag prices) compared with base case 2014 FS and 2020 PFS scenarios, a good thing!

Exhibit 7: NSR value for 2014 FS vs. 2020 PFS vs. Various Au & Ag Price Scenarios

2014 Feasibility Study	NSR (C$/tonne)		Δ vs. FS & PFS Base Case
FS Base Case (US$1,300/oz Au, US$22/oz Au, US$/CAD$: 0.95)	$	29.51	-
PI Base Case (US$1,800/oz Au, US$25/oz Au, US$/CAD$: 0.7)	$	54.81	86%
Spot (US$1,930/oz Au, US$27/oz Au, US$/CAD$: 0.7)	$	58.80	99%
2020 Prefeasibility Study			
PFS Base Case (US$1,541/oz Au, US$19.60/oz Au, US$/CAD$: 0.76)	$	47.80	-
PI Base Case (US$1,800/oz Au, US$25/oz Au, US$/CAD$: 0.7)	$	60.93	27%
Spot (US$1,930/oz Au, US$27/oz Au, US$/CAD$: 0.7)	$	65.36	37%

Source: PI Financial Corp.

Mining & Processing: The 2020 PFS reflects a three-stage development plan for Blackwater commencing with an initial 15,000 tpd operating plan, followed by an expansion to 35,000 tpd in year 6, culminating with a final expansion to 55,000 tpd in year 11. As such the 2020 PFS estimates a ~23-year mine life vs. ~23 years proposed by the 2014 FS. The average LOM stripping ratio including pre-production is 2:1 in-line with the average LOM stripping ratio proposed by the 2014 feasibility study.

For perspective, the 2014 FS presents a one-time large-scale open pit operating plan (12 m bench heights) providing the process plant with feed at a nominal rate of 60,000 tpd (or 21.9 Mtpa). Annual mine production of ore and waste peaked at 91.7 Mtpa (~90Mtpa in YRs 1 through 10). LOM mining costs quoted in the 2014 FS were a relatively attractive C$1.88/t ore + waste compared with C$2.37/t estimated in the 2020 PFS. A phased mine plan was also presented in the 2014 FS, determined by grade variance (grade maximized in the early years, lower grade stockpiled and processed in later years) and availability of suitable material for TSF construction.

Metallurgical testing for the purpose of the 2014 FS determined that whole ore leaching (WOL) achieved the most promising results. The 2020 PFS benefits from historical metallurgical test work as well as more recent test work carried out last year for New Gold. WOL as well as gravity has been identified as the preferred processing route in the 2020 PFS. Specifically, results suggest that a gold doré can be produced with a primary grind size of 80% passing 150 µm followed by gravity concentration, 2 hour pre-oxidation, a 48 hour cyanide leach at an initial cyanide concentration of 500 ppm and a pH of 10.5, carbon-in-pulp (CIP) adsorption, desorption and refining process. The weighted average of the year composites, based on the mine plan, are estimated to achieve an overall average gold recovery in the range of 93% to 94%.

Three-stage crushing, consisting of a primary jaw crusher with grizzly feeder, a secondary cone crusher and two tertiary cone crushers is recommended in the 2020 PFS. Grinding will employ a single 14 MW ball mill in a circuit closed by cyclones. Gravity concentration will be incorporated into the grinding circuit using centrifugal concentrators and an intensive cyanide leach unit for recovering gold from the gravity concentrate. This compares with a primary crushing plant utilizing one gyratory rusher and a SAG/ball mill/crusher (SABC) grinding circuit comprising two 17MW SAG mills, two 17MW ball mills and two 1,000 kW pebble crushers (to 80% passing 150 µm) recommended in the 2014 FS.

The leach circuit suggested in the 2020 PFS consists of eight tanks fitted with mechanical agitators yielding a 48-hour leach time. This compares with a leach circuit consisting of 24 leach tanks, two trains of seven CIP tanks and two thickeners recommended in the 2014 FS.

The most significant takeaway besides staged expansions and associated lower plant Capex costs are the higher recoveries estimated in the 2020 PFS (LOM: 93% to 94% for Au and ~55% for Ag) compared with LOM variable recoveries by grade and ore type estimated in the 2014 FS (averaging 86.6% for Au and 49.1% for Ag). We also note LOM processing costs quoted in the 2020 PFS of C$8.33/t compared with C$7.59/t estimated in the 2014 FS.

We note that the 2014 FS identified the oxidative state as the single most important source of variability in the deposit. Areas that required further study/optimization included primary grind size (125 µm), reagent addition, and leach retention time (36 hours). Also, the 2014 FS notes that there should be no metallurgical constraints on processing a blend of ore that exhibit different oxidative types. Ores in the northern part of the deposit that exhibit higher silver content demonstrated similar satisfactory performance during metallurgical test work.

Power & Water: In the 2014 FS power will be supplied by connection to the BC Hydro grid (similar to that envisaged in the 2014 PFS). A 134 km long 230 kV transmission line will be constructed from the BC Hydro Glenannan Substation. The bulk of the water requirements for the process plant will be met with reclaim water. Fresh water for the mill or additional makeup water for the TSF to support operations will be pumped from Tatelkuz Lake. This is consistent with what is proposed in the 2020 PFS.

Capex: The 2020 PFS estimates initial Capex to total ~C$592M inclusive of a ~C$77M contingency (for a Stage 1 15,000 tpd operating plan) vs C$1,963M inclusive of a C$200M contingency in the 2014 FS (for a 60,000 tpd operating plan). Expansion Capex for Stage 2 (35,000 tpd) and Stage 3 (55,000 tpd) total C$426M and C$398M, respectively for a total of C$1,416M. The 2020 PFS announcement makes mention that the largest drivers associated with the estimated expansion capital costs are the mobile fleet lease payments (C$121M), modular expansion of the process plant (C$272M) and indirect costs (C$108 M).

The LOM sustaining cost is estimated to be C$637M in the 2020 PFS vs. C$681M in the 2014 FS. Combined Capex (initial + expansion + sustaining) totals C$2,053M in the 2020 PFS vs. C$2,644M in the 2014 FS (or a ~22% reduction over 2014 FS estimates for Blackwater, LOM).

Opex: LOM operating costs in the 2020 PFS are estimated to vary between C$28.42/t (Stage 1) and C$15.13/t (Stage 3) of ore milled vs C$14.49/t of ore milled in the 2014 FS. Total LOM AISCs are estimated at C$811/oz in the 2020 PFS vs. C$706/oz (after silver credits) in the 2014 FS.

The most significant takeaway is that operating costs estimated in the 2020 PFS are higher than those estimated in the 2014 FS (to be expected, considering the economics of scale achieved with a 60,000 tpd operating plan envisaged in the 2014 FS). We see the smaller-scale start-up envisaged in the 2020 PFS (and associated enhanced fundability) more than compensating for higher unit operating costs.

Economics:

- 2014 FS Case: Assuming our base case metal price assumptions, we estimate a C$2,021M in NAV using an 8% discount rate and C$3,227M in NAV using a 5% discount rate for Blackwater.
- 2020 PFS Case: Assuming our base case metal price assumptions, we estimate a C$2,341M in NAV using an 8% discount rate and C$3,723M in NAV using a 5% discount rate for Blackwater.

Takeaway: On face value, we see the application of a different approach developing Blackwater (as presented in the 2020 PFS) as being not only accretive (2020 PFS NAV8%: C$2,341M vs. 2014 FS NAV8%: C$2,021M) but also less Capex (initial) intensive and more financeable for a company like ARTG. Additional benefits that include the targeting of higher grade ore during the first seven years of production as well as enhanced gold and silver recoveries further reinforce the value upside presented in the recent 2020 PFS, compared with the operating plan presented in the 2014 FS.

Our Valuation Case: We have assumed a three-stage development plan for Blackwater commencing with a 15,000 tpd operating plan, followed by an expansion to 35,000 tpd in 2030, culminating with a final expansion to 55,000 tpd in 2035, more or less in-line with the 2020 PFS. As such we see a similar ~23-year LOM compared with a ~16-year LOM proposed in the 2014 feasibility study. Based on a modelled operating plan detailed below we estimate a C$2,341M in NAV using an 8% discount rate for Blackwater.

Highlights of our modelled assumptions include:

- **Mineable Resources**: ~334Mt grading 0.75 g/t Au and 5.78 g/t Ag (hosting 8.5 M in-situ AuEq oz),
- **Mine life & Production**: Stage 1: A ~5-year open pit mine life producing an average of ~250K oz Au/year. Stage 2: A ~5-year open pit mine life producing an average of ~415K oz Au/year. Stage 3: A ~13-year open pit mine life producing an average of ~335K oz Au/year. Total production over our modelled LOM is ~7.4Moz Au and ~30M oz Ag. We also assume a LOM strip ratio of 2:1 (waste: ore).
- **Recoveries**: We assume a LOM average 93% LOM for gold and a LOM average 51% LOM for silver recovery.
- **Production Timeline**: We assume a 24-month permitting timeline to a development decision and 24-month construction timeline (Q1/23 to Q1/25) for Stage 1 (see discussion on Permitting & Timelines below).
- **Capital Costs**: Pre-production Capex (Stage 1) is estimated at ~C$600M; expansion Capex (Stage 2) is estimated at ~C$426M; expansion Capex (Stage 3) is estimated at ~C$400M and sustaining Capex and closure is estimated at ~C$750M, more or less in-line with the 2020 prefeasibility study.

- **Operating Costs**: LOM Total cash operating costs are estimated at ~US$580/oz Au (including royalties). LOM AISCs are estimated at ~US$900/oz Au (PI's definition). AISCs are estimated at ~US$880/oz Au during Stage 1.

Permitting & Timelines

The number and type of authorizations required for the permitting of major mines in British Columbia varies from mining project to mining project, but typically there are three primary provincial authorizations:

- Environmental assessment (EA) certificates, issued under the Environmental Assessment Act (Environmental Assessment Office),
- Permits issued under the Mines Act (Ministry of Energy, Mines and Petroleum Resources),
- Waste discharge permits issued under the Environmental Management Act (Ministry of Environment and Climate Change Strategy).

Blackwater has achieved all of the provincial and federal environmental assessment approvals. A participation agreement has also been signed with the Lhoosk'uz Dene and Ulkatcho First Nations (2019). We understand next steps are as follows:

- The granting of key provincial permits including the Environmental Management Act (EMA) and Mines Act, both required to commence construction.
- The granting of authorizations under the Federal Fisheries Act and an exemption under the Navigable Waters Protection Act.

We assume an 18 to 24-month permitting timeline to a development decision, in-line with company guidance.

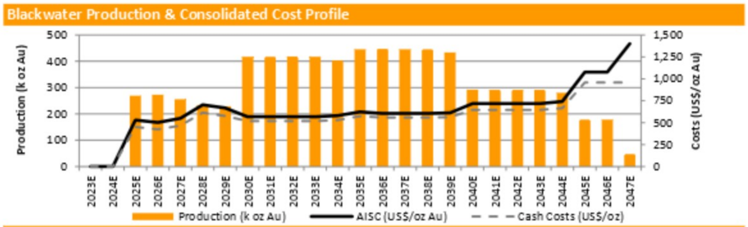
Production & AISC Forecast

With the development of Blackwater, we see initial annual production of ~270K oz (Stage 1) by early 2025 followed by a staged ramp up to plus-400K oz Au/year after five years (Stage 2, commencing in 2030) and a peak of ~450K oz Au/year after another 5 years (Stage 3, commencing in 2035). We assume an 18 to 24-month permitting timeline to a development decision and ~24-month construction timeline (Q1/23 to Q4/25) for Stage 1. We estimate LOM average AISCs of ~US$900/oz (PI's definition) for Blackwater (see Exhibit 8).

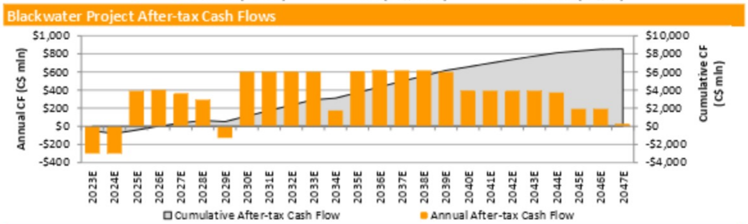
Exhibit 8: Blackwater Estimated LOM Costs & Production Potential

Economic Parameters	Unit	PI Est.
LT Gold Price	US$/oz	$1,800
Exchange Rate	US$/C$	0.70
Tax Rate	%	27%
Operational Summary		
Start Year	yr	2025E
Mine Life	# of yrs	22.50
Mine Type	OP/UG	OP
Processing Type		CIP
Ore Mined	mln t	334
Strip Ratio	ratio (w:o)	1.99
Phase 1 Mill Capacity	tpd	15,000
LOM Average Head Grade	g/t Au	0.75
Gold Recovered	koz	7,398
Gold Recovery	%	93%
Average Gold Production/yr	koz/yr	329
Cost Summary		
Phase 1 Mining Cost (Ore + Waste)	C$/t	$2.15
Phase 1 Processing Cost	C$/t	$9.17
Phase 1 G&A Cost	C$/t	$4.64
LOM Average Op. Cost (Ore)	C$/t	$18.32
LOM Average Operating Cash Cost	US$/oz	$483
LOM Average Total Cash Cost	US$/oz	$579
LOM Average All-in Sustaining Costs*	US$/oz	$914
Development + Growth Capital	C$M	$1,616
Sustaining Capital	C$M	$690
Total Capex	C$M	$2,306
Valuation (US$1,800/oz Au; 8% Discount)		
IRR	%	31%
Post-Tax NPV	C$M	$2,341

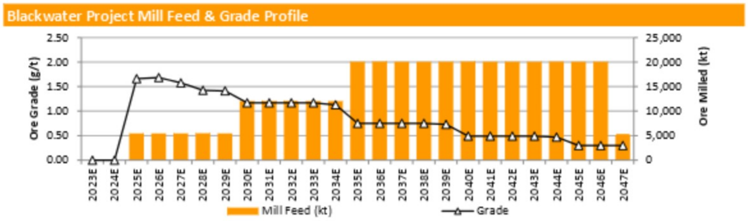
Blackwater Production & Consolidated Cost Profile



Blackwater Project After-tax Cash Flows



Blackwater Project Mill Feed & Grade Profile



** PI AISC estimates includes Cash Costs + Royalties + Off-site + Sustaining Capital + Taxes*

Source: PI Financial Corp.

Velocity Minerals (Bulgaria)

ARTG has a ~39% ownership stake in Velocity Minerals Ltd (VLC – TSXV) on a fully diluted basis or ~22% ownership stake on an issued and outstanding basis. VLC is a gold explorer/developer, focused on developing properties in Bulgaria. VLC's flagship property is its PEA-stage Rozino gold project governed by a 70/30% JV with local Bulgarian partner Gorubso Kardzhali A.D (Gorubso). VLC is also advancing a portfolio of other properties in Bulgaria via an exploration and mining alliance with Gorubso. ARTG's ownership of VLC originated from the spinning out of the ownership interest after Atlantic Gold Corp (V-AGB), a company acquired by St Barbara Ltd. (ASX-SBM) last year.

Rozino has been characterized as a low sulphidation disseminated epithermal gold deposit hosted by immature Paleo sediments overlying basement volcanics. Structures are characterized as extensional, pull apart (strike slip) and high angle normal faulting. The emplacement of large barren listoliths has segregated mineralization into two discrete mineralized zones (Main and East). Resources defined at Rozino have been estimated using MIK (Multiple Indicator Kriging) which is applicable for broadly disseminated mineralization with multiple populations. VLC recently announced a revised PFS for Rozino. The PFS contemplates a "Hub and Spoke" operating plan with a central processing facility that sources ore from open pit truck and shovel satellite operations (one being Rozino). The operating plan will be governed under a 70/30% JV with Gorubso.

The PFS estimates a NAV5% of US$218M (or C$311M) assuming US$1875/oz Au which will equate to ~C$218M assuming VLC's 30% interest in the JV. As such, the value of ARTG's interest in Rozino would be C$76M compared with a credit of ~C$30M reflective of an in-situ value of 35% of 583koz at US$90/in-situ oz (5% of our base case US$1,800/oz Au metal price assumption).

ARTG's investment in VLC comprises 18.6M units issued at a price of C$0.21 per VLC Unit, for ~C$3.9M and ~C$5.09M principal amount of secured convertible debenture. Each unit consists of one VLC share and one half of one share purchase warrant, each warrant exercisable for an additional VLC share until March 14, 2022 at an exercise price of C$0.25 per share. The convertible debenture will earn interest at a rate of 8.5% per annum over a 60-month term payable semi-annually in cash or VLC shares at the discretion of VLC. The principal amount of the convertible debenture is convertible into VLC shares during the 60-month term at the election of ARTG at a conversion price of C$0.25.

Balance Sheet

ARTG had a cash balance of ~C$28.5M in cash as of March 31, 2020. We also note that LGM had 33.9M ITM warrants for gross proceeds of C$20.9M. ARTG closed equity financings and issued 64,825,925 subscription receipts at a price of C$2.70 per subscription receipt for total proceeds of ~C$170M, less broker commissions. Subscription receipts are exchangeable for shares of ARTG and will be used to fund the initial payment of C$140M required for ARTG's acquisition of the Blackwater and for general corporate purposes.

Valuation & Recommendation

We are initiating coverage on Artemis Gold Inc. (ARTG-TSXV) with a **BUY rating and a C$9.00 target price**. To derive our target, we apply a 100% weighting on our project NAVPS estimate, comprised of a 0.5x NAV multiple on our DCF8% estimates for Blackwater, and credits for ARTG's ownership in VLC, with corporate adjustments carried at par. In our view our valuation adequately captures the value of ARTG's assets, and the development opportunity presented by Blackwater.

Using a DCF valuation, calculated using base-case estimates of US$1,800/oz Au, US$25/oz Ag, and a US$0.70/C$ FX rate we value Blackwater's potential at ~C$2,341 M (C$14.49/share) on a project basis. We do not currently consider a funding scenario for Blackwater when valuing ARTG and, as such, apply a 0.5x NAV multiple for Blackwater. In terms of corporate adjustments, we recognize C$20M (or C$0.13/share) in value for ARTG's ownership of Velocity Minerals Ltd (VLC-V) and ~C$257M in corporate adjustments (including gross proceeds of ~C$41M from ITM warrants and options to arrive at a total NAV of C$16.21 /share or C$8.90/share after applying a 0.5x NAV multiple for Blackwater (see Exhibit 9).

Exhibit 9: ARTG Valuation and Target Derivation

Valuation Summary	C$ 000	C$/fd	% NAV
Project NAV			
Blackwater (DCF 8%)	$2,341,299	$14.49	89%
VLC-V (39%, $/oz)	$20,463	$0.13	1%
Project Total	$2,361,763	$14.62	90%
Corporate NAV			
Working Capital	$29,264	$0.18	1%
Additional Capital	$227,308	$1.41	9%
LT Debt	$0	$0.00	0%
Total Corporate	$256,572	$1.59	10%
Net Asset Value	$2,618,334	$16.21	100%
		Adjusted	Straight
P/NAV		0.31x	0.38x
Target P/NAV		0.51x	0.56x
Share Count	**I/O**	**F/D**	
	120,736	161,552	

	Value	Multiple	Target Value
Target Derivation			
Project NAVPS (C$)	$14.62	0.5x	$7.31
Corporate NAVPS (C$)	$1.59	1.0x	$1.59
			$8.90
Target Price			$9.00
Return to Target			47%

Source: PI Financial Corp.

We see ARTG trading at a discount to gold developer peers on an Adj. NAV multiple basis relative to peers (~0.3x vs. peers at an average ~0.4x NAV) (See Appendix A on page 22 for valuations vs. PI's gold developer peer group). In our view, ARTG should trade at a premium due to Blackwater's stage of development (FS stage), stage of permitting (Environmental Assessments approved), location (in Canada), support from First Nations, manageable initial development Capex and the technical experience of ARTG's technical staff.

Metal Price Sensitivity

Our valuation of ARTG is most sensitive to the price of gold, head grade, and discount rate. PI assumes a flat US$1,800/oz Au price (see Exhibit 10).

Exhibit 10: Metal Price Assumptions

	PI Commodity Price Forecast					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	LT
Gold (US$/oz)	$1,582	$1,714	$1,800	$1,800	$1,724	$1,800
Silver (US$/oz)	$16.90	$16.43	$25.00	$25.00	$20.83	$25.00

Source: PI Financial Corp.

Exhibit 11: ARTG NAVPS Sensitivity to Gold Price & Operating Costs

OpEx (C$/t Processed)	PI LT Prices - US$1,800/oz Au								
	$1,600	$1,650	$1,700	$1,750	$1,800	$1,850	$1,900	$1,950	$2,000
16.12	14.00	14.75	15.51	16.26	17.02	17.77	18.53	19.28	20.04
16.85	13.73	14.48	15.24	15.99	16.75	17.50	18.26	19.01	19.77
17.59	13.46	14.21	14.97	15.72	16.48	17.23	17.99	18.74	19.50
18.32	13.19	13.94	14.70	15.45	16.21	16.96	17.72	18.47	19.23
19.05	12.92	13.67	14.43	15.18	15.94	16.69	17.45	18.20	18.96
19.79	12.65	13.40	14.16	14.91	15.67	16.42	17.18	17.93	18.69
20.52	12.38	13.13	13.89	14.64	15.40	16.15	16.91	17.66	18.42

Source: PI Financial Corp.

Exhibit 12: ARTG NAVPS Sensitivity to LOM Capex and Strip Ratio

Strip Ratio	LOM Capex (C$M)								
	$1,893	$2,011	$2,129	$2,248	$2,366	$2,484	$2,603	$2,721	$2,839
1.39	17.74	17.49	17.25	17.00	16.75	16.50	16.26	16.01	15.76
1.59	17.56	17.31	17.06	16.82	16.57	16.32	16.08	15.83	15.58
1.79	17.38	17.13	16.88	16.64	16.39	16.14	15.89	15.65	15.40
1.99	17.19	16.95	16.70	16.45	16.21	15.96	15.71	15.47	15.22
2.19	17.01	16.77	16.52	16.27	16.03	15.78	15.53	15.29	15.04
2.39	16.83	16.59	16.34	16.09	15.84	15.60	15.35	15.10	14.86
2.59	16.65	16.40	16.16	15.91	15.66	15.42	15.17	14.92	14.68

Source: PI Financial Corp.

Exhibit 13: ARTG NAVPS Sensitivity to Gold Recovery & Head Grade

Grade (Au g/t)	Au Recovery								
	89%	90%	91%	92%	93%	94%	95%	96%	97%
.68	12.65	12.89	13.18	13.46	13.74	14.00	14.27	14.52	14.77
.70	13.49	13.68	13.98	14.28	14.56	14.83	15.11	15.37	15.63
.73	14.28	14.49	14.78	15.09	15.38	15.66	15.95	16.22	16.49
.75	15.07	15.28	15.59	15.91	16.21	16.50	16.79	17.08	17.35
.77	15.86	16.07	16.40	16.72	17.03	17.33	17.64	17.93	18.21
.79	16.64	16.87	17.21	17.53	17.85	18.17	18.48	18.78	19.07
.82	17.44	17.67	18.01	18.34	18.68	19.00	19.31	19.62	19.93

Source: PI Financial Corp.

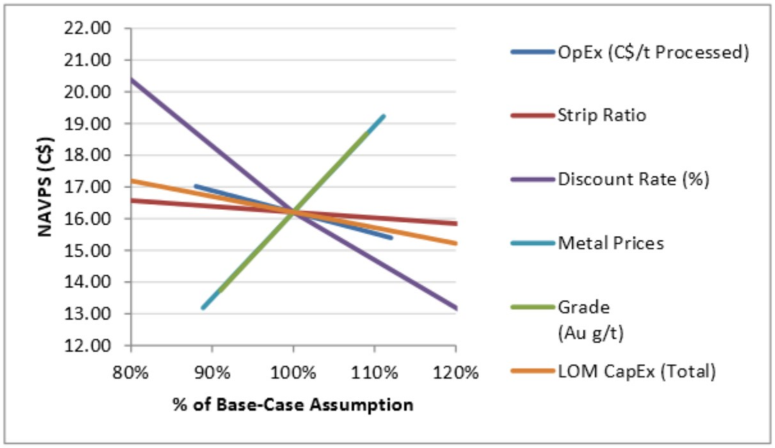
Exhibit 14: ARTG NAVPS Sensitivity to Gold Price & Discount Rate

Discount Rate (%)	PI LT Prices - US$1,800/oz Au								
	$1,600	$1,650	$1,700	$1,750	$1,800	$1,850	$1,900	$1,950	$2,000
14%	6.13	6.51	6.88	7.25	7.63	8.00	8.37	8.75	9.12
12%	7.81	8.28	8.75	9.21	9.68	10.14	10.61	11.07	11.54
10%	10.08	10.67	11.26	11.85	12.44	13.03	13.62	14.21	14.79
8%	13.19	13.94	14.70	15.45	16.21	16.96	17.72	18.47	19.23
6%	17.49	18.47	19.46	20.44	21.42	22.40	23.38	24.37	25.35
4%	23.54	24.84	26.13	27.43	28.73	30.03	31.33	32.63	33.93
2%	32.15	33.90	35.65	37.40	39.14	40.89	42.64	44.39	46.13

Source: PI Financial Corp.

We also note the sensitivity of our valuation of ARTG to Capex, Opex, strip ratio, grade and discount rate (see Exhibit 15).

Exhibit 15: Artemis NAVPS Sensitivity Chart



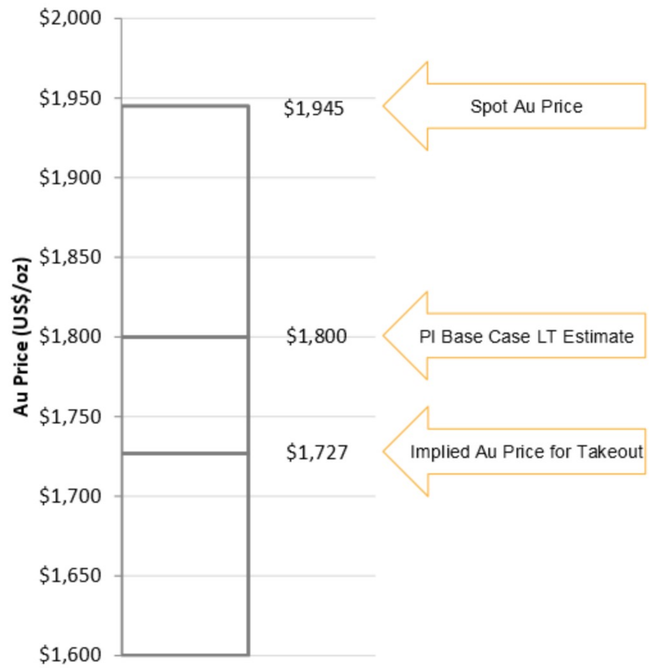
Source: PI Financial Corp.

Takeout Potential

Ripe for the Picking: At What Gold Price?

While we see ARTG advancing Blackwater to production, we test our valuation to determine whether ARTG is "ripe for the picking" in the current metal price environment and at Blackwater's current stage of development we test for the gold price (US$/oz Au) required to (1) provide ARTG's shareholders with a 30% takeout premium and (2) a potential acquirer with a project (Blackwater) that can deliver a 15% IRR. We assume that Blackwater is built and run as modelled, as an open pit mine employing crushing/grinding/cyanide leaching and CIP to produce doré, capable of earning a 15% IRR after deducting the purchase cost. We believe that a 30% takeout premium and 15% IRR are realistic benchmarks in the current market for a "win-win" for both the acquirer and target company (ARTG). A ~US$1,725/oz gold price is required to satisfy this outcome. Whilst we view this as a simple approach, with no value given to any upside potential (e.g. exploration, beyond our modelled assumptions) and potential synergies, we see this as a useful tool to gauge how attractive ARTG currently is from an acquisition perspective, in terms of a universal measure (the gold price).

Exhibit 16: Buy and Build Implied Gold Price



Source: PI Financial Corp.

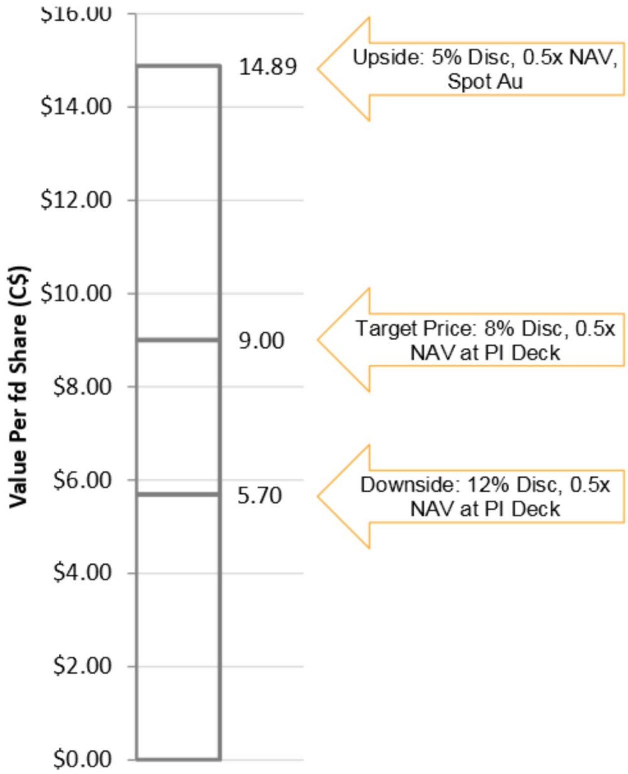
Defining Upper & Lower Valuation Bookends

We also define valuation "bookends" for ARTG. Supported by Blackwater's potential to deliver an attractive LOM (modelled) at ~23 years, IRR (~30%), Payback of ~19% (vs. % modelled LOM + construction period), the upper valuation "bookend" reflects peer group valuations for junior gold producers (currently trading up to ~0.5x NAV) at a 5% discount rate applied to Blackwater, at Spot metal prices with credits included for VLC, and a US$0.70/C$ foreign exchange rate. The lower valuation "bookend" reflects a higher 12% discount rate applied to Blackwater, also with a 0.5x multiple applied to Blackwater, and a US$0.70/C$ foreign exchange rate (see Exhibit 17).

- Upper Bookend Valuation: (1) Assumes near spot metal prices; (2) 0.5x NAV5% = C$14.89/share (143% return).
- Target Valuation: (1) Assumes base case spot metal prices and FX rate; (2) 0.5x NAV8% = C$9.00/share (46% return).
- Lower Bookend Valuation: (1) Assumes base case spot metal prices and FX rate; (2) 0.5x NAV12% = C$5.70/share (-7% return).

We believe this analysis (valuation range of C$5.70/share to C$14.89/share) strongly underscoring ARTG's attractive valuation (and potential for an immediate re-rating), and our target price of C$9.00/share.

Exhibit 17: ARTG Valuation Bookends



Source: PI Financial Corp.

Catalysts & Newsflow

We see most of ARTG's near-term news flow comprising feasibility work, permitting and drill testing for resource growth (see Exhibit 18).

Exhibit 18: ARTG Catalysts & Newsflow

Artemis Gold			Q3/20	Q4/20
• Q1/20 Cash (C$M)[1]:	$28.6	Doesn't include proceeds from C$175M equity financings (at C$2.70/subscription receipt) which closed 7 July 2020. (Cash of C$58M est. Aug 24, 2020)		
• Q1/20 Debt (C$M)[1]:	$0.0			
• Blackwater (Development): Filing of NI 43-101 technical report for the PFS (Sept/20)			X	
• Blackwater (Development): Commencement of a definitive Feasibility Study (Sept/20)			X	
• Blackwater (Development): Pre-Construction grade control drilling (Q4/20)				X
• Blackwater (Development): Permitting, consultation, EPC contract negotiations and project financing (2020 - 2022)			X	X
• Blackwater (Exploration): Exploration program to test for resource extensions to the north, northwest and at depth (Q4/20)				X

Note: [1] As of 31-Mar-20

Source: PI Financial Corp.

Corporate Structure & Ownership

ARTG's shares trade on the Toronto Venture Exchange under the symbol ARTG. There are currently ~122M shares outstanding and 162M shares on a fully diluted basis (see Exhibit 19. ARTG had an estimated cash balance of ~C$58M at Aug 24, 2020.

Exhibit 19: ARTG Equity Summary

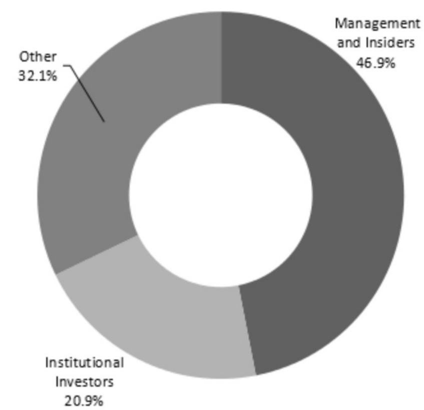
Security	Number (000s)	WA Strike Price (C$)	Total
Issued and Outstanding (Last Reported)			48,252
Equity Issued	64,826	$2.70	
Equity Issued to NGD	7,407		
Equity Issued	250	$5.45	
Warrants	36,196	$1.08	
Options	4,620	$3.70	
Total Dilutive Securities (000s)			113,300
Fully Diluted ITM Share Count			161,552
Market Capitalization (C$M - basic)			$740
Total Debt (C$M) - Mar 31, 2020			$0
Cash & Eq. (C$M) - Mar 31, 2020			$36
Enterprise Value (C$M - basic)			$712

Source: PI Financial Corp.

A list of the major shareholders of ARTG is shown in Exhibit 20. Management, directors and insiders collectively own approximately 47% of the shares outstanding.

Exhibit 20: ARTG Ownership Summary

Ownership Summary	Shares Owned	%
Management. Directors and Other Insiders		
Beedie Investments, Ltd.	14,378,773	28.74
Dean (Steven G)	4,456,769	8.91
Atkinson (Robert G)	2,190,050	4.36
Black (W David)	858,640	1.71
Batalha (Christopher Ross)	604,500	1.20
Total Management & Insiders	23,536,911	46.92
Institutional Ownership		
BlackRock Investment Management (UK) Ltd.	4,797,555	9.6
Sentry Investments Inc.	2,222,000	4.4
Franklin Advisers, Inc.	1,725,000	3.4
AMG Fondsverwaltung AG	850,000	1.7
Invesco Advisers, Inc.	608,144	1.2
Zenito Oy	190,000	0.4
Edge Wealth Management LLC	36,202	0.1
Total Institutional Investors	10,481,989	20.9
Total Management + Institutional Investors	34,018,900	28.2%
Total Shares Outstanding	**120,735,659**	**100.0%**
Total Fully Diluted Shares	**161,551,844**	



Source: PI Financial Corp., Thomson Reuters Eikon

Appendix A: Gold Developer Company Peer Group

Company	Ticker	Share Price	Target Price	Return %	Stock Rating	CFPS		P/CF		TP/CF		NAV			Analyst
						2019 A	2020 E	2019 A	2020 E	2019 A	2020 E	NAVPS	P/NAV	TP/NAV	
Gold Developers															
Artemis Gold	ARTG.V	C$6.13	C$9.00	47%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$16.21	0.31x	0.51x	CT/JS
Liberty Gold	LGD.TO	C$2.14	C$2.80	31%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$3.66	0.57x	0.76x	CT/JS
Gold Standard Ventures	GSV.TO	C$1.09	C$1.30	19%	NEUTRAL	-	-	n.m.	n.m.	n.m.	n.m.	C$2.35	0.45x	0.54x	CT/JS
Midas Gold	MAX.TO	C$1.73	C$1.45	-16%	NEUTRAL	-	-	n.m.	n.m.	n.m.	n.m.	C$2.81	0.60x	0.49x	CT/JS
Orezone Gold	ORE.V	C$0.99	C$2.00	102%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$2.62	0.31x	0.74x	CT/JS
Bonterra Resources	BTR.V	C$1.29	C$2.25	74%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$5.69	0.23x	0.40x	PK/AA
Nighthawk Gold	NHK.TO	C$1.58	C$2.95	87%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$5.87	0.24x	0.48x	PK/AA
Bluestone Resources	BSR.V	C$2.11	C$4.10	94%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$5.84	0.29x	0.67x	PK/AA
Integra Resources	ITR.V	C$4.95	R	R	R	R	R	n.m.	n.m.	n.m.	n.m.	R	R	R	PK/AA
Treasury Metals	TML.TO	C$1.50	C$2.05	37%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$2.96	0.49x	0.68x	PK/AA
Troilus Gold	TLG.TO	C$1.43	C$2.75	92%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$5.52	0.24x	0.48x	PK/AA
KORE Mining	KORE.V	C$1.50	C$2.00	33%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$4.18	0.34x	0.46x	CT/JS
Revival Gold	RVG.V	C$1.10	C$1.35	23%	BUY	-	-	n.m.	n.m.	n.m.	n.m.	C$2.28	0.44x	0.56x	PK/AA
Group Average													0.38x	0.57x	

Notes: BUY - Buy NEUT - Neutral SELL - Sell R - Restricted | AVG - Average ABV - Above Average SPEC - Speculative | CT - Chris Thompson PK - Phil Ker JS - Justin Stevens AA - Akinyemi Akinwale

Source: PI Financial Corp., Thomson Reuters Eikon

Appendix B: Financial Statements Summary

Income Statement (C$ 000s)	2019A	2020E	2021E
Revenues	-	-	-
Operating Expenses			
Production Costs	-	-	-
Royalties and Production Taxes	-	-	-
Cost of Sales	-	-	-
Depreciation and Depletion	40	160	160
Total Operating Expenses	40	160	160
Operating Profit	(40)	(160)	(160)
Total Other Expenses	1,684	8,595	10,000
Operating Income	(1,724)	(8,755)	(10,160)
Non-Operating Income (Expenses)			
Total Non-Operating Income	9,001	(4,340)	-
Earnings (Loss) before Taxes	7,277	(13,095)	(10,160)
Taxes	(1,001)	714	-
Net Income (Loss)	6,276	(12,381)	(10,160)
Basic EPS (Loss) per share	0.31	(0.10)	(0.08)
F/D EPS (Loss) per share	0.25	(0.08)	(0.06)
WA Shares Outstanding			
Basic Shares Outstanding (000's)	20,326	120,736	120,736
F/D Shares Outstanding (000's)	24,972	161,552	161,552
EBITDA	-	(12,952)	(10,000)
EBITDA %	0%	0%	0%

Balance Sheet (C$ 000s)	2019A	2020E	2021E
Assets			
Cash & Equiv	31,502	53,736	(4,264)
Total Current Assets	31,934	54,832	(3,168)
Mining Interests (PP&E and Mineral Properties)	222	140,102	189,942
Other Non-Current Assets	50,844	71,413	13,413
Total Assets	51,067	211,515	203,355
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	237	320	320
Total Current Liabilities	344	426	426
Asset Retirement Obligation (ARO)	-	-	-
Long Term Debt	-	-	-
Other Non-Current Liabilities	2,147	1,500	1,500
Total Liabilities	2,147	1,500	1,500
Shareholders' Equity			
Share Capital	41,647	212,867	212,867
Contributed Surplus	942	1,466	1,466
Accumulated Other Comp. Loss	54	151	151
Deficit	6,276	(4,469)	(12,629)
Total Shareholders Equity	48,920	210,015	201,855
Total Liabilities & Shareholders Equity	51,067	211,515	203,355

Cash Flow Statement (C$ 000s)	2019A	2020E	2021E
Operating Activities			
Net Income	6,276	(12,245)	(10,160)
Add:Non-Cash items:			
Depreciation & Depletion	40	160	160
Stock based comp.	818	524	-
Operating CF before changes in WC	(865)	(6,571)	(8,000)
Net change in non-cash WC	81	51	-
Cash flow from Operations	(784)	(6,520)	(8,000)
CFO/diluted share	(0.03)	(0.04)	(0.05)
CFO/diluted share (Excluding WC)	(0.03)	(0.04)	(0.05)
Investing Activities			
Capital Expenditures	(126)	(140,000)	(50,000)
Exploration	-	-	-
Cash flow from Investing	(9,246)	(142,428)	(50,000)
Financing Activities			
Issuance of common shares	36,476	171,220	-
Debt issued	-	-	-
Cash flow from Financing	41,533	171,183	-
Net Change in Cash	31,502	22,234	(58,000)
Cash, BOP	-	31,502	53,736
Cash, EOP	31,502	53,736	(4,264)
Free Cash Flow			
Free Cash Flow	-	(148,125)	(58,000)
FCF/Diluted Share	-	(0.92)	(0.36)

Source: PI Financial Corp., Company Filings

Appendix C: Management

Management Team

Steven Dean, Chairman, CEO

Steven Dean is a Fellow of the Australian Institute of Mining and Metallurgy, a Member of the Canadian Institute of Mining, Metallurgy and Petroleum, and a Fellow of the Institute of Chartered Accountants of Australia. He has extensive experience internationally in mining, including as President of Teck Cominco Limited (now Teck Resources Ltd.). Prior to joining Teck, Mr. Dean was a founding member of management of the Normandy Poseidon Group, (which became Normandy Mining) a co-founder of PacMin Mining Corp which became a subsidiary of Teck Corporation in 1999. He was also a co-founder and former Chairman of Amerigo Resources Ltd. More recently, Mr. Dean was Chairman, CEO and founder of Atlantic Gold Corp, focused on gold exploration, development and production in Nova Scotia, which was sold to St. Barbara Ltd in 2019.

Mr. Dean is also Chairman of Oceanic Iron Ore Corp. (TSX-V: FEO), Director of Velocity Minerals Ltd. (TSX-V: VLC) and a Director of St Barbara Limited (ASX: SBM).

Chris Batalha, CFO & Corp Secretary

Chris Batalha is a Certified Professional Accountant with over eight years' experience in accounting, finance, corporate governance, and M&A with a number of mining exploration and development companies in the gold and iron ore space. Over the past several years, Mr. Batalha has been the CFO of Atlantic Gold Corp, managing financial planning, financial risk and financial reporting until its sale to St. Barbara Ltd in 2019. Mr. Batalha previously spent five years with PricewaterhouseCoopers (PwC) in the audit and assurance group, and he holds CPA and CA designations.

Alastair Tiver, VP Projects

Alastair Tiver has more than 30 years of international mining experience in project evaluations, reserve estimation and mine development in base and precious metals. He has consulted on numerous projects worldwide, and for the past 14 years he has been involved in project development within Canada. He has held senior management roles in several companies including, BC Metals Corp, Copper Mountain Mining Corp, Yellowhead Mining Inc and Atlantic Gold Corp. Mr. Tiver is a registered professional engineer (P.Eng. EGBC), a Member of the Australasian Institute of Mining and Metallurgy and holds a Master's in Business Administration.

Ryan Todd, VP Environment & Social Responsibility

Ryan Todd has 15 years of mining experience in environmental assessment, permitting, Indigenous and community relations. While the majority of his experience has been in Canada, he has worked on precious metals and energy projects in many regions of the world. Most recently, he led the environmental assessment of the Blackwater Project for New Gold and prior to that he led the permitting of the Rainy River Mine in Ontario. Mr. Todd has held senior management roles with New Gold and Western Coal (now Conuma Coal) and prior to that was a mining environmental consultant. He holds a Master's degree in civil engineering in addition to a Bachelor's degree in environmental science.

Nicholas Campbell, VP Capital Markets

Nicholas Campbell has more than 15 years of experience working on finance and capital markets in the mining industry. Mr. Campbell most recently served as Executive Vice President, Business Development for SilverCrest Metals Inc. and Chief Financial Officer for Goldsource Mines Inc. Prior to holding these positions, he was a mining analyst for more than 10 years.

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.
NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.
SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.
U/R : Under Review
N/R : No Rating
TENDER: Investors are guided to tender to the terms of the takeover offer.
Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.
ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.
AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Chris Thompson, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

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3)	PI Financial Corp. and/or its affiliates have received compensation for investment banking services for the subject company over the preceding 12-month period.	3) Yes
4)	PI Financial Corp. and/or its affiliates expect to receive or intend to seek compensation for investment banking services from the subject company.	4) Yes
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6)	The following director(s), officer(s) or employee(s) of PI Financial Corp. is a director of the subject company in which PI provides research coverage.	6) No
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9)	Company has partially funded previous analyst visits to its projects.	9) Yes
10)	Additional disclosure:	10) No

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The attached summarizes PI's analysts review of the material operations of the attached company(s).

Analyst	Company	Type of Review	Operations / Project	Date
Chris Thompson	Artemis Gold Inc.	Management Update	Vancouver, BC	09/20

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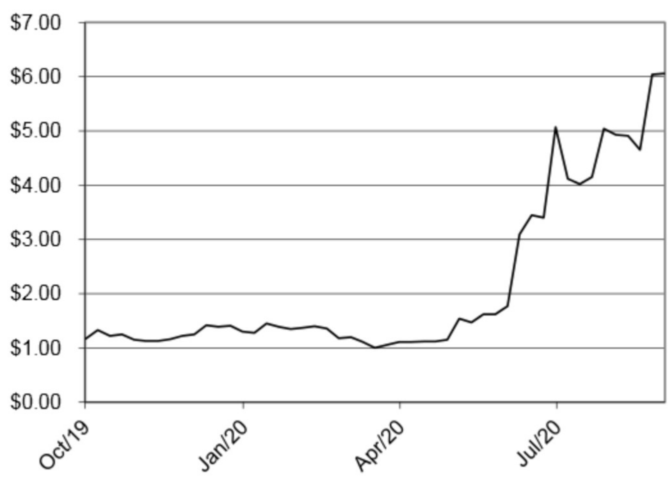
Recommendations	Number of Recommendations	Percentage
BUY	61	76.25%
NEUTRAL	18	22.50%
SELL	1	1.25%
TENDER	0	0.00%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	**80**	

Stock Rating and Target Changes

For reports that cover more than six subject companies, the reader is referred to our corporate web site for information regarding stock ratings and target changes. www.pifinancial.com (Research: Research and Conflict Disclosure).



Artemis Gold Inc. *(Initiated Coverage: Sep 11/20)*

Date	Rating Change	Target Change	Share Price
Sep 11/20	Buy	$9.00	$6.13

s

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