

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(unaudited)**

For the three and six months ended June 30, 2020,
the three months ended June 30, 2019,
and the period from January 10, 2019 (inception) to June 30, 2019

Expressed in Canadian Dollars

ARTEMIS GOLD INC.



NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to National-Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Artemis Gold Inc. (the "Company" or "Artemis") for the interim period ended June 30, 2020, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditor, PricewaterhouseCoopers LLP has not performed a review of these condensed interim consolidated financial statements.

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ARTEMIS GOLD INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Notes	As at June 30, 2020	As at December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		\$ 28,301,282	\$ 31,502,309
Restricted cash	9	6,550,169	-
Receivables and prepayments		437,567	126,915
Marketable securities		2,254,280	304,300
		37,543,298	31,933,524
Non-current assets			
Investment in associate	4	7,525,570	5,639,902
Convertible debenture	4	10,761,705	9,999,434
Warrants	4	2,694,495	2,351,844
Deferred acquisition costs	3	935,437	-
Mineral property	5	272,027	222,354
Property, plant and equipment		873,643	919,755
TOTAL ASSETS		60,606,175	51,066,813
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,116,639	237,070
Due to related parties	7	31,622	16,264
Share subscription liability	9	6,550,169	-
Lease liability - current portion		112,769	90,497
		7,811,199	343,831
Non-current liabilities			
Lease liability - non current portion		778,129	846,641
Deferred income tax liability		993,739	956,198
TOTAL LIABILITIES		9,583,067	2,146,670
Shareholders' equity			
Share capital	6	42,468,679	41,647,399
Contributed surplus	6	1,723,565	942,447
Accumulated other comprehensive income		1,296,926	54,303
Retained earnings		5,533,938	6,275,994
Total Shareholders' equity		51,023,108	48,920,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 60,606,175	\$ 51,066,813

Subsequent events (Notes 3 and 9)

Approved for Issuance by the Board of Directors:

"Robert Atkinson"	Director
"Steven Dean"	Director

ARTEMIS GOLD INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income

(Unaudited -Expressed in Canadian Dollars – except number of shares outstanding)

Notes	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the period from January 10, 2019 to June 30, 2019
Operating expenses				
	\$ 43,753	\$ -	\$ 83,742	\$ -
Depreciation				
Management fees and wages	7 288,449	-	602,650	-
Investor relations and corporate development	130,466	-	274,392	-
Office, Insurance and general	64,641	-	130,280	-
Professional fees	91,643	119,234	126,319	119,234
Share-based payments	6 257,552	-	781,118	-
Transfer agent and regulatory	30,296	-	38,929	-
Travel, meals and entertainment	4,829	-	9,133	-
Loss from operations	(911,629)	(119,234)	(2,046,563)	(119,234)
Other income (expense)				
Accretion expense on lease liability	(13,597)	-	(27,540)	-
Convertible debenture interest expense	-	(106,956)	-	(127,364)
Equity loss from investment in associate	4 (57,636)	(68,723)	(156,685)	(68,723)
Gain on investment in associate	4 -	-	-	1,488,000
Gain on convertible debt	4 3,605,547	3,987,503	978,766	3,987,503
Gain on warrants	4 1,732,688	446,866	101,754	1,887,880
Interest income	85,296	-	251,818	-
Net income (loss) before income taxes	4,440,669	4,139,456	(898,450)	7,048,062
Deferred income tax recovery (expense)	(558,034)	(556,337)	156,394	(951,754)
Net income (loss)	\$ 3,882,635	\$ 3,583,119	\$ (742,056)	\$ 6,096,308
Unrealized gain on marketable securities	1,145,849	-	1,242,623	-
Total comprehensive income	\$ 5,028,484	\$ 3,583,119	\$ 500,567	\$ 6,096,308
Earning (loss) per common share				
Basic	\$ 0.08	\$ 0.70	\$ (0.02)	\$ 1.90
Diluted	\$ 0.06	\$ 0.30	\$ (0.02)	\$ 0.81
Weighted average number of common shares outstanding				
Basic	48,397,527	5,085,712	48,288,816	3,212,028
Diluted	63,752,976	11,884,059	48,288,816	7,505,721

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ARTEMIS GOLD INC.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Notes	Share capital			Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
		Number of shares	Amount	Contributed surplus			
Balance - January 1, 2020		48,180,105	\$ 41,647,399	\$ 942,447	\$ 54,303	\$ 6,275,994	\$ 48,920,143
Exercise of share purchase warrants	6	760,444	821,280	-	-	-	821,280
Shared-based payments	6	-	-	781,118	-	-	781,118
Unrealized gain on marketable securities		-	-	-	1,242,623	-	1,242,623
Net loss for the period		-	-	-	-	(742,056)	(742,056)
Balance - June 30, 2020		48,940,549	\$ 42,468,679	\$ 1,723,565	\$ 1,296,926	\$ 5,533,938	\$ 51,023,108

	Notes	Share capital			Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
		Number of shares	Amount	Contributed surplus			
Balance - January 10, 2019		1	\$ 1	\$ -	\$ -	\$ -	\$ 1
Share issuance - March 14, 2019	6	5,085,710	3,906,000	-	-	-	3,906,000
Share issuance - June 12, 2019	6	1	125,000	-	-	-	125,000
Net income for the period		-	-	-	-	6,096,308	6,096,308
Balance - June 30, 2019		5,085,712	\$ 4,031,001	\$ -	\$ -	\$ 6,096,308	\$ 10,127,309

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ARTEMIS GOLD INC.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the period from January 10, 2019 to June 30, 2019
Operating activities				
Net income (loss) for the period	\$ 3,882,635	\$ 3,583,119	\$ (742,056)	\$ 6,096,308
Items not involving cash:				
Amortization	43,753	-	83,742	-
Accretion expense on lease liability	13,597	-	27,540	-
Deferred income tax expense (recovery)	558,034	556,337	(156,394)	951,754
Convertible debenture interest expense	-	106,956	-	127,364
Equity loss from investment in associate	57,636	68,723	156,685	68,723
Gain on investment in associate	-	-	-	(1,488,000)
Gain on convertible debt	(3,605,547)	(3,987,503)	(978,766)	(3,987,503)
Gain on warrants	(1,732,688)	(446,866)	(101,754)	(1,887,880)
Share-based payments	257,552	-	781,118	-
Interest income	(85,296)	-	(251,818)	-
Net changes in non-cash working capital:				
Accounts payable and accrued liabilities	(199,902)	-	(116,534)	-
Due to related parties	34,439	31,785	26,286	225,973
Receivables and prepayments	37,069	87,449	12,829	(106,740)
Net cash used in operating activities	(738,717)	-	(1,259,122)	(1)
Investing activities				
Deferred acquisition costs	(135,568)	-	(135,568)	-
Interest received	16,840	-	168,644	-
Investment in marketable securities	-	-	(513,422)	-
Investment in associate	(1)	-	(1,825,859)	(3,906,000)
Investment in convertible debt	-	-	-	(5,094,000)
Investment in warrants	-	-	(240,897)	-
Mineral property	(49,672)	(125,000)	(49,672)	(125,000)
Purchase of equipment	(37,630)	-	(37,630)	-
Net cash used in investing activities	(206,031)	(125,000)	(2,634,404)	(9,125,000)
Financing activities				
Convertible debenture proceeds	-	-	-	5,094,000
Exercise of share purchase warrants	743,280	-	821,280	-
Lease payments	(36,890)	-	(73,780)	-
Subscription receipt issuance costs	(55,000)	-	(55,000)	-
Share issuance proceeds	-	125,000	-	4,031,001
Net cash provided by financing activities	651,390	125,000	692,500	9,125,001
Change in cash during the period	(293,358)	-	(3,201,027)	-
Cash, beginning of period	28,594,640	-	31,502,309	-
Cash, end of period	\$ 28,301,282	\$ -	\$ 28,301,282	\$ -
Restricted cash, end of period	\$ 6,550,169	\$ -	\$ 6,550,169	\$ -
Total cash and restricted cash, end of period	\$ 34,851,451	\$ -	\$ 34,851,451	\$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

1. NATURE OF OPERATIONS

Artemis Gold Inc. ("Artemis" or the "Company") (formerly 1193490 B.C. Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 10, 2019. The Company is an exploration stage company focused on acquiring exploration and/or development stage mineral properties for the purpose of further exploration and development.

On June 9, 2020, the Company announced the signing of an asset purchase agreement (the "Agreement") to acquire the Blackwater Gold Project ("Blackwater" or the "Blackwater Project") in central British Columbia. The acquisition was completed subsequent to period end (Notes 3 and 9). The Company's other interests are its investment in Velocity Minerals Ltd. ("VLC"), and its option to acquire a 100% interest in GK project located in the Telegraph Creek area of British Columbia (the "GK Project"), VLC is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria.

The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, B.C. Canada. The Company's registered and records office is located at 595 Burrard Street, Suite 2600, Vancouver, B.C., Canada

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim consolidated financial statements ("Interim Financial Statements") for the three and six months ended June 30, 2020 and for the period from January 10, 2019 ("Inception") to June 30, 2019 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the period from January 10, 2019 to December 31, 2019 (the "Annual Financial Statements"), which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies and use of judgements and estimates were presented in notes 3 and 4, respectively, of those Annual Financial Statements and have been consistently applied in the preparation of the Interim Financial Statements.

Basis of preparation and measurement

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. These Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

These Interim Financial Statements were approved by the board of directors on August 25, 2020.

Basis of consolidation

These Interim Financial Statements include the accounts of the Company and its wholly-owned subsidiary, BW Gold Ltd. All amounts are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary. All inter-company balances, transactions, revenues and expenses have been eliminated.

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

2. BASIS OF PREPARATION (continued)

Use of estimates and judgements and COVID-19

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company has assessed the economic impacts of the novel coronavirus ("COVID-19") pandemic on its Interim Financial Statements, including the valuation of the Company's investment in VLC. As at June 30, 2020, management has determined that its general operation of business and the value of the Company's assets are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in commodity prices and capital markets.

While we have not experienced any significant negative impact to date, the extent to which COVID-19 impacts future business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and unknown at this time.

3. ACQUISITION OF BLACKWATER

Subsequent to year end, on August 21, 2020 (the "Closing"), the Company completed the acquisition of the Blackwater Project from New Gold Inc. ("New Gold") (the "Acquisition" or "Transaction") (Note 9).

Pursuant to the Transaction, Artemis acquired all of New Gold's property, assets and rights related to the Blackwater Project. Consideration for the Acquisition is comprised of (i) an initial payment of \$140 million at Closing, (the "Initial Payment"), (ii) 7,407,407 Artemis common shares, (iii) a cash payment one year following Closing of \$50 million (the "Second Payment") and (iv) a secured gold stream participation (the "Stream Agreement") in favour of New Gold as described below. New Gold will also have a first ranking security interest over Blackwater until the Second Payment is made.

Artemis funded the Initial Payment through an equity financing that was completed on July 7, 2020 (see Note 9).

At Closing, Artemis entered into a Stream Agreement with New Gold whereby New Gold will purchase 8.0% of the refined gold produced from the Blackwater Project. Once 279,908 ounces of refined gold have been delivered to New Gold, the gold stream will reduce to 4.0%. New Gold will make payments for the gold purchased equal to 35% of the US dollar gold price quoted by the London Bullion Market Association two days prior to delivery.

In the event that commercial production at Blackwater is not achieved by the 7th, 8th, or 9th anniversary of the Closing, New Gold will be entitled to receive additional cash payments of \$28 million on each of those dates.

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

3. ACQUISITION OF BLACKWATER (continued)

During the three and six months ended June 30, 2020, the Company incurred \$935,437 of costs related to the Transaction which were capitalized as the Acquisition.

4. INVESTMENT IN VLC

The investment in VLC is comprised of:

	Investment in associate	Convertible debenture	Warrants	Total
Initial investment	\$ 3,906,000	\$ 5,094,000	\$ -	\$ 9,000,000
Gain at inception	1,488,000	-	1,230,531	2,718,531
Fair value change in the period	-	5,359,338	1,121,313	6,480,651
Equity loss on investment in associate	(208,002)	-	-	(208,002)
Shares received in settlement of interest	236,068	(236,068)	-	-
Other	217,836	(217,836)	-	-
Balance, December 31, 2019	\$ 5,639,902	\$ 9,999,434	\$ 2,351,844	\$ 17,991,180
Investment	1,825,858	-	240,897	2,066,755
Fair value change in the period	-	978,766	101,754	1,080,520
Shares received in settlement of interest	216,495	(216,495)	-	-
Equity loss on investment in associate	(156,685)	-	-	(156,685)
Balance, June 30, 2020	\$ 7,525,570	\$ 10,761,705	\$ 2,694,495	\$ 20,981,770

On March 14, 2019, concurrent to a convertible debenture issued to Atlantic Gold Corporation (“Atlantic”) (Note 6) the Company completed an investment in VLC whereby it received 18,600,000 units of VLC (each a “VLC Unit”) for cash consideration of \$3,906,000 and a secured convertible debenture (the “Convertible Debenture”) in VLC of \$5,094,000. Each VLC Unit comprised one VLC common share (“VLC Share”) and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional VLC Share at a price of \$0.25 per share, with an expiry date of March 14, 2022. As part of the investment the Company nominated one appointee to the board of directors of VLC.

The Convertible Debenture earns interest at an annual rate of 8.5% payable semi-annually, over a five-year term. The interest can be settled in cash or VLC Shares. The principal amount is convertible to VLC Shares at the election of the Company at a conversion price of \$0.25.

The Convertible Debenture investment is measured at fair value through profit and loss (“FVTPL”). At inception, the Convertible Debenture was recorded at the amount of cash consideration paid. The Company uses the Black-Scholes option pricing model to calculate the fair value of the Convertible Debenture held in VLC. The Company used the following assumptions to fair value the Convertible Debenture:

	June 30, 2020	December 31, 2019
Share Price	\$ 0.48	\$ 0.46
Volatility	50%	40%
Expected Life in Years	3.71	4.21
Dividend Rate	0.00%	0.00%
Risk-free-rate	0.33%	1.64%

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

4. INVESTMENT IN VLC (continued)

In April 2020, VLC settled \$216,495 of interest owed on the Convertible Debenture by issuing 742,184 common shares to the Company. In October 2019, VLC settled \$236,068 of interest owed on the Convertible Debenture by issuing 495,516 common shares to the Company. As at June 30, 2020, the Company holds 25,004,587 VLC shares or 22.27% of the issued common shares of VLC (including 5,166,887 additional shares acquired in February 2020, as per below) with a fair market value of \$12,002,202.

On February 12, 2020, the Company invested an additional \$2,066,755 in VLC by subscribing to a non-brokered private placement. The Company acquired 5,166,887 VLC units at a price of \$0.40. These additional units consist of one VLC Share and one half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional VLC Share at a price of \$0.55 per share for a period of 18 months following closing of the private placement. The fair value of \$240,897 attributed to the warrants on inception was determined using the Black-Scholes option pricing model with a share price of \$0.42, volatility of 65%, an expected life of 1.50 years, a dividend rate of nil and a risk free-rate of 1.51%.

The Company applies equity accounting over the investment in the common shares of VLC as the Company has significant influence over VLC due to its share ownership in the Company and its board representation. As a result, at inception of the investment, the common shares were recognized at attributed cost, with the carrying amount of the investment increasing or decreasing to recognize the Company's share of the profit or loss of VLC at each reporting period.

The warrants have been measured at FVTPL with the loss recorded within the loss on warrants in the interim consolidated statements of income (loss) and comprehensive income. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants held in VLC. The Company used the following weighted average assumptions to fair value the warrants:

	June 30, 2020	December 31, 2019
Share Price	\$ 0.48	\$ 0.46
Volatility	61%	60%
Expected Life in Years	1.58	2.20
Dividend Rate	0.00%	0.00%
Risk-free-rate	0.26%	1.66%

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2020, the three months ended June 30, 2019,
and the period from January 10, 2019 (inception) to June 30, 2019
(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

4. INVESTMENT IN VLC (continued)

The assets and liabilities of VLC are summarized in the following table and are taken from VLC's most recently available financial statements as at March 31, 2020.

	March 31, 2020
Current assets	\$ 7,297,365
Non-current assets	12,992,649
	20,290,014
Current liabilities	1,112,923
Non-current liabilities	4,068,164
	5,181,087
Net assets	\$ 15,108,927
Company's equity share of net assets	\$ 3,265,448
Loss and comprehensive loss for the three months ended March 31, 2020	\$ (266,679)

5. MINERAL PROPERTY

On May 31, 2019, the Company entered into an option agreement ("Option Agreement") whereby the Company has the right to acquire a 100% interest, subject to certain royalty payments, in the GK Project, located in British Columbia, Canada.

In order for the Company to exercise its option under the Option Agreement, the Company must pay:

- (i) \$125,000 in cash upon execution of the Option Agreement (paid on June 12, 2019);
- (ii) On or before 12 months after the effective date of the Option Agreement, \$50,000 in cash and incur certain expenditures of not less than \$100,000 (paid);
- (iii) On or before 24 months after the effective date of the Option Agreement, \$100,000 in cash and incur certain expenditures of not less than \$500,000;
- (iv) On or before 36 months after the effective date of the Option Agreement, \$500,000 in cash and incur certain expenditures of not less than \$1,300,000;
- (v) On or before 48 months after the effective date of the Option Agreement, \$750,000 in cash and incur certain expenditures of not less than \$2,000,000; and
- (vi) On or before 60 months after the effective date of the Option Agreement, \$1,000,000 in cash and incur certain expenditures of not less than \$3,000,000.

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

6. EQUITY

a) Authorized share capital

Unlimited number of common shares without par value.

During the six months ended June 30, 2020, the Company had the following share transactions:

- (i) In various tranches, the Company issued 760,444 common shares pursuant to warrant exercises for gross proceeds of \$821,280.

During the period from January 10, 2019 to December 31, 2019, the Company had the following share transactions:

- (i) On July 18, 2019, the Company's common shares were split on the basis of approximately 1.302 post subdivided share for every pre subdivided share. All common share, and per share amounts in these financial statements have been retrospectively restated to present post subdivision amounts.
- (ii) On March 14, 2019, the Company issued 5,085,710 common shares for gross proceeds of \$3,906,000.
- (iii) On June 12, 2019, the Company issued 1 common share for gross proceeds of \$125,000.
- (iv) On March 14, 2019, concurrent to the investment in VLC (note 4), the Company issued convertible debentures of \$5,094,000 to its former parent, Atlantic Gold Corporation, carrying interest of 8.4% payable semi-annually convertible into shares of the Company at a conversion price of \$0.25. On July 18, 2019, the convertible debentures comprising of \$5,094,000 principal and \$148,591 of interest payable were fully converted into 6,825,986 common shares.
- (v) On August 27, 2019, Artemis completed a non-brokered private placement financing for gross proceeds of \$32,641,566 (the "Private Placement"). The Private Placement resulted in Artemis issuing 36,268,407 units (the "Artemis Units") at a price of \$0.90 per Artemis Unit. Each Artemis Unit consists of one Artemis common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional Artemis common share at a price of \$1.08 per share for a period of 60 months following closing of the Private Placement. There was no residual value to assigned to the warrants.

Certain directors and officers of Artemis subscribed to 17,889,155 common shares of the Private Placement which are subject to an escrow agreement. Pursuant to the escrow agreement, ten percent of the common shares were released from escrow on September 30, 2019 and 15% will be released from escrow every six months starting March 31, 2020 until September 30, 2022. At June 30, 2020 13,416,866 shares remained in escrow.

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

6. EQUITY (continued)

b) Stock options

The Company has established a stock option plan (the “Plan”) for its directors, executive officers, employees and consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company exercisable for a period of up to 10 years from the date of grant. The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. As at June 30, 2020, the Company had the following stock options outstanding:

	Number of	Weighted-
	Options	average exercise price
Outstanding - January 10, 2019	-	\$ -
Granted	1,520,000	\$ 1.16
Outstanding - December 31, 2019	1,520,000	\$ 1.16
Granted	200,000	\$ 1.30
Outstanding - June 30, 2020	1,720,000	\$ 1.18
Exercisable - June 30, 2020	1,080,000	\$ 1.18

On October 24, 2019, the Company granted 1,520,000 stock options with a fair value of \$1,576,587 to directors and employees of the Company with an exercise price of \$1.16, expiring on October 24, 2029.

On January 6, 2020, the Company granted 200,000 stock options with a fair value of \$232,287 to employees of the Company with an exercise price of \$1.30, expiring on January 6, 2030.

Total share-based payments recognized during the three and six months ended June 30, 2020, was \$257,552 and \$781,118, respectively (2019 – nil) which was expensed in the interim consolidated statements of income (loss) and comprehensive income.

As at June 30, 2020, outstanding stock options had a weighted average remaining life of 9.35 years.

The following assumptions were used in the valuation of the stock options granted in the six months ended June 30, 2020 and the period ended December 31, 2019:

	2020	2019
Risk-free interest rate	1.31%	1.45%
Expected life	10 years	10 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. The Company has assumed that any granted stock options will not be exercised until the expiry date.

Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company. Expected forfeiture rates have been assumed to be nil as to date, as most employees and directors involved are key personnel.

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

6. EQUITY (continued)

c) Share purchase warrants

All share purchase warrants expire on August 27, 2024. A summary of the changes in share purchase warrants is as follows:

	Number of Warrants	Weighted-average exercise price
Outstanding - January 10, 2019	-	\$ -
Granted	36,268,407	\$ 1.08
Outstanding - December 31, 2019	36,268,407	\$ 1.08
Exercised	(760,444)	\$ 1.08
Outstanding - June 30, 2020	35,507,963	\$ 1.08

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) *Key management compensation*

Key management includes the Company's directors, Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management for the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 to June 30, 2020 comprises the following:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the period from January 10, 2019 to June 30, 2019
Salaries and benefits	\$ 59,709	\$ -	\$ 130,900	\$ -
Consulting fees	87,500	-	175,000	-
Director fees	41,250	-	82,500	-
Share-based payments	190,394	-	564,335	-
	\$ 378,853	\$ -	\$ 952,735	\$ -

b) *Amounts payable to related parties*

As at June 30, 2020, the Company owed \$7,500 in directors' fees to certain directors of the Company. (December 31, 2019 - \$7,500). The Company owed \$31,956 in administrative and corporate development expenses to Sirocco Advisory Services Ltd, a company controlled by an officer and director of the Company.

The Company charges office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a company with common management and director. During the three and six months ended June 30, 2020, office lease and overhead and service costs expenditures billed to Oceanic amounted to \$5,881 and \$10,928, respectively (2019 – nil). As at June 30, 2020, the Company was due \$10,928 from Oceanic (December 31, 2019 – payable of \$8,764).

ARTEMIS GOLD INC.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2020, the three months ended June 30, 2019, and the period from January 10, 2019 (inception) to June 30, 2019

(Unaudited - Expressed in Canadian dollars – unless otherwise noted)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

The Company's marketable securities are measured using Level 1 using their quoted price in active markets. The Company's investment in the VLC Convertible Debenture, and the investment in VLC warrants are measured using Level 3 inputs in the fair value hierarchy, as observable market data for these investments is not available. The fair values of the cash, restricted cash, receivables, accounts payable and due to related party balance approximate the carrying value as at June 30, 2020.

9. SUBSEQUENT EVENTS

Private placement offerings

On July 7, 2020, in connection with the Acquisition of Blackwater, Artemis completed brokered and non-brokered offerings for an aggregate of 64,825,925 subscription receipts (the "Subscription Receipts") at a price of \$2.70 per Subscription Receipt for gross proceeds of \$175,030,000 (the "Offering"). Each Subscription Receipt entitled the holder to receive one common share in the capital of the Company for no additional consideration upon satisfaction of certain escrow conditions. As the Offering was not closed until subsequent to June 30, 2020, the proceeds of the non-brokered offering collected by the Company up to June 30, 2020 were recorded as restricted cash on the statement of financial position, with an offset to share subscription liability) and were subject to certain escrow conditions.

At the time the Offering closed on July 7, 2020 the restricted cash was transferred to an escrow agent.

At the time of closing of the Acquisition on August 21, 2020, all escrow conditions were satisfied, the gross proceeds from the Offering were released from escrow, and the Subscription Receipts were exchanged into 64,825,925 common shares of the Company.

The proceeds from the Offering were used by the Company to fund the Initial Payment required for the Acquisition with the remaining balance to be used for general corporate purposes.

Exercises of convertible securities

Subsequent to June 30, 2020, a total of 1,316,500 share purchase warrants and 13,000 stock options were exercised.