

# MANAGEMENT DISCUSSION AND ANALYSIS

For the period January 10 to December 31, 2019

**ARTEMIS GOLD INC.**

Dated March 31, 2020



## **ARTEMIS GOLD INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the period from incorporation to December 31, 2019

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### **GENERAL**

This management's discussion and analysis ("MD&A") is management's interpretation of the results and financial condition of Artemis Gold Inc. ("Artemis" or the "Company") for the period from incorporation to December 31, 2019 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the annual audited financial statements for the period from January 10, 2019 to December 31, 2019 and the related notes thereto of the Company (the "Annual Financial Statements") and other corporate filings all of which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. This MD&A contains forward-looking information. Please see the section, "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

### **TECHNICAL INFORMATION**

All scientific and technical information herein related to Velocity Minerals Ltd. ("Velocity" or "VLC") has been reviewed, approved and prepared by Stuart Mills, a qualified person for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). For additional information regarding the Preliminary Economic Assessment ("PEA"), including its quality assurance and quality control procedures, please see the technical report dated effective September 17, 2019 on the VLC profile at [www.sedar.com](http://www.sedar.com).

All scientific and technical information herein related to the Company's GK Project (defined below) has been reviewed and approved by Ms. Jean Pautler, P.Geo., who is a qualified person for the purposes of NI 43-101. For additional information regarding the Company's GK Project, including its quality assurance and quality control procedures, please see the technical report dated effective May 31, 2019 on the Company's profile at [www.sedar.com](http://www.sedar.com).

### **Background**

Artemis was incorporated on January 10, 2019 pursuant to the *Business Corporations Act* (British Columbia) under the name 1193490 B.C. Ltd. Artemis was incorporated as a wholly-owned subsidiary of Atlantic Gold Corporation ("Atlantic") for the purpose of acquiring gold mineral exploration properties. Atlantic is a Canadian based gold producer. Atlantic's common shares were listed and posted for trading on the TSX Venture Exchange ("TSXV") at that time.

On May 14, 2019, Atlantic announced that it had entered into an arrangement agreement with St Barbara Limited ("St Barbara") pursuant to which St Barbara would acquire 100% of all issued and outstanding shares of Atlantic (the "Arrangement"). As part of the Arrangement, Atlantic agreed to distribute 100% of the common shares of Artemis to Atlantic shareholders on the effective date. The Arrangement closed on July 19, 2019.

On July 18, 2019, the Company's common shares were split on the basis of approximately 1.302 post subdivided shares for every pre subdivided share. All common share, and per share amounts in the financial statements and this MD&A have been retrospectively restated to present post subdivision amounts.

On October 2, 2019, Artemis' common shares commenced trading on the TSX Venture Exchange.

Artemis' assets include the interest that it holds in VLC and its option to acquire a 100% interest in the GK Project located in the Telegraph Creek area of British Columbia (the "GK Project").

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### **COVID-19**

During March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). We continue to operate our business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2020. In particular, certain of the Company's financial instruments are measured at fair value using a combination of observable and unobservable market inputs. Since the end of February 2020, the financial markets have experienced significant volatility, which is likely attributable to the COVID-19 pandemic. The fair value of the Company's investments has been subject to these market fluctuations and are expected to have the potential to experience further volatility as the situation evolves.

As required by IFRS, we have not reflected these subsequent conditions in the measurement of our investment in VLC at December 31, 2019.

### **VLC Investment**

On March 14, 2019, Atlantic, through Artemis, its wholly owned subsidiary at that time, completed a \$9,000,000 strategic investment in VLC (the "VLC Investment") pursuant to an investment agreement dated January 16, 2019 ("Investment Agreement"). A copy of the Investment Agreement is available on VLC's SEDAR profile at [www.SEDAR.com](http://www.SEDAR.com). The VLC Investment comprises (i) 18,600,000 units of VLC (the "VLC Units") issued at a price of \$0.21 per VLC Unit, for \$3,906,000, and (ii) \$5,094,000 principal amount of secured convertible debentures of VLC (the "Convertible Debentures").

Each VLC Unit consists of one common share in the capital of VLC ("VLC Share") and one half of one common share purchase warrant (each whole warrant, a "VLC Warrant"). Each VLC Warrant is exercisable for an additional VLC Share until March 14, 2022 at an exercise price of \$0.25 per VLC Share. The Convertible Debentures will earn interest at a rate of 8.5% per annum over a 60-month term (the "Term"), payable semi-annually in cash or VLC Shares at the discretion of VLC. The principal amount of the Convertible Debentures is convertible into VLC Shares during the Term at the election of Artemis at a conversion price of \$0.25. The Convertible Debentures are secured with a first ranking charge by way of a general security agreement and guarantee from the material subsidiary of VLC.

Proceeds from the VLC Investment are being used to fund the advancement of Velocity's flagship deposit, the Rozino gold project located in southeast Bulgaria ("Rozino") towards feasibility and permitting, including resource expansion and definition drilling, engineering studies, environmental monitoring and assessment and for general working capital purposes. In addition, VLC has used proceeds in respect of entering into option agreements on additional satellite deposits in the region and subsequently explored such areas as further described below.

On February 6, 2020, the Company invested \$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. Each VLC unit consists of one VLC common share and one half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional VLC common share at a price of \$0.55 per share for a period of 18 months following closing of the private placement. This increased the Company's ownership in VLC to 21.6%

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### **About VLC**

All information related to VLC contained in this MD&A has been taken from VLC's public disclosure. Artemis can provide no assurances with respect to the accuracy or completeness of any information related to VLC, VLC's projects or any plans or assumptions of VLC.

Velocity is a gold exploration and development company focused on eastern Europe, with mineral interests in Bulgaria. The Velocity management and board includes mining industry professionals with over 100 years of combined experience spanning Europe, Asia, and the Americas as employees of major mining companies as well as founders and senior executives of junior to mid-tier public companies. The team's experience includes all aspects of mineral exploration, resource definition, feasibility, finance, mine construction and mine operation as well as a track record in managing publicly listed companies and bringing real value to shareholders.

Bulgaria is a member of the European Union (2007) and an attractive destination for mining investment. The country's mining law was established in 1999 and updated in 2011. Mining royalties are low and compare favorably with more established mining countries like Canada, Peru and Chile. Bulgaria also boasts an exceptionally low corporate tax rate of only 10% and the country's education system is excellent with good availability of experienced mining professionals in a favourable cost environment. Foreign mining companies are successfully operating in Bulgaria. Despite the positive operating environment, the number of established companies is low, and Velocity is among the first movers in a new influx of foreign mining investment.

Velocity has entered into a number of option agreements with Gorubso Kardzhali A.D. ("Gorubso"), an established and respected mining company in Bulgaria. Gorubso operates the underground Chala Gold Mine (2006) and the Kardzhali Carbon In Leach (CIL) plant (2011), which produces gold dore. Gorubso is the first and only company in Bulgaria to permit and build a carbon-in-leach processing plant. Velocity's management has a long-standing relationship with Gorubso as well as abundant previous experience in Bulgaria and elsewhere in the region.

Velocity formed an exploration and mining alliance with Gorubso Kardzhali A.D., an established Bulgarian operating partner, in January 2018 (the "Alliance"). The Alliance covers all existing and future Gorubso and Velocity projects within an area of 10,400km<sup>2</sup> covering the prospective Eastern Rhodope Gold Mining District in southeastern Bulgaria. The Alliance also provides Velocity with access to an operating CIL plant.

Velocity earned a 70% interest in Rozino through delivery of a Preliminary Economic Assessment ("PEA"). Velocity has entered into option agreements with Gorubso to earn a 70% interest in three other gold projects.

### Tintyava Property (Rozino Deposit)

The Rozino gold deposit is located within the Tintyava Property, which lies within the municipalities of Ivaylovgrad and Krumovgrad in southeast Bulgaria approximately 350 kilometres (km) by road east-southeast of the capital, Sofia. The Tintyava license is held by Tintyava Exploration EAD ("Tintyava Exploration"). On October 31, 2018, Velocity's wholly-owned Bulgarian subsidiary, Kibela Minerals AD ("Kibela") exercised its option to acquire an undivided 70% legal and beneficial interest in the Tintyava license through delivery to Gorubso of a PEA and completion of certain government exploration work commitments ("Commitments") at Rozino. Tintyava's funding requirements for the local and regional Commitments have been met and the governmental renewal report, together with JV commitments to spend a further \$1,000,000 within the Tintyava Licence before June 2020 have been accepted by the Ministry of Energy and Velocity intends to extend the Tintyava Licence for a minimum of 1 year in May 2020 with the option to extend a further 1 year in June 2021.

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The technical information included below is sourced from an independent PEA Technical Report (the "Report") entitled "Preliminary Economic Assessment - Rozino Project, Tintyava Property, Bulgaria", which is dated October 26, 2018 (effective date September 17, 2018) and was prepared by CSA Global, an international mining consultancy with experience in Bulgaria, in accordance with NI 43-101. As the information is necessarily summarized, readers are encouraged to review the full Report, which includes disclosure on the basis for the PEA and any qualifications and assumptions made by the qualified person, is available on Velocity's website and under Velocity's profile on SEDAR.

#### Rozino PEA

As noted above, Velocity completed a PEA in September 2018 to earn a 70% interest in the Rozino project. The PEA provides a base case assessment of developing Rozino by open pit mining and on-site crushing, milling and simple flotation to produce a 30 g/t gold concentrate. The concentrate would then be trucked 85km on existing roads to the currently operating carbon-in-leach (CIL) plant where saleable gold doré would be produced.

#### PEA<sup>1</sup> Highlights

- **After-Tax Financials:** After-tax NPV<sub>5%</sub> of \$129 million and after-tax IRR of 33%
- **Cash Cost:** All-in sustaining cost<sup>2</sup> of US\$543 per ounce
- **Annual Gold Production:** Steady state<sup>3</sup> annual production of 65,000 ounces, peak annual production of 78,000 ounces
- **Capital Costs:** Total estimated capital costs of \$97.6 million (includes contingency)
- **Sustaining Capital:** Low estimated sustaining capital of \$6.3 million
- **Mining:** Open pit with 0.6 g/t gold Cut-Off Grade, attractive strip ratio of 2.5 and 1.51 g/t Life of Mine gold grade
- **Processing:** On-site flotation producing gold bearing pyrite concentrate assaying 30 g/t and transportation to the CIL plant (located 85 km from the Project) for processing
- **ROCE:** Return on capital expenditure of 3.3

(1) Base case parameters assume a gold price of US\$1,250/ounce and an exchange rate (CAD\$ to US\$) of 0.75. All amounts are reported in Canadian dollars unless otherwise specified. Financial results on 100% equity basis.

(2) All In Sustaining Cost (AISC) is defined as all cash costs related to mining and processing to final product. It includes on-mine and off-mine costs (direct and indirect). Sustaining capital costs related to continuing the business including exploration, development and equipment required to sustain production are included. Taxes, working capital, M&A, disposals and acquisitions as well as new mine development capital costs are excluded.

(3) Steady state refers to the long-term average over time where processing throughput is maintained at nameplate capacity.

The PEA is preliminary in nature and includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

#### Rozino Inferred Mineral Resource Estimate (September 2018)

Cut-off Grade (g/t Au)	Inferred Mineral Resource Estimate		
	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
0.2	50	0.59	948
0.5	17	1.17	639
<b>0.6</b>	<b>13</b>	<b>1.37</b>	<b>573</b>
0.7	9.7	1.57	490

1. Effective date September 10, 2018.

2. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

3. The mineral resource has been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum "CIM

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*Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014).*

#### *VLC Exploration and Mining Alliance – Bulgaria*

In January 2018, VLC entered into a binding letter agreement with Gorubso, which set out the terms by which VLC and Gorubso formed the Alliance covering all existing and future Gorubso and VLC projects (the "Projects") within an area of 10,400km<sup>2</sup> (the "Alliance Area"). In September 2018, VLC and Gorubso entered into a definitive Exploration and Mining Alliance Agreement (the "Alliance Agreement"), which outlined the terms of the Alliance in more detail.

#### *Highlights of the Agreement include:*

**Alliance Objectives** - The Alliance Agreement contemplates the exploration, development, and mining, as applicable, of the Projects and provides for an option/joint venture mechanism by which VLC and Gorubso will partner to maximize value for both parties.

**Access to Processing Plant** - Gorubso will make its central gold processing plant available to all Projects to process all future mined material as necessary. Securing use of the processing plant provides VLC and the Alliance with reduced project risk, as well as potential capital and time savings.

**Advanced Exploration Properties** - VLC will have an opportunity to complete option agreements on all Gorubso Projects, whereby it can earn a 70% interest in the Projects on similar terms to the current option for the advanced Rozino gold project.

#### Other Option Agreements in Bulgaria

##### *Sedefche*

The Sedefche deposit is located in southeast Bulgaria, approximately 39 km by road from the gold processing plant, located in Kardzhali. Sedefche has been explored through 45 surface exploration trenches, 41 exploratory shafts and pits, 122 drill holes of diamond drilling, 3 mega trenches with 86 vertical channel samples, and a metallurgical bulk sample excavated and processed at Gorubso's gold processing plant. The Project has been advanced through feasibility and environmental permitting in Bulgaria, resulting in the issuance of a mining concession.

In September 2019, Velocity entered into a definitive option agreement with Gorubso, whereby Velocity has been granted the exclusive right to acquire a 70% interest in Sedefche. Velocity considers Sedefche to be an advanced-stage gold deposit and the project has a fully permitted near-surface historical Bulgarian registered gold resource. The deposit remains open for expansion. The option can be exercised by Velocity completing 5,000m of drilling on the project.

##### *Momchil Project (Obichnik Deposit)*

The Momchil project is located within the municipality of Momchilgrad in southeast Bulgaria approximately 10 km by road east-southeast of the capital, Sofia. Velocity entered into an option agreement for the Momchil project, dated March 5, 2019. Under the terms of the option agreement, Velocity can earn a 70% interest in the Momchil project by delivering certain data and reports including a mineral resource estimate prepared under NI 43-101.

The Momchil project is centered on the Obichnik deposit, which is a geological resource registered on the Bulgarian state balance. Historical resources at Obichnik were calculated by Gorubso using the Bulgarian classification scheme, based on manual polygonal methods of resource estimation. Resources were submitted to and accepted by the Bulgarian government, Dragiev, H, 2006, "Momchil Prospecting License, Report at the 'Zvezdel - Pcheloyad Ore Field', Geological Report with Resource and Reserve Recalculation

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of 'Au-Ag Ores' at Obichnik Deposit". Historical resources within the Momchil Project reporting all categories in accordance with the Bulgarian Reserves & Resources classification scheme total approximately 880 thousand tonnes at 1.5g/t Au (1.0g/t Au cut-off) for about 46,000 ounces of gold.

In order to verify the potential existence of additional unmined mineralization at Obichnik, significant drilling will be required. Velocity is not treating the historical resources at the Obichnik deposit as current mineral resources or mineral reserves. Historical resources are not consistent with the standards of disclosure defined by NI 43-101 and may not necessarily be consistent with CIM best practice with respect to reporting mineral resources and reserves or reliable. Historical resources are included because they are considered relevant by Velocity as they form additional support for the optioning of the Momchil project by Velocity. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The inclusion of historical resource estimations provides information as to the potential size and nature of the immediate exploration targets within the Momchil project area.

The Momchil Project has had little if any modern systematic exploration carried out and significant exploration potential exists.

### *Nadezhda Project (Makedontsi Deposit)*

The Nadezhda project is located within the municipality of Kardzhali in southeast Bulgaria approximately 280km by road east- southeast of the capital, Sofia. Velocity entered into an option agreement for the Nadezhda project, dated March 5, 2019. Under the terms of the option agreement, Velocity can earn a 70% interest in the Nadezhda project by delivering certain data and reports including a mineral resource estimate prepared under NI 43-101.

The Nadezhda Project is centered on the Makedontsi deposit, which is a geological resource registered on the Bulgarian state balance. Historical resources at Makedontsi were calculated by Gorubso using the Bulgarian classification scheme, based on manual polygonal methods of resource classification. Resources were submitted to and accepted by the Bulgarian government, Dragiev H, 2013 "Mlechino Prospecting License, Geological Report at the Nadezhda Prospect, with Resource and Reserve Recalculations of 'Au Ores' at the Makedontsi, Dangovo and Kalina deposits". Historical resources reporting all categories in accordance with the Bulgarian Reserves & Resources classification scheme total approximately 6 million tonnes at 1g/t Au (0.5g/t Au cut-off) for approximately 210,000 ounces of gold.

In order to verify the exploration potential of existing resources at Makedontsi, significant drilling will be required. Velocity is not treating the historical resources at Nadezhda as current mineral resources or mineral reserves. Historical resources are not consistent with the standards of disclosure defined by NI 43-101 and may not necessarily be consistent with CIM best practice with respect to reporting mineral resources and reserves or reliable. Historical resources are included because they are considered relevant by Velocity as they form additional support for the optioning of the Nadezhda project by Velocity. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The inclusion of historical resource estimations provides information as to the potential size and nature of the immediate exploration targets within the Nadezhda project area.

The Nadezhda project has had little if any modern systematic exploration carried out and significant exploration potential exists.

### 2019 Work Program

The 2019 drill program at Rozino commenced in March 2019 with a total of 12,474m of drilling completed, which included exploration drilling to expand the resource base as well as resource definition and infill drilling. Through the drill program, Velocity aims to convert the existing Inferred Resources to Measured and Indicated Resources, as such terms are defined by NI 43-101. The drill program is also intended to

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support additional metallurgical and comminution studies as well as hydrogeological and geotechnical work, all of which will be carried out in parallel. Environmental data collection is ongoing, but data collection for the purposes of the PFS and government regulatory requirements is almost complete. VLC completed an additional 987m of drilling south and adjacent to the known occurrences within South Zone and this work in conjunction with continued soil sampling will continue throughout the first half of 2020. This work will run in parallel with regional exploration within the Tintyava license, with drilling of regional targets slated for Q3 2020. It is anticipated that discoveries within several kilometers of the Rozino deposit could potentially add value by utilizing common infrastructure. The above work is being completed in contemplation of a pre-feasibility study, estimated by Velocity to be published in Q3 2020.

Furthermore, at Obichnik (Momchil Project), VLC completed an initial work program focused on surface soil geochemistry and a ground magnetic survey. A total of 525 soil samples and 29 line kilometers of magnetic data have been collected. A drill campaign is also underway to verify mineralization as well as increase understanding of geometry, continuity of mineralization, and geotechnical and hydrogeological aspects of the mineralization at Durusu. An initial mineral resource estimate at Obichnik is planned as part of the terms of the option agreement with Gorubso. Continued deep exploration within the Obichnik property is ongoing, with the results from the current drilling being utilized for geophysical targeting and subsequent deep drill targeting in Q3, 2020.

At Makedontsi (Nadezhda Project), an initial work program focused on surface geochemistry and geophysical surveying using CSAMT. The mineralization is in part imaged by resistivity, with high resistivity associated with silicification. Drill targeting based on the results to date is ongoing and target testing planned. A mineral resource estimate at Makedontsi is planned as part of the terms of the option agreement with Gorubso.

#### **The GK Project**

On May 31, 2019, Artemis entered into an option agreement ("Option Agreement") whereby Artemis has the right to acquire a 100% interest, subject to certain royalty payments (2% net smelter returns on precious metals and 1% net smelter returns on other minerals), in the GK Project. In order for Artemis to exercise its option under the Option Agreement, Artemis must pay:

- (i) \$125,000 in cash within 10 business days after the effective date of the Option Agreement (paid on June 12, 2019);
- (ii) on or before 12 months after the effective date of the Option Agreement, an additional \$50,000 in cash and incur certain expenditures of not less than \$100,000 (As a December 31, 2019, the Company has incurred \$ 97,354);
- (iii) on or before 24 months after the effective date of the Option Agreement, \$100,000 in cash and incur certain additional expenditures of not less than \$500,000;
- (iv) on or before 36 months after the effective date of the Option Agreement, an additional \$500,000 in cash and incur certain additional expenditures of not less than \$1,300,000;
- (v) on or before 48 months after the effective date of the Option Agreement, an additional \$750,000 in cash and incur certain additional expenditures of not less than \$2,000,000; and
- (vi) on or before 60 months after the effective date of the Option Agreement, an additional \$1,000,000 in cash and incur certain additional expenditures of not less than \$3,000,000.

The GK Project is Artemis' material property for the purposes of NI 43-101. For a complete description of the GK Project see the report entitled "Technical Report on the GK Project" (the "GK Technical Report"),

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prepared by Jean Pautler, P. Geo and dated May 31, 2019 as available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) as well as on the Company's website ([www.artemisgoldinc.com](http://www.artemisgoldinc.com)). The information contained in this section has been derived from the GK Technical Report, is subject to certain assumptions, qualifications and procedures described in the GK Technical Report, some of which are not fully described herein, and is qualified in its entirety by the full text of the GK Technical Report.

The GK Project is located at latitude 57°55'N and longitude 131°25'W on NTS map sheets 104G/13 & 14 and 104J/03 & 04, approximately 17 km west of the community of Telegraph Creek, northwestern British Columbia. Telegraph Creek lies approximately 113 km by road southwest of Dease Lake, British Columbia. The 27,458-hectare GK Project comprises 36 contiguous mineral tenures within the Liard Mining Division, which are 100% owned by Strategic Metals Ltd., subject to the Option Agreement with Artemis. Road access exists across the extreme southeastern GK Project area, but helicopter access, available in Dease Lake, is required to access the main showings on the property.

Regionally the GK Project is situated within Stikinia, a predominantly intra-oceanic island arc terrane accreted to ancestral North America in the Early Mesozoic. Stikinia hosts numerous porphyry-type copper-gold occurrences, specifically in areas where Triassic and Lower Jurassic silica saturated plutons have intruded coeval oceanic island arcs. Examples of such alkalic porphyries in the regional area of the GK Project include the Red Chris mine, the Galore Creek deposit, and the Sheslay occurrences and the region also includes calc-alkalic porphyry-type copper-gold deposits such as Schaft Creek, GJ and KSM. Gold rich deposits such as Brucejack, Premier, Snip, Johnny Mountain, and Spectrum also occur within the area primarily as veins, stockworks and lesser breccias associated with the Late Triassic and Early Jurassic intrusive suites within the Golden Triangle of northwest Stikinia. Deposits are typically Early Jurassic in age. In addition, an Early Jurassic age is inferred for the disseminated, limestone hosted, past-producing Golden Bear gold mine located 55 km northwest of the GK Project. Mineralization on the above-mentioned occurrences is not necessarily indicative of the mineralization on the GK Project.

The GK Project is primarily underlain by arc related volcano-sedimentary rocks of the Upper Triassic Stuhini Group, which is intruded by an approximate 20 km<sup>2</sup> granodiorite and diorite to quartz diorite pluton (informally named the Grass Mountain pluton in this report) and similar small plug of Upper Triassic to Jurassic age in the east-central property area, and quartz diorite of the Middle to Upper Triassic Tahltan Lake and Tahltan River plutons in the western property area.

Documented historical exploration on the GK Project area, undertaken from 1916 to 1991, has included mapping, prospecting, rock and stream sediment geochemistry, soil sampling, hand trenching, 116.6 km of ground magnetic surveying, and minor self-potential ground geophysical surveying. Work by Strategic was completed between 2005 and 2018 and has included: prospecting; geological mapping; stream sediment and rock geochemical sampling; contour and grid soil sampling; minor hand trenching; an airborne magnetic and VTEM survey covering approximately 12% of the property; a 13.95 km induced polarization geophysical survey and; 927.81m of diamond drilling in two holes on the Winter Creek zone in 2010. Soil geochemistry now covers approximately 30% of the property and approximately 40% has been mapped. The GK Project is at an early exploration stage.

The GK Project constitutes a property of merit based on: favourable geological setting within the well mineralized Stikine Arch; significant vein and possible porphyry style mineralization; untested soil and stream sediment anomalies and; untested geophysical targets. A contingent two phase exploration program is recommended to follow up significant mineralized zones and soil geochemical and geophysical anomalies with a Phase 1 program consisting of extension of the helicopter-borne magnetic/VTEM survey to cover the entire Grass Mtn. pluton, proximal plug and margins additional soil geochemistry, detailed mapping, prospecting, and hand trenching with a budget of \$400,000. Contingent on results from Phase 1, a Phase 2 diamond drill program with a \$500,000 budget is proposed to follow up results from Phase 1 and earlier work programs.

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During the year, an airborne high resolution aeromagnetic and radiometric survey was completed over the GK project area, as recommended by a consultant of Strategic during a review of GK. The Company is in the process of reviewing the results of this work.

#### **SELECTED FINANCIAL INFORMATION**

Management is responsible for the Annual Financial Statements referred to in this MD&A.

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") presentation and functional currency is Canadian dollars.

The Company's Annual Financial Statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

#### **OVERALL PERFORMANCE AND RESULTS OF OPERATIONS**

During the three months ended December 31, 2019 and the period from January 10, 2019 to December 31, 2019 (the "2019 Fiscal Year") the Company had net income (loss) of \$(1,208,292) and \$6,275,994, respectively.

The following information has been derived from the Annual Financial Statements and should be read in conjunction with the Company's Annual Financial Statements. The information for the three months ended December 31, 2019 was derived in conjunction with the Unaudited Condensed Interim Financial Statements for the three months ended September 30, 2019 and period January 10, 2019 to September 30, 2019 which are available on Sedar.com.

Since the Company incorporated on January 10, 2019, there are no comparative figures to present for 2018.

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<b>Operating Expenses</b>		
Depreciation	\$ 39,989	\$ 39,989
Management fees and wages	281,938	349,878
Investor relations and corporate development	58,626	61,396
Office, Insurance and general	78,745	93,625
Professional fees	156,125	291,538
Share-based payments	818,447	818,447
Transfer agent and regulatory	15,601	49,325
Travel, meals and entertainment	19,527	19,527
<b>Loss from operations</b>	<b>\$ (1,468,999)</b>	<b>\$ (1,723,725)</b>
<b>Other Income / (Expense)</b>		
Accretion expense on lease liability	\$ (14,284)	\$ (14,284)
Convertible debenture interest expense	-	(148,591)
Equity loss from investment in associate	(22,261)	(208,002)
Gain on investment in associate	-	1,488,000
Gain on convertible debt	97,261	5,359,338
Gain (loss) on warrants	(84,478)	2,351,844
Interest income	137,833	172,309
<b>Net income before income taxes</b>	<b>(1,354,928)</b>	<b>7,276,889</b>
Deferred income tax expense	146,636	(1,000,895)
<b>Net Income (loss)</b>	<b>\$ (1,208,292)</b>	<b>\$ 6,275,994</b>

**Operating Expenses for the three months ended December 31, 2019 and the 2019 Fiscal Year**

During the three months ended December 31, 2019 and the 2019 Fiscal Year, the Company had operating expenses of \$1,468,999 and \$1,723,725, respectively. Artemis was incorporated on January 10, 2019 and was listed on the TSXV on October 2, 2019, with general corporate activity ramping up since that time.

Depreciation for both periods was \$39,989 and related to the Company's right of use asset which was created on signing of the office lease effective October 1, 2019.

Management fees and wages were \$281,938 and \$349,878 in the three months ended December 31, 2019 and the 2019 Fiscal Year, respectively and relate primarily to officers and staff at the Company's head office. Officers began receiving payments effective September 1, 2019.

Investor relations and corporate development expenses were \$58,626 and \$61,396 for the three months and 2019 Fiscal year ended December 31, 2019, respectively, and relate primarily to costs incurred in reviewing potential mining assets for acquisition or partnership.

Office, Insurance and general were \$78,745 and \$93,625 for the three months and 2019 Fiscal year ended December 31, 2019, respectively and relate to the costs of setting up and operating the head office in Vancouver.

Professional fees were \$156,125 and \$291,538 for the three months and 2019 Fiscal year ended December 31, 2019, respectively and relate to primarily to the initial listing on the TSXV which occurred in October 2019 and the annual audit fee.

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### Management's Discussion and Analysis of Financial Condition and Results of Operations For the period from incorporation to December 31, 2019

Stock-based compensation of \$818,447 represents the Black-Scholes calculated fair value of stock options issued to directors, officers and employees during the period. The Company issued 1,520,000 options on October 24, 2019.

#### **Other Income (Expenses) for the three months ended December 31, 2019 and the period January 10, 2019 to December 31, 2019**

##### Convertible debenture interest expense

On March 14, 2019, the Company issued convertible debentures (the "Debentures") of \$5,094,000 to the Company's parent at that time, Atlantic. The Debentures carried an interest rate of 8.4% (due semi-annually in March and September). The principal amount of the Debentures was due and payable on demand. At any time, Atlantic could, at its option, convert the debenture into common shares of the Company at a conversion price of \$0.7680 per share.

On July 19, 2019, pursuant to the Arrangement, Atlantic converted the Debentures (\$5,094,000 in principal and \$148,591 in interest) into 6,825,986 common shares of Artemis at \$0.7680 of debt per share.

Interest and accretion expense for the three-month ended December 31, 2019 and period January 10, 2019 to December 31, 2019 was \$Nil and \$148,591, respectively and has been expensed to the statement of income and comprehensive income.

##### Gain on Investment in Velocity

The investment in VLC is comprised of:

	Convertible debenture	Investment in associate	Warrants	Total
Initial investment	\$ 5,094,000	\$ 3,906,000	\$ -	\$ 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 share of investment of associate	-	(208,002)	-	(208,002)
Shares received in settlement of interest	(236,068)	236,068	-	-
Other	(217,836)	217,836	-	-
	\$ 9,999,434	\$ 5,639,902	\$ 2,351,844	\$ 17,991,180

On March 14, 2019, the Company completed an investment in VLC for a total consideration of \$9,000,000. Included in the investment was a \$5,094,000 secured convertible debenture in VLC, plus an equity component comprising 18,600,000 Units of VLC for cash consideration of \$3,906,000. Further, as part of the investment agreement, the Company has the right to designate one individual to be nominated, and if elected, to serve as a director of VLC provided the Company holds at least 15% of the issued and outstanding common shares of VLC, with the number of nominees increasing to two directors if the Company holds 30% or more of the issued and outstanding common shares of VLC. In February 2020, the Company exercised this right and nominated (and VLC subsequently appointed) an individual 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 paid in cash or common shares of VLC, at the discretion of VLC. The principal amount of the convertible debentures is convertible into common shares of VLC at the election of the Company at a conversion price of \$0.25. The convertible debentures are secured with a first ranking charge at any time by way of general security agreement and guarantee from the material subsidiary of VLC.

## **ARTEMIS GOLD INC.**

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the period from incorporation to December 31, 2019

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In October 2019 VLC settled interest owed on the convertible debentures of \$236,068 for the period March 14, 2019 to September 30, 2019 by issuing 495,516 common shares to the Company bringing the Company's holding to 19,095,516 shares, or 19.63%.

The convertible debenture investment is recognised as Fair Value through Profit and Loss (FVPL). At Inception, the convertible debenture was recorded at the equivalent of cash consideration paid. As at December 31, 2019, the fair value of the convertible debenture increased to \$10,217,270, resulting in a gain of \$5,359,338 for the 2019 Fiscal Year (a loss of \$97,261 for the three months ended December 31, 2019).

The debenture is adjusted to eliminate the Company's equity share of the VLC's equity component on the convertible debt resulting in a \$217,038 reduction in the carrying value of the debt with an offsetting increase in the investment in associate, which brought the carrying value of the convertible debt to \$9,999,434.

The equity component of VLC comprised 18,600,000 Units of VLC, with each Unit consisting of one common share and one half of a warrant. The warrants are exercisable into common shares of VLC at an exercise price of \$0.25, with an expiry date of March 14, 2022. As at December 31, 2019 the fair market value of the Company's investment in common shares of the associate was \$8,688,460, based on the quoted market price.

The attributed cost of the common shares at the date of Inception was \$5,394,000 and was determined using the traded stock price of VLC on March 14, 2019 which was \$0.29 per common share multiplied by the number of common shares held. At Inception, the attributed cost of the warrants was determined using the Black-Scholes option pricing model which was \$1,230,531. The attributed costs were higher than the cash outlay, resulting in a gain at Inception.

Equity loss from investment in VLC was \$22,261 and \$208,002 in the three months ended December 31, 2019 and the 2019 Fiscal Year, respectively. 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 recognise the Company's share of the profit or loss of VLC at each reporting period.

The warrants have been accounted for as FVPL. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants held in VLC. At Inception, the fair value of the warrants was \$1,230,531. As at December 31, 2019, the fair value of the warrants increased to \$2,351,844, resulting in an additional gain of \$1,121,313 for the period of January 10, 2019 to December 31, 2019 (a loss of \$84,478 for the three months ended December 31, 2019).

#### Interest Income

Interest income was \$137,833 and \$172,309 in the three months and Fiscal Year ended December 31, 2019 and relates to interest earned on cash balances from private placement proceeds as discussed below.

#### **Deferred Income Tax for period from January 10, 2019 to December 31, 2019**

The deferred tax liability \$621,414 of consists mainly of the future income tax that would be payable, net of non-capital loss deductions, if the unrealized gains on the Company's investment assets were to be realized. Generally, 50% of the realized gain from investments are included in taxable income in Canada while non-capital losses can be fully claimed against taxable income.

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The income tax expense during the year of \$1,000,895 represents the statutory tax rate of 27% applied to net income for the year after a 50% deduction for investment gains and a 100% addition for non-deductible share-based payments.

	<b>December 31, 2019</b>
Income (loss) before income taxes	\$ 7,276,889
Combined federal and provincial income tax rates	27.00%
Expected income tax recovery	1,964,760
Increase (decrease) due to:	
Non-taxable portion of unrealized gains	(1,183,442)
Non-deductible expenses	219,577
<b>Deferred income tax expense</b>	<b>\$ 1,000,895</b>

## SELECTED ANNUAL INFORMATION

	<u>December 31, 2019</u>
Total Assets	\$ 51,066,813
Current financial liabilities	343,831
Revenues	-
Net income for the period	6,275,994
Income per share	
Basic	\$ 0.31
Diluted	\$ 0.26
Weighted average number of common shares outstanding	
Basic	20,326,239
Diluted	<u>24,971,679</u>

## SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's financial statements prepared in accordance with IFRS applicable to interim financial reporting including IAS 34. For quarterly periods other than those ended December 31, the information below should be read in conjunction with the Company's Interim Financial Statements for each of the past quarter. The Company's first interim statements as a reporting issuer were prepared for the period from January 10, 2019 to September 30, 2019, therefore periods before September 30, 2019 are not presented.

Consistent with the preparation and presentation of the Annual Financial Statements, these unaudited quarterly results are presented in Canadian dollars.

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	December 31, 2019	September 30, 2019
Total Revenue (Note 1)	-	-
Net Income (loss)	\$ (1,208,292)	\$ 1,387,978
Basic Income (loss) per share	\$ (0.06)	\$ 0.06
Diluted income (loss) per share	\$ (0.06)	\$ 0.06
Cash dividend declared per share	-	-

**Note 1** –The Company has no revenue to report during the financial reporting periods noted above.

The Company experienced a net loss over the three months ended December 31, 2019 compared to net income during the three month period ended September 30, 2019 due to increased activity since its TSXV listing on October 2, 2019 and share based payment expense recognized from a stock option grant during the quarter. Also contributing to the change in net income in the fourth quarter of 2019 versus the prior quarter was the recognition of a minimal net loss on the various investments in VLC in the period compared to a significant gain in the third quarter, as the share price in VLC marginally changed from the prior quarter.

#### LIQUIDITY AND CAPITAL RESOURCES

As an exploration stage company, Artemis does not have revenues and is expected to generate operating losses. As at December 31, 2019, the Company had cash of \$31,502,309 and working capital of \$31,589,693. In February 2020 the Company invested an additional \$2,066,755 in Velocity which changed its ownership to 21.6%.

During the period since January 10, 2019 (“Inception”) to December 31, 2019, the Company received net proceeds of \$36,475,635 related to the issue of common shares and \$5,094,000 related to the issue of convertible debt which has since been converted to common shares of the Company.

On March 14, 2019 the Company issued 5,085,710 shares for cash proceeds of \$3,906,000.

On June 12, 2019 the Company issued 1 share for cash proceeds of \$125,000.

On July 18, 2019, pursuant to the Arrangement, Atlantic converted the Debentures (\$5,094,000 in principal and \$148,591 in interest) into 6,825,986 common shares of Artemis at \$0.7680 of debt per share.

On August 27, 2019, Artemis completed a non-brokered private placement financing for gross proceeds of \$32,641,566 (the “Private Placement”). Artemis expects to use the net proceeds from the Private Placement towards funding further exploration of its GK Project in Northwestern B.C., to identify and finance further growth and development opportunities, as well as for general working capital.

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 Share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional Artemis Share at a price of \$1.08 per share for a period of 60 months following closing of the Private Placement.

Certain directors and officers of Artemis subscribed to 17,889,155 common shares which are subject to an 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 December 31, 2019, 16,100,240 shares remained in escrow.

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As the date of this report, the Company has adequate working capital to complete its planned exploration and maintain corporate capacity for the ensuing 12 months. Excess available funds will be allocated to identify and finance further growth and development opportunities.

The Company has not paid any dividends and management does not expect that this will change in the near future.

Working capital is held almost entirely in cash, significantly reducing any liquidity risk of financial instruments held by Artemis.

### RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel included in Consulting and management fees in the Statement of Income and Comprehensive Income is:

<b>Related Party</b>	<b>Relationship</b>	<b>Compensation type</b>	<b>December 31, 2019</b>
Steven Dean	Chairman and CEO	Consulting fees, benefits and share-based payments <sup>1</sup>	\$ 507,071
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments	273,172
David Black	Lead Director	Directors' fees and share-based payments	76,345
Robert Atkinson	Director	Directors' fees and share-based payments	76,345
William Armstrong	Director	Directors' fees and share-based payments	75,512
Ryan Beedie	Director	Directors' fees and share-based payments	62,179
			<b>\$ 1,070,624</b>

(1) Management fees are paid to Sirocco Advisory Services, a company controlled by Steven Dean.

As discussed in the Liquidity and Capital Resources section above, certain directors and officers subscribed to the Private Placement.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2019 or as at the date hereof.

### OUTSTANDING SHARE DATA

The authorized capital of Artemis consists of an unlimited number of common shares. As of the date of this report, there were 48,207,882 common shares outstanding and 36,240,630 warrants. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$1.08 per until August 19, 2024.

On October 23, 2019 and January 6, 2020, the Company granted 1,520,000 and 200,000 incentive stock options respectively, (the "Options") pursuant to the Company's Stock Option Plan, to directors, officers

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and employees of the Company. The Options are exercisable at a price of \$1.16 and \$1.30 per share, respectively and expire on October 24, 2029 and January 6, 2030 respectively.

#### **CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities.

##### Fair Value of investments in VLC

The Company applied estimates and judgment when determining the fair value of its convertible debenture investment and warrants held in Velocity Minerals Ltd, as described above.

##### Impairment of investment of associate

At the end of each financial reporting period, the carrying amounts of the investment in associate is reviewed to determine whether there is any indication that an impairment loss has occurred. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. With respect to investment in associate, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of asset exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves of VLC's exploration properties, the ability of VLC to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the VLC shares themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact VLC's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's VLC.

#### **CAPITAL MANAGEMENT**

The Company manages its capital structure, and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets and its investment in VLC. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. In the management of capital, the Company considers all components of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Company.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company has relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended December 31, 2019.

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### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and receivables, both of which are measured at the amortized costs and investment in a convertible debenture issued by VLC and an investment in VLC warrants, both of which are designated as FVPL.

The Company's financial instruments also include amounts due to a related party and accounts payable which are measured at amortized cost.

#### 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 investment in the VLC convertible debentures, the investment in VLC warrants and the convertible debenture liability are categorized as Level 3 in the fair value hierarchy, as observable market data for this investment is not available. The fair values of the cash, receivables, investment in marketable securities, accounts payable and accrued liabilities, due to related party balance and the lease liability approximate the carrying value as at December 31, 2019.

### **RISK FACTORS**

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mineral properties. The risks listed below are not the only risks and uncertainties that Artemis faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

If any of the following risks actually occur, Artemis' business, financial condition and operating results could be adversely affected. Please also refer to the disclosure on Covid-19 at the beginning of this report.

#### **Investment in Velocity**

Artemis is dependant on its investment in Velocity. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Velocity's securities.

Artemis is subject to the risk that Velocity may fail to perform its obligations pursuant to the terms and conditions under the Convertible Debentures. If Velocity fails to perform such obligations, there can be no assurance that Artemis may be able to fully recover upon realization of such security or to mitigate any losses that result from such failure to perform and/or prevent any collateral losses, which could have a material adverse effect on Artemis.

Artemis is subject to Velocity's own risk factors. Historically, Velocity's sole source of funding has been advances from related individuals and entities. Velocity's access to financing is always uncertain. There can be no assurance of continued access to funding. Velocity is also exposed to foreign currency risk on

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fluctuations related to assets and liabilities that are denominated in United States dollars and Bulgarian Lev. Velocity is also exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on Velocity's profit or loss, the ability to obtain financing, or the ability to obtain a public listing due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. Velocity closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by Velocity. Fluctuations in value may be significant which will affect the value of Artemis' equity interest in Velocity.

#### **Acquisitions and Joint Ventures**

Artemis will evaluate from time to time opportunities to acquire or enter into a joint venture in respect of mining assets and businesses, including the exercise of its option to acquire the GK Project pursuant to the Option Agreement. These acquisitions and joint ventures may be significant in size, may change the scale of Artemis' business and may expose it to new geographic, political, operating, financial and geological risks. Artemis' success in its acquisition and joint venture activities will depend on its ability to identify suitable acquisition and joint venture candidates and partners, acquire or enter into a joint venture with them on acceptable terms and integrate their operations successfully with those of Artemis. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Artemis' ongoing business; the inability of management to maximize the financial and strategic position of Artemis through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of Artemis' present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Artemis would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

#### **Additional Financing and Dilution**

Artemis plans to focus on exploring for minerals and will use its working capital to carry out such exploration. However, Artemis will require additional funds to further such activities. To obtain such funds, Artemis may sell additional securities including, but not limited to, its common shares or some form of convertible security, the effect of which would result in a substantial dilution of the equity interests of Artemis' shareholders.

There is no assurance that additional funding will be available to Artemis for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that Artemis will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

#### **Economics of Developing Mineral Properties**

Mineral exploration and development is speculative and involves a high degree of risk. While the discovery of an ore body may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines. There is no assurance that Artemis' mineral

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deposits are commercially mineable.

Should any mineral resources and reserves exist, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) mineral prices; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits, and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow.

The ability to sell, and profit from the sale of any eventual mineral production from any property will be subject to the prevailing conditions in the mineral's marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end users' demand for mineral products. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long-term viability of Artemis and its operations.

#### **Regulatory Requirements**

The current or future operations of Artemis, including development activities and possible commencement of production on its properties, requires permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which Artemis may require for the development and construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which Artemis might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments or changes to current laws, regulations government policies and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Artemis and cause increases in costs or require abandonment or delays in the development of new mining properties.

#### **Insurance**

Artemis' business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of, Artemis' mineral properties or future

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processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive necessary regulatory approvals, or costs, monetary losses and potential legal liability and adverse governmental action. Artemis may be subject to liability or sustain loss for certain risks and hazards against which are not or cannot be insured or which Artemis may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to Artemis.

### **Current Global Financial Condition**

Artemis will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of Artemis to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to Artemis. If these increased levels of volatility and market turmoil continue, Artemis may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of Artemis, shareholders may suffer dilution. Future borrowings by Artemis may increase the level of financial and interest rate risk to Artemis as Artemis will be required to service future indebtedness.

### **Environmental Risks and Hazards**

All phases of Artemis' operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Artemis' operations. Environmental hazards may exist on the properties which are unknown to Artemis at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

Artemis is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Artemis will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance.

Without such insurance, and if Artemis becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds Artemis has to pay such liabilities and result in bankruptcy. Should Artemis be unable to fund fully the remedial cost of an environmental problem, Artemis might be required to enter into interim compliance measures pending completion of the required remedy.

### **Litigation Risk**

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.

### **Dependence on Key Individuals**

Artemis is dependent on a relatively small number of key personnel, particularly Steven Dean, its CEO, and

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Chris Batalha, its CFO, the loss of any one of whom could have an adverse effect on Artemis. At this time, Artemis does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of Artemis' officers and directors have experience in the exploration of mineral producing properties, Artemis will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of Artemis or be available upon commercially acceptable terms.

### **Risk of Amendments to Laws**

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Artemis and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Artemis' general and administrative expenses and exploration and evaluation expenses is provided in the Company's statement of income and comprehensive income contained in its Annual Financial Statements and Interim Financial Statements, which are all available on Artemis' website and its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that Artemis expects or anticipates will or may occur in the future, including, without limitation, statements about the future exploration activities; sources, and proposed uses, of funds; capital and operating cost estimates, including general and administrative expenses; expectations regarding the ability to raise capital for future activities; and other such matters are forward-looking statements. When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on the then current expectations, beliefs, assumptions, estimates and forecasts about Artemis' business and the industry and markets in which it operates. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of Artemis to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned exploration activities are as anticipated, the price of uranium, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that third party contractors, equipment, supplies and governmental and other approvals required to conduct Artemis' planned exploration activities will be available on reasonable terms and in a timely manner.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Artemis to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the negative operating cash flow

## **ARTEMIS GOLD INC.**

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the period from incorporation to December 31, 2019

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and dependence on third party financing; the uncertainty of additional financing; potential forfeiture of the Option Agreement; the limited operating history of Artemis; the lack of known mineral resources or reserves; the influence of a large shareholder; alternate sources of energy and uranium prices; aboriginal title and consultation issues; risks related to exploration activities generally; reliance upon key management and other personnel; title to properties; uninsurable risks; conflicts of interest; permits and licences; environmental and other regulatory requirements; political regulatory risks; competition; and the volatility of share prices, all as more particularly described in the "Risk Factors" above.

Although Artemis has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### **APPROVAL**

The Audit Committee and the Board of Artemis have approved the disclosure contained in this MD&A on March 31, 2020. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the Company's profile SEDAR website at [www.sedar.com](http://www.sedar.com) or by contacting the registered and records office, located at 2600-595 Burrard Street Vancouver, BC.