



FIRST LOOK February 22, 2024

ARTEMIS GOLD INC. (TSXV-ARTG) C\$7.04

RATING: BUY

(unchanged)

TARGET: C\$11.00

(unchanged)

Blackwater Production Approaching With Expedited Expansion Looking Promising.

EVENT: Artemis Gold (TSXV-ARTG) announced the results of the Blackwater Expansion Study which evaluates the economics behind the timing of a mine expansion for Blackwater through Phases 2 & 3.

IMPACT: Positive. We see the expansion study as confirming Blackwater's potential to deliver enhanced near-term economics for little additional upfront Capex. We are encouraged by unit operating costs which were lower than our estimates both on a \$/tonne and \$/oz Au basis. We also feel that revised LOM Capex is fair given inflationary pressures observed since 2021 and enhanced mining/processing run rate.

HIGHLIGHTS:

- **Expansion Timeline:** The expansion study considers accelerating Phase 2 to Y3 of operations at 15 Mtpa and Phase 3 to Y7 of operations at 25 Mtpa. This compares with our production estimates of Phase 2 ramping up to 12 Mtpa in 2030 and Phase 3 ramping up to 20 Mtpa in 2035. The expansion study results in a LOM of 15 years plus 2 years of processing stockpiles compared with our 22 year LOM. We note that the LOM draws on a resource base calculated at US\$1,400/oz Au providing ample room for LOM extension should a higher Au prices persist.
- **Production:** The expansion study delivers an average annual production of 469K oz AuEq, materially higher than our LOM average of ~361K oz AuEq modeled. We also note average production over the first 5 years of 463K oz Au/ year is ~45% higher than our expectation of ~320K oz Au/year a reflection of higher throughput despite lower head grade of ~1.36 g/t Au vs our expectation of ~1.63 g/t Au. Metallurgical recoveries are unchanged at 93% Au.
- **Costs:** Capex spent during the first 6 years totals ~C\$1.34Bln (Phase 1: C\$750M + Phase 2: C\$592M) or ~C\$180M (+16%) more than our C\$1.16B estimate for Phase 1 and 2 over the first 5 years. Additional Capex (Phase 3) of C\$852M is understandably higher than our expectation (C\$374M) due to larger operational scope. Lower unit operating costs vs. our expectations on both a \$/tonne and \$/oz Au basis provides comfort. For the first 5 years AISC is expected to average US \$615/oz Au vs. our expectation of US\$740/oz Au.
- **Next Steps:** ARTG plans to review the result of the expansion study and make a decision to accelerate Phase 2 expansion in H2/24. Guidance remains unchanged for a first gold pour by year-end.

Chris Thompson, M.Sc (Eng), P.Geo

cthompson@pifinancial.com 604.718.7549

Matt Taylor, M.Sc

mtaylor@pifinancial.com 604.718.7548

Company Statistics

Risk:	SPECULATIVE
52-week High/Low:	C\$7.74 / C\$4.10
Shares Out. (basic):	236.9M
Shares Out. (fd):	277.7M
Market Cap:	C\$1,414M
Return:	56.3%
Cash:	C\$72.8M
Debt:	C\$0.0M
Working Capital:	C\$37M
Enterprise Value:	C\$1,222M

Valuation Summary

Our C\$11.00 target is based on 0.75x our DCF7% estimate for Blackwater at base case long term estimates of US\$1,900/oz Au and US\$25.00/oz Ag, with corporate adjustments carried at par. Our target represents a 0.75x adj. NAVPS estimate, which we feel is justified given ARTG's near-term development upside.



Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

TENDER: Investors are guided to tender to the terms of the takeover offer. Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility/Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

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

Research Disclosures

Company	Disclosure
Artemis Gold Inc.	2, 4, 9

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9. Company has partially funded previous analyst visits to its projects.

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

Analyst	Company	Type of Review	Operations / Project	Date
Thompson, Chris	Artemis Gold Inc.	Management Review	All	01/30/24
Recommendations		Number of Recommendations	Percentage	
BUY		59	75.64%	
NEUTRAL		4	5.13%	
SELL		1	1.28%	
UNDER REVIEW		14	17.95%	
N/R		0	0.00%	
TENDER		0	0.00%	
TOTAL		78		

Stock Rating and Target Changes

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Artemis Gold Inc. Rating History as of 02/21/2024



Capital Markets Group

Managing Director, SVP Capital Markets

Jeremiah Katz
604.664.2916

Managing Director, Head of Research

Chris Thompson, PGeo
604.718.7549

Managing Director, Head of Institutional Sales & Trading

Brodie Dunlop
604.718.7533

Managing Director, Head of Investment Banking

Tim Graham, B.Comm
604.664.3656

Research Analysts

Mining

Chris Thompson, P. Geo
604.718.7549

Philip Ker, P. Geo, MBA
647.789.2407

Connor Mackay, P. Eng
604.718.7547

Alex Terentiew, P. Geo, MBA
416.775.4662

Diversified Industries

Ben Jekic, CFA, MBA
416.775.5107

Devin Schilling, CFA
604.718.7557

Special Situations/Technology

Jason Zandberg, B.BA, CFA
604.718.7541

Research Associates

Morena Di Battista, B.A.Sc
647.789.2415

Jessica Stefan, B.BA
604.664.2628

Matt Taylor, M.Sc
604.718.7548

Marketing and Publishing

Michelle Kwok
604.664.2724

Institutional Sales

Vancouver

Adam Dell, CFA
604.718.7517

Brodie Dunlop
604.718.7533

Jeremiah Katz
604.664.2916

David Goguen, CFA
604.664.2963

Malcolm MacIsaac
604.664.2685

Toronto

Jose Estevez, CFA
416.883.9042

Calgary

Kerklan Hilton
403.543.2922

Institutional Trading

Vancouver

Darren Ricci
604.664.2998 or 800.667.6124 (US)
or 877.682.7233 (CDN)

Calvin Buchanan
604.718.7535

Konrad Sanderson, CFA
604.718.7534

Cole Steenge
604.718.7544

Toronto

Scott Brophy
416.883.9043

Investment Banking

Mining

Russell Mills, CFA, MFin
647.789.2405

Tim Graham, B.Comm
604.664.3656

Jim Locke, CFA
604.664.2670

Technology

Vay Tham
647.789.2417

Fayassir Haqna, B.BA
416.775.5115

Diversified Industries

John Rak
416.775.5112

Equity Capital Markets/Syndication

Jennifer Leung, BA
416.775.5120

Metta Solihin, B.BA
604.664.2687

Marcus Nickold, BA
416.775.5114

Investment Banking Associate

Karolina Kosior
604.718.7516

Investment Banking Analyst

Jasdeep Toor, B.BA
604.664.2626

PI Financial Corp.

www.pifinancial.com

Head Office

Suite 2500, 733 Seymour Street
Vancouver, BC V6B 0S1
ph: 604.664.2900 fx: 604.664.2666

Toronto Office

Suite 3401, 40 King Street West
Toronto, ON M5H 3Y2
ph: 416.883.9040 fx: 647.789.2401

Calgary Office

Suite 4000, 350 7th Avenue SW
Calgary, AB T2P 3N9
ph: 403.543.2900 fx: 403.543.2800

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