EQUITY RESEARCH QUICK TAKE

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Artemis Gold Inc.

2Q25: Blackwater off to the races after a strong first quarter of (mostly) commercial production

TSXV: ARTG | CAD 27.10 | Outperform | Price Target CAD 34.00

Sentiment: Positive

Our View

- **Positive: We expect a positive reaction to Artemis Gold's Q2 results which outperformed financial estimates on the back of a strong first quarter of (mostly) commercial production and demonstrated strong momentum into the back half of the year on operating metrics and costs.** In our view, the key focus of the quarter was commercial production operating details and exit velocity into H2 and to that end we are encouraged to see the Blackwater mill operating above nameplate capacity (102% in June) and strong cost control early on. We anticipate output to pick up as a higher proportion of high-grade ore is fed through the mill and recoveries are inched up, in line with typical mine ramp-ups and guidance. **Artemis remains one of our best ideas within our Global Mining coverage universe and we see continued progress on the ramp-up and delivery of production at first-quartile cash costs as supportive of outperformance while a decision to upsize the plant by year-end (supported by a new revolver and ongoing FCF) could be a value-accretive catalyst.**

2Q25 Details

- **Gold production slightly higher than expected following partial pre-release:** 50.6koz (+6% RBCe 47.6koz, +7% cons. 47.4koz).
- **Gold sales higher:** 49.5koz (+6% RBCe 46.7koz, +5% cons. 47.1koz).
- **Financial results exceeded expectations on both higher gold sales volumes, higher realized prices, and lower operating costs:**
  - **EPS: C$0.43/sh (+57% RBCe C$0.27, +54% cons. C$0.28).**
  - **Adj. EBITDA: C$146M (+23% RBCe C$119M, +37% cons. C$107M).**
  - **FCF: C$39M (-38% RBCe C$63M, -29% cons. C$55M) as stronger earnings and positive working capital benefit of C$36M were offset by elevated capital spend.**

Initial Commercial Production Details

- ***Operating data below and in the summary table is presented only for the post-commercial production period (May to June) and are not fully comparable to RBC/consensus estimates:***
  - **Throughput beginning to outperform design rates:** 16.2ktpd (~98% of nameplate) above our estimate of 15.2ktpd
  - **Grades higher than expected with potential upside in back half of the year:** 1.34 g/t processed, above our estimate of 1.25 g/t, but below Year 1 plan in the feasibility study of 1.7 g/t and Phase 1 avg. of 1.5 g/t.
  - **Recoveries a bit slower as throughput is prioritized and should increase as transition ore is worked through:** 84% (vs. 93% design rate) and below our estimate of 86%.
  - **Costs slightly elevated vs. H2 guidance, but well below expectations:** AISC of $805/oz (-19% RBC $988/oz, -10% cons. $893/oz) and TCC of $690/oz (-16% RBC $825/oz, -2% cons. $704/oz).

Outlook

- **Post-commercial production and 2H25 guidance of 130-160koz at $645-$725/oz AISC reiterated.** We model 142koz of gold production (146koz cons.) at $730/oz AISC (~$700/oz cons. AISC).
  - We anticipate throughput outperformance to support results as grades and recoveries are dialed in while we assume more conservative cost assumptions reflecting normal-course ramp-up risk.
  - Our current model assumes nameplate throughput of 1.5Mt/quarter (with potential to outperform based on early indications of running the mill above design) at avg. processed grade of 1.6 g/t and 90% recoveries vs. Year 1 design in the feasibility study of 1.7 g/t and 93% recoveries. We view guidance as well-supported as above-design throughput could compensate for any

potential shortfall in grade and/or recoveries.

- **Balance sheet position bolstered by new revolver:** The new C$700M revolving credit facility arranged post-Q2 will refinance the existing debt position in the project finance facility (~C$500M) and provide additional capital flexibility as we approach a potential accelerated expansion scenario. Cash position of C$55M, is up slightly from C$31M in 1Q.
- **Artemis remains one of our best ideas in the mid-cap producers and screens as undervalued with room for multiple expansion.** Artemis is ramping up Blackwater to be a best-in-class standalone producing asset in BC and the foundation of the next intermediate producer. Shares currently trade at 0.8x NAV at spot prices (0.7x on an upsized plant scenario) vs. growth/ intermediate producers at 0.9x. We expect continued valuation expansion on ramp-up progress and rise to a standalone mid-tier producer in BC. We also see potential for further NAV accretion from a potential mine plan acceleration and eventual premium valuation driven by the scarcity value of a Tier 1 asset with growth optionality in a quality jurisdiction. See our recent assumption of coverage for further detail on our view: In rare air as a standalone producer with scale and growth in Canada

Exhibit 1 - ARTG 2Q25 Results vs. Estimates

		Q2/2025			Variance	
	Units	Actual	RBC	Cons.	vs RBC	vs Cons.
EPS	C$/sh	$0.43	$0.27	$0.28	57%	54%
EBITDA	C$M	$146	$119	$107	23%	37%
Free Cash Flow	C$M	$39	$63	$55	-38%	-29%
Ore Throughput*	tpd	16,206	15,180	--	7%	--
Gold Grade*	g/t	1.34	1.25	--	7%	--
Gold Recoveries*	%	84%	86%	--	-2%	--
Gold Production	koz	50.6	47.6	47.4	6%	7%
Gold Sold	koz	49.5	46.7	47.1	6%	5%
Total Cash Cost*	US$/oz	$690	$825	$704	-16%	-2%
AISC - Mine Site*	US$/oz	$805	$988	$893	-19%	-10%
Capex	C$M	$146	$45	$44	224%	237%

Source: Company reports, RBC Capital Markets estimates, FactSet. *Operating data was provided only for the post-commercial production period (May to June) and as such is not fully comparable to RBC/consensus estimates.

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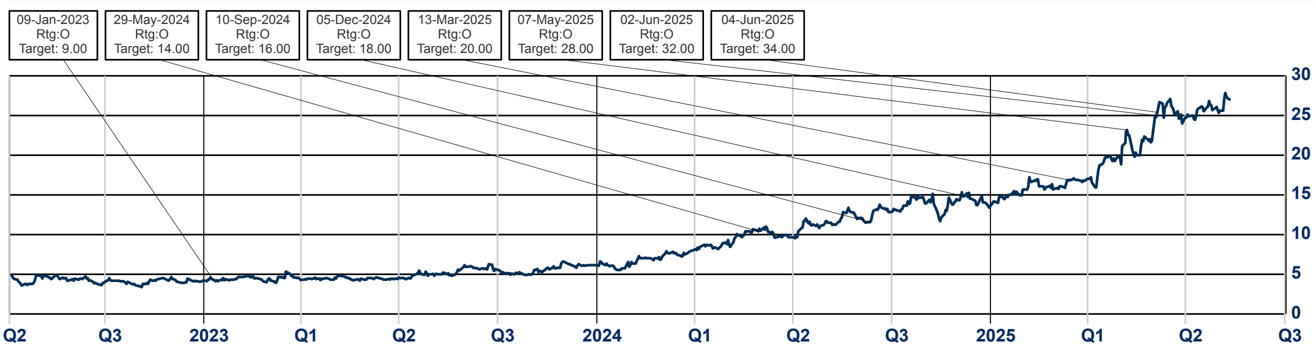
Rating and price target history for: Artemis Gold Inc., ARTG CN as of 11-Aug-2025 (in CAD)



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Artemis Gold Inc.

Valuation

We derive our C$34 price target through a 50/50 weighted valuation of 1.4x P/NAV and 12x 3-year average sFCF, above mid-cap peers, reflecting Blackwater's Tier I asset-quality, growth optionality in an accelerated expansion scenario, and to reflect the scarcity value of a large-scale and high-margin Canadian asset. Our NAV uses an 8% discount rate and $2,600/oz long-term gold price. Our Outperform rating is driven by the implied return to our price target and supported by growth upside, further exploration potential, and M&A appeal in a safe jurisdiction.

Risks to rating and price target

- **Commodity risk:** Gold price fluctuations could significantly impact Blackwater project revenue and profitability.
- **Capex/opex inflation risk**: Rising project development and operating costs, combined with execution risks on future Blackwater phases, could lead to cost overruns or delays.
- **Operating and single-asset risks:** Equipment failures, labour shortages, or other production-related challenges at Blackwater could disrupt production and increase costs.
- **Litigation risk:** Sedgman Canada (former EPC contractor for Blackwater) claims $89M under a lien against the project, plus damages, costs, and interest for breach of contract alleging Artemis Gold's actions, including inadequate site access, personnel removal, and mismanagement, caused project delays and lost compensation for Sedgman. Artemis has filed a counterclaim seeking recovery of losses and damages based on costs incurred by the company of >$150M.
- **Project financing and execution:** Additional capital needs to begin construction on accelerated Blackwater phases could add additional financing with execution risks from construction delays or design issues.
- **Weather and climate risk:** Blackwater is in an area of British Columbia prone to frequent wildfires, which can disrupt operations, while winter conditions could present minor operational challenges.
- **Permitting risk for the eventual Phase 3:** Blackwater is authorized for throughput up to 55ktpd (20Mt/year). Prior to implementing the Phase 3 mill capacity increase, amendments to several permits may be required.

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