



UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the periods January 10, 2019 to June 30, 2019 and May 15, 2019 to June 30, 2019

ARTEMIS GOLD INC. (FORMERLY 1193490 B.C. LTD.)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Artemis Gold Inc. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ARTEMIS GOLD INC. (FORMERLY 1193490 B.C. LTD.)

Balance Sheet

As at

(Expressed in Canadian Dollars)

	Notes	June 30, 2019
Non-current assets		
Investment in associate	5	5,432,017
Convertible debenture	5	9,081,504
Warrants	5	1,887,879
Mineral property	6	125,000
TOTAL ASSETS		16,526,400
Liabilities		
Current liabilities		
Due to related parties		225,973
Convertible debenture liability	7	5,221,364
		5,447,337
Deferred income tax liability	8	951,754
TOTAL LIABILITIES		6,399,091
Shareholders' Equity		
Share capital	9	4,031,001
Retained earnings		6,096,308
Total Shareholders' Equity		10,127,309
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 16,526,400
Nature of operations and going concern	1	
Subsequent events	11	
Approved for Issuance by the Board of Directors:		
<u>"Robert Atkinson"</u>		Director
<u>"Steven Dean"</u>		Director

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC. (FORMERLY 1193490 B.C. LTD.)

Statement of Income and Comprehensive Income

For the periods January 10, 2019 to June 30, 2019 and May 15, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

	Notes	For the period May 15, 2019 to June 30, 2019	For the period January 10, 2019 to June 30, 2019
Operating Expenses			
Professional fees		-	(119,234)
Net loss from operations			(119,234)
Other Income/ (Expense)			
Convertible debenture interest expense	7	(55,427)	(127,364)
Equity pickup on investment in associate	5	-	(68,723)
Gain on investment in Velocity Minerals Ltd.	5	3,201,605	7,363,383
Net income before income taxes		3,146,178	7,048,062
Deferred income tax expense		(425,057)	(951,754)
Net Income and comprehensive income for the period		\$ 2,721,121	\$ 6,096,308
Income per common share			
Basic		\$ 0.54	\$ 1.90
Diluted		\$ 0.23	\$ 0.81
Weighted average number of common shares outstanding			
Basic		5,085,712	3,212,028
Diluted		11,884,059	7,505,721

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC. (FORMERLY 1193490 B.C. LTD.)

Statement of Changes in Equity

For the periods January 10, 2019 to June 30, 2019 and May 15, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

For the period January 10, 2019 to June 30, 2019

	Notes	Share capital		Retained Earnings	Total equity
		Number of shares	Amount		
Balance - January 10, 2019		1	\$ 1	\$ -	\$ 1
Share issuance - March 14, 2019	9	5,085,710	3,906,000	-	3,906,000
Share issuance - June 12, 2019	9	1	125,000	-	125,000
Net income for the period		-	-	6,096,308	6,096,308
Balance - June 30, 2019		5,085,712	\$ 4,031,001	\$ 6,096,308	\$ 10,127,309

- - -

For the period May 15, 2019 to June 30, 2019

	Notes	Share capital		Retained Earnings	Total equity
		Number of shares	Amount		
Balance - May 15, 2019		5,085,711	\$ 3,906,001	\$ 3,375,187	\$ 7,281,188
Share issuance - June 12, 2019	9	1	125,000	-	125,000
Net income for the period		-	-	2,721,121	2,721,121
Balance - June 30, 2019		5,085,712	\$ 4,031,001	\$ 6,096,308	\$ 10,127,309

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC. (FORMERLY 1193490 B.C. LTD.)

Statement of Cash Flows

For the periods January 10, 2019 to June 30, 2019 and May 15, 2019 to June 30, 2019
(Expressed in Canadian Dollars)

	For the period May 15, 2019 to June 30, 2019	For the period January 10, 2019 to June 30, 2019
Operating activities		
Net income for the period	\$ 2,721,121	\$ 6,096,308
Items not involving cash:		
Deferred tax expense	425,057	951,754
Convertible debenture interest expense	55,427	127,364
Equity pickup on investment in associate	-	68,723
Gain on investment	(3,201,605)	(7,363,383)
Net changes in non-cash working capital	-	119,233
Net cash used in operating activities	-	(1)
Investment activities		
Investment in Velocity Minerals Ltd.	-	(9,000,000)
Option payment to Strategic Metals Ltd.	(125,000)	(125,000)
Net cash used in financing activities	(125,000)	(9,125,000)
Financing activities		
Convertible debenture proceeds	-	5,094,000
Share issuance proceeds	125,000	4,031,001
Net cash provided by financing activities	125,000	9,125,001
Change in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Artemis Gold Inc. ("Artemis" or the "Company") (formerly 1193490 BC Ltd.) is an exploration stage company currently focused on its investment in Velocity Minerals Ltd. ("VLC"), as well as acquiring exploration and/or development stage mineral properties for the purposes of further exploration and development. VLC is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria. Artemis was incorporated under the Business Corporations Act (British Columbia) on January 10, 2019. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, B.C. Canada. The Company's registered and records office is located at 595 Burrard Street, Suite 2600, Vancouver, B.C., Canada. The Company is a privately held company, that up until July 19, 2019, was 100% owned by Atlantic Gold Corporation ("Atlantic"), and operates in one operating segment.

On May 14, 2019, Atlantic announced that it had entered into an arrangement agreement with St. Barbara Limited ("St. Barbara") 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 (see Subsequent Events - Note 11).

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has yet to generate any revenues from operations and had a cash balance of nil as at June 30, 2019 and a working capital deficit of \$5,447,337. The above conditions, along with other factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue operations in the normal course of business is dependent on several factors, including its investment in VLC, as well as the ability to secure additional financing. The Company 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. Following completion of the Arrangement (Subsequent Events - Note 11), the Company intends to apply for a listing on the TSX Venture Exchange as well as raise funds through a private placement financing.

Although management is of the opinion that sufficient working capital will be obtained from a source of financing to meet the Company's liabilities, future and current, as they become due, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, and changes to the statements of income and comprehensive income that might be necessary if the Company was unable to continue as a going concern. Any such adjustments could be material.

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements for the periods ended May 15, 2019 to June 30, 2019 and January 10, 2019 to June 30, 2019 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34") using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the period of January 10, 2019 to May 14, 2019, which were prepared in accordance with IFRS as issued by the IASB. These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited financial statements, with the addition of those policies listed in Note 3. These financial statements were approved by the board of directors on August 27, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Mineral Properties

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production or the property is disposed of, either through sale or abandonment, or becomes impaired. If a property is put into production, the cost of acquisition will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property. If a property is abandoned, the acquisition costs will be written off to operations. Recorded costs of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts. Although the Company has taken steps that it considers adequate to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

Once the rights to explore an area have been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets and classified as a component of mineral properties. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Impairment of mineral properties

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's intention to continue exploration and evaluation activities, the impact of government legislation and political stability in the region, and the impact of current and expected future prices on potential reserves.

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgements that the Company's management has made in the process of applying the Company's accounting policies are disclosed in the Company's audited financial statements for the period of January 10, 2019 to May 14, 2019.

5. INVESTMENTS

Investment in Velocity Minerals Ltd.

	June 30, 2019
Convertible debentures	\$ 9,081,504
Investment in associate - common shares	5,432,017
Warrants	1,887,879
Total investment	\$ 16,401,400

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.

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.

For accounting purposes, 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 June 30, 2019, the fair value of the convertible debenture increased to \$9,081,504, resulting in a gain of \$3,987,504 for the period of January 10, 2019 to June 30, 2019 (\$2,180,191 for the period of May 15, 2019 to June 30, 2019).

The equity component of VLC comprised 18,600,000 Units of VLC, with each Unit consisting of one common share and 1/2 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.

For accounting purposes, the Company applies equity accounting over the common shares of VLC as it was concluded that the Company has significant influence over VLC due to its share ownership in the Company and its ability to have board representation. As a result, at inception of the investment, the common shares were recognized at 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 attributed cost of the common shares at the date of inception was determined using the traded stock price of VLC on March 14, 2019 which was \$0.29 per common share by the number of common shares held, in addition to \$106,740 of transaction costs. The carrying value of the common shares of VLC at inception was \$5,500,740. As at June 30, 2019, the Company had an approximately 19% ownership interest in VLC.

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

5. INVESTMENTS (continued)

Investment in Velocity Minerals Ltd. (continued)

The following table summarizes the change in the carrying amount of the Company's equity investment in VLC:

	June 30, 2019
At March 14, 2019	\$ 5,500,740
Company's share of net loss for the period	(68,723)
	\$ 5,432,017

The assets and liabilities of VLC are summarized in the following table and are taken from VLC's most recently available financial statements as at March 31, 2019.

	Three months ended, March 31, 2019
Current assets	\$ 8,030,863
Non-current assets	4,138,461
	12,169,324
Current liabilities	562,890
Non-current liabilities	3,991,609
	4,554,499
Net assets	\$ 7,614,825
Company's equity share of net assets	\$ 1,467,137
Loss and comprehensive loss for the period	\$ (1,313,473)

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. The Company used the following assumptions:

	June 30, 2019	May 14, 2019
Share Price	\$ 0.39	\$ 0.24
Volatility	60%	60%
Expected Life in Years	2.71	2.84
Dividend Rate	0.00%	0.00%
Risk-free-rate	1.600%	1.600%

At inception, the fair value of the warrants was \$1,230,531. The Company realised a gain of \$2,718,531 attributable to the fair value changes between the contract date and the initial recognition of the equity investment and warrants. As at June 30, 2019, the fair value of the warrants increased to \$1,887,879, resulting in a gain on investment of \$657,348 for the period of January 10, 2019 to June 30, 2019 (gain of \$1,021,414 for the period of May 15, 2019 to June 30, 2019).

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

6. MINERAL PROPERTY

On May 31, 2019, the Company entered into an option agreement ("Option Agreement") with Strategic Metals Ltd. ("Strategic") whereby the Company has the right to acquire a 100% interest, subject to certain royalty payments, in a mineral property located in northwestern BC.

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

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

7. CONVERTIBLE DEBENTURE LIABILITY

On March 14, 2019, the Company issued convertible debentures (the "Debentures") of \$5.094 million to the Company's parent, Atlantic. The Debentures carry an interest rate of 8.4% (due semi-annually in March and September). The principal amount of the Debentures is due and payable on demand. At any time, the subscriber may, at its option, convert the debenture into common shares of the Company at a conversion price of \$1.00 per share.

For accounting purposes, the Debentures are separated into their liability and equity components by first valuing the liability component. Because the debenture is payable on demand, the fair value of the liability component at the time of issue was calculated as the principal amount owing on the convertible debenture liability, being \$5,094,000. This resulted in no residual value being attributed to the equity component of the financial instrument.

Interest and accretion expense for the period January 10, 2019 to June 30, 2019 was \$127,364 (\$55,427 for the period May 15, 2019 to June 30, 2019) and has been expensed to the statement of income and comprehensive income.

8. DEFERRED INCOME TAX LIABILITY

The deferred income tax liability is largely a result of taxable temporary differences resulting from the accounting gain on the various instruments comprising the Company's investment in VLC, which is not yet realized for tax purposes.

ARTEMIS GOLD INC. (1193490 B.C. LTD.)

Notes to the Condensed Interim Financial Statements

For the period January 10, 2019 to June 30, 2019

(Expressed in Canadian Dollars)

9. EQUITY

Authorized share capital

Unlimited number of common shares without par value.

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

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements

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

The Company's 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 due to related party balance and the convertible debenture liability approximate the carrying value as at June 30, 2019.

11. SUBSEQUENT EVENTS

As contemplated in the Arrangement previously discussed in note 1, on July 18, 2019, Atlantic converted the Debentures (\$5,094,000 in principal and \$148,591 in interest) into shares of Artemis at \$1.00 of debt per share. Following the conversion, there were 9,148,593 shares of Artemis outstanding. These shares were then subdivided, resulting in 11,911,698 outstanding common shares. This subdivision was executed in order to have the correct number of shares of Artemis issued such that each Atlantic shareholder would receive the appropriate number of shares on completion of the Arrangement. On completion of the arrangement on July 19, 2019, the 11,911,698 shares of Artemis were then distributed to the former Atlantic shareholders.

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.