



Artemis Resources Limited and its controlled entities

Interim financial report for the 6 months ended 31 December 2017

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The Directors present their report on the consolidated entity for the half year ended 31 December 2017.

Directors

The names of the Directors who held office during the half-year:

David Lenigas (Executive Chairman)

Sheikh Maktoum Hasher al Maktoum – (Non-Executive Director) appointed 26 October 2017

Alex Duncan-Kemp (Executive Director)

Edward Mead (Executive Director)

RESULT AND REVIEW OF OPERATIONS

A summary of progress on various projects is outlined below:

Purdy's Reward (Gold):

- Core drilling confirms strong continuity of conglomerates.
- Conglomerate sequence ranges from 4-15m in true thickness in the area that has been drilled.
- Use of large diameter drilling investigated for sample collection.
- Approval received for 20,000 tonne bulk sample.
- Novo completes initial expenditure commitment and Joint Venture goes live.

Mt OscarWits (Gold):

- Anomalous gold mineralisation now confirmed over 14km strike length.
- Gold nuggets recovered from Project Area.
- Conglomerate rock chip samples up to 15.3 g/t Au and stream sediments up to 1.37 g/t Au.
- Six new strongly anomalous gold areas have now been mapped in detail over a 5km strike length associated with conglomerates below the Mt Roe Basalts.
- Geological mapping shows continuity of prospective conglomerate units.

Carlow Castle (Cobalt/Copper/Gold):

- New significant sulphide zone discovered by drilling at Carlow Castle.
- 8m @ 9.09g/t Au, 0.34% Co and 2.85% Cu, from 76m in ARC048
- Discovery located 400m east of previous limits of drilling.
- Sulphides visible from 65m to 87m down hole.
- Discovery drilled under previously identified copper/cobalt/gold RAB anomaly.
- Indicates geochemistry will be an effective exploration tool at Carlow Castle.
- Drilling is ongoing and will now be expanded to provide information for a JORC compliant Cobalt/Copper/Gold resource at Carlow Castle.

Radio Hill: (Processing Facility and Nickel/Copper/Cobalt)

- Refurbishment program of Radio Hill metallurgical complex commences.
- Radio Hill will be refurbished as a cobalt/copper/nickel/zinc sulphide ore processing facility with a new gold recovery circuit.
- Provide multi-commodity processing facility for Artemis' regional deposits.
- Radio Hill is a fully permitted processing facility.
- Stage 1 upgrades planned for 500,000 tonne per annum processing capacity.
- New gold circuit to be installed and integrated into the plant.
- 81 hole (9,000 metre) RC drill programme planned to design open pit to a vertical depth of 70 metres.
- Radio Hill remains principally unmined from a depth of 70 metres to near surface.
- Outcrop position (Test Pit) is only 400 metres from the Radio Hill plant.
- Fully approved Mining Lease with Heritage Agreements and Aboriginal heritage surveys in place.
- Drill rig was onsite for 10 January 2018.
- Plans to drill primary sulphide mineralisation to measured/indicated JORC category.

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Whundo (Copper):

- Initial sale of stockpiled initial copper completed.
- Work continues on identifying additional oxide copper ore for potential sales.

Silica Hills (Gold):

- 7kg (224 ounces) of specimen gold has been recovered from Artemis's Silica Hills Gold Project during the period under review.
- Gold is located within quartz reefs/pods within a shear zone at Silica Hills, 12km north of Purdy's Reward.
- Exploration continues to pay for itself, and Artemis now has enough geological information to design a drill programme.
- A Programme of Work (POW) for drilling was submitted.
- POW for test trenches and pits to the north of Silica Hills has been approved.

Munni Munni (Platinum Group/Gold):

- Significant Fortescue Group sediments identified overlying Munni Munni PGE deposit.
- 20km south-west of Purdy's Reward and along trend.
- Munni Munni has approved Mining and Exploration Licences.
- Heritage agreements, heritage surveys and POWs are already in place.
- 2,218m of previously drilled Fortescue sediments identified in diamond core which has been stored at Munni Munni.
- 12,437m of RC drilling through the Fortescue sediments to be evaluated.
- 70:30 JV between Artemis and Platina Resources Limited (ASX:PGM).

Nickol River (Gold):

- Wet gravity gold plant to be relocated to Radio Hill

Mt Clement Paulsens (Gold/Silver):

- Work continues on studies for the development of heap leach open cut operations at Mt Clement.

Corporate

Fund Raisings

During the half year the Company raised \$16.5 million in share placements and received a further \$2,575,488 on the exercise of options. In addition, the Company received a further US\$4.5 million in convertible note funding.

These funds are being used to enable the Company to participate fully in the Novo Resources Corp (Novo) Joint Venture which went live during the period, refurbish the Radio Hill processing plant and to accelerate various exploration programmes to facilitate feed to the plant when it becomes operational.

Novo Joint Venture

The Novo joint venture terms were finalised during the period and as part of this agreement Artemis received 4 million shares in Novo (listed on TSX Venture Exchange). As noted above the joint venture is now live and Novo and Artemis contribute to further exploration and mining of the gold rights on a 50/50 basis.

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Acquisition of Elysian Resources Pty Ltd and Hardrock Resources Pty Ltd

In November 2017 the Company signed agreements to acquire, through the acquisition of the above companies, a 70% in 302.27km² of tenements south of Karratha in the Pilbara region of Western Australia, filling a gap on the conglomerate trend not under the control of Artemis or Novo.

The consideration for this acquisition was a cash payment of \$1.5 million and 33 million Artemis shares.

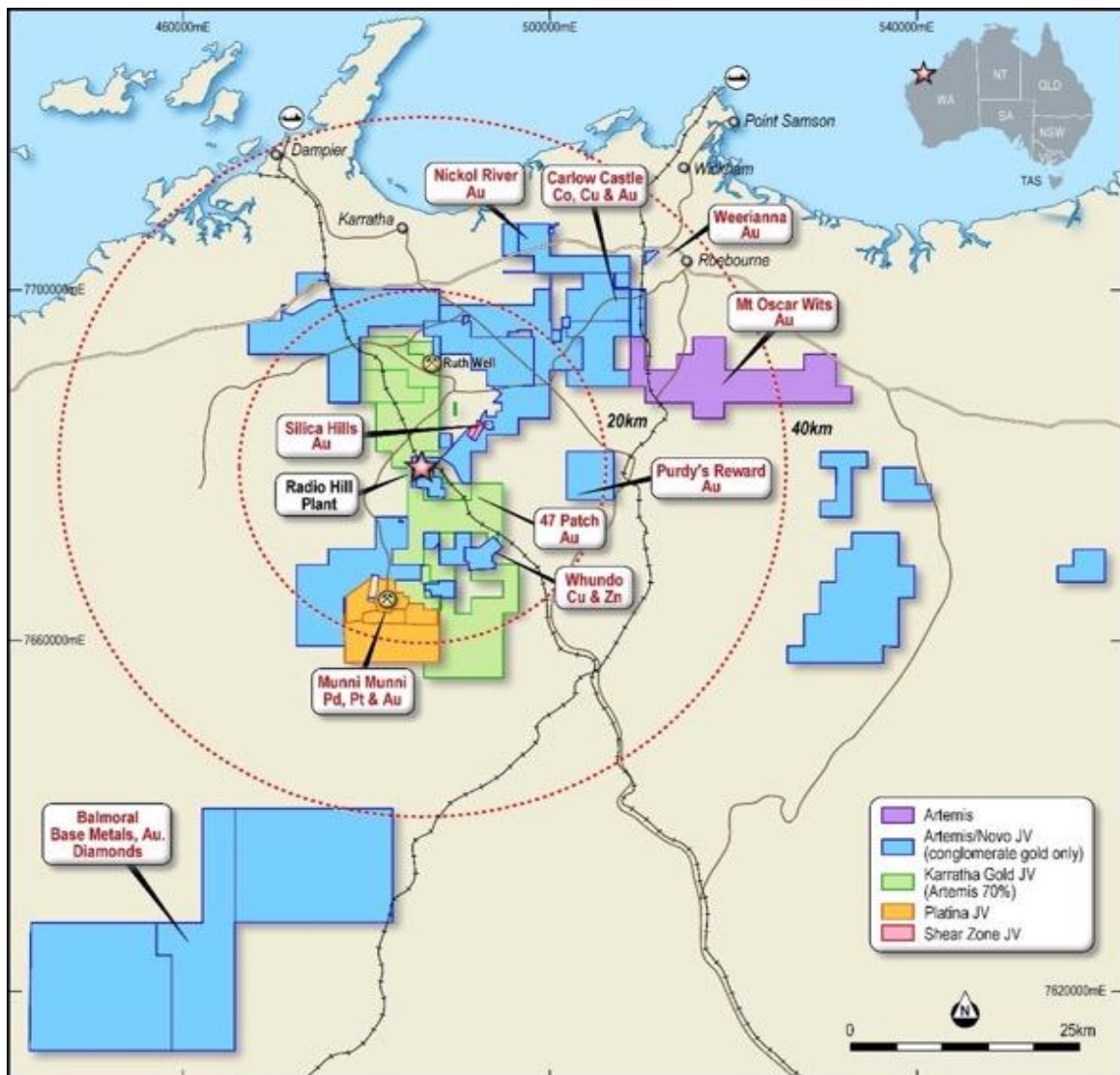
Director Appointment

H.H Sheikh Maktoum Hasher al Maktoum a member of Dubai's ruling family was appointed a Director on 26 October 2017.

He is the President of Al Fajer Group and Chairman of Dubai International Holdings, Chairman of Manannan Hydro Limited and is a Non-Executive board member of the Commercial Bank of Dubai.

H.H. Sheikh Maktoum Hasher al Maktoum has a BSc. Business Administration and Finance from Suffolk University in Boston, USA and was awarded CEO of the Year by CEO Middle East in 2009 and was awarded Young Global Leader by the World Economic Forum in 2007.

Map showing Artemis tenement portfolio in the West Pilbara region of Western Australia



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Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled or reviewed by Mr. Edward Mead and Mr. Allan Younger, who are Members of The Australasian Institute of Mining and Metallurgy. Mr Mead is a Director of Artemis Resources Limited and is a consultant to the Company, and is employed by Doralada Pty Ltd. Mr. Younger is a consultant to the Company employed by Indigo Geochemistry Pty Ltd. Both Mr. Mead and Mr. Younger have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Each consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

OPERATING RESULTS

With this background, the profit after income tax for the period amounted to \$11,000,945 (31 December 2016 loss: \$284,061).

EVENTS SUBSEQUENT TO REPORTING DATE

The Company settled the second tranche of the acquisition of Elysian Resources Pty Ltd and Hardrock Resources Pty Ltd on 31 January 2018 with the issue of 8,000,000 shares. This transaction was accrued as at 31 December 2017 in the amount of \$2,240,000.

On 31 January 2018 and 5 February 2018 the Company announced the raising of a further \$9 million through the issue of 45 million shares at 20 cents each and a free attached option on the basis of one option for every four new shares exercisable at 25 cents each expiring twelve months from date of issue.

Other than as outlined above there are no events subsequent to the end of the period that would have a material effect on the consolidated entity's financial statements at 31 December 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors



Edward Mead
Executive Director
 Dated at Sydney
 15 March 2018

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ARTEMIS RESOURCES LIMITED
ABN 80 107 051 749

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ARTEMIS RESOURCES LIMITED**

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

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Sydney NSW 2001

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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend

Drew Townsend
Partner
Date: 15 March 2018

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		2017	2016
		\$	\$
Revenue from operations	2	15,212,412	76,097
Cost of sales		(54,543)	-
Occupancy costs		(55,170)	(1,151)
Legal fees		(231,532)	(4,409)
Consultancy costs		(178,940)	(65,975)
Compliance and regulatory expenses		(204,770)	(50,646)
Directors' fees		(1,815,288)	(71,848)
Travel		(310,499)	(18,065)
Borrowing costs		(374,720)	-
Project development written off		(79,072)	(100,000)
Project acquisition costs		(520,000)	-
Share based payments		(272,251)	-
Marketing expenses		(28,372)	-
Other expenses		(86,310)	(47,064)
PROFIT/(LOSS) BEFORE INCOME TAX		11,000,945	(284,061)
Income tax expense/benefit		-	-
PROFIT/(LOSS) FOR THE PERIOD		11,000,945	(284,061)
OTHER COMPREHENSIVE (LOSS) FOR THE PERIOD			
Items that may be reclassified subsequently to profit or loss			
Changes in the value of available-for-sale financial assets	2	(1,627,955)	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive loss for the period, net of income tax		(1,627,955)	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		9,372,990	(284,061)
Basic profit/(loss) per share - cents	3	2.18	(0.008)
Diluted profit/(loss) per share - cents	3	2.13	(0.008)

The consolidated statement of profit and loss and other comprehensive income is to be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		15,283,196	329,196
Trade and other receivables		413,777	616,612
Other financial assets	4	-	103,904
TOTAL CURRENT ASSETS		<u>15,696,973</u>	<u>1,049,712</u>
NON-CURRENT ASSETS			
Other financial assets	4	15,715,180	-
Plant and equipment		2,715,035	1,161,615
Evaluation and exploration expenditure	5	19,341,275	7,839,090
TOTAL NON-CURRENT ASSETS		<u>37,771,490</u>	<u>9,000,705</u>
TOTAL ASSETS		<u>53,468,463</u>	<u>10,050,417</u>
CURRENT LIABILITIES			
Trade and other payables	6	3,371,537	1,860,339
Borrowings		4,023,535	2,325,965
TOTAL CURRENT LIABILITIES		<u>7,395,072</u>	<u>4,126,304</u>
NON-CURRENT LIABILITIES			
Borrowings	7	1,981,768	-
TOTAL NON-CURRENT LIABILITIES		<u>1,981,768</u>	<u>4,126,304</u>
TOTAL LIABILITIES		<u>9,376,840</u>	<u>4,126,304</u>
NET ASSETS		<u>44,091,623</u>	<u>5,924,113</u>
EQUITY			
Share capital	8	67,761,823	39,067,554
Reserves	9	272,251	172,000
Accumulated losses		(23,942,451)	(33,315,441)
TOTAL EQUITY		<u>44,091,623</u>	<u>5,924,113</u>

The consolidated statement of financial position is to be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2017	39,067,554	(33,315,441)	172,000	5,924,113
Total comprehensive profit for the period	-	9,372,990	-	9,372,990
Issue of capital	28,804,269	-	-	28,804,269
Cost of share issue	(882,000)	-	-	(882,000)
Exercise of options	772,000	-	(172,000)	600,000
Share based payments	-	-	272,251	272,251
Balance at 31 December 2017	67,761,823	(23,942,451)	272,251	44,091,623

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2016	32,374,443	(31,136,937)	-	1,237,506
Loss for the period	-	(284,063)	-	(284,063)
Total comprehensive loss for the period	-	(284,063)	-	(284,063)
Issue of capital	944,450	-	-	944,450
Cost of share issue	(28,523)	-	-	(28,523)
Balance at 31 December 2016	33,290,370	(31,420,000)	-	1,869,370

The consolidated statement of changes in equity is to be read in conjunction with the attached notes to the financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	354,273	13,295
Payments to suppliers and employees	(1,611,468)	(76,705)
Interest received	21,077	732
Financing cost	(573,815)	-
NET CASH USED IN OPERATING ACTIVITIES	(1,809,933)	(62,678)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of project	-	150,785
Payments for investments	(736,239)	-
Proceeds from sale of investments	146,818	11,451
Payments for exploration and evaluation	(3,465,929)	(271,894)
Payment for plant and equipment	(1,556,420)	(10,000)
Payment for projects/prospect	(1,500,000)	(100,000)
NET CASH USED IN INVESTING ACTIVITIES	(7,111,770)	(219,658)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	19,075,489	676,950
Cost of share issue	(882,000)	(28,523)
Proceeds from convertible note	5,945,303	-
Repayment convertible note	(263,089)	-
Proceeds from loan	-	120,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	23,875,703	768,427
Net increase in cash held	14,954,000	486,091
Cash at the beginning of the period	329,196	18,149
CASH AT THE END OF THE PERIOD	15,283,196	504,240

The consolidated statement of cash flows is to be read in conjunction
with the attached notes to the financial statements.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated half year financial report does not include all of the information required for a full annual financial report. The half year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2017. This report must also be read in conjunction with any public announcements made by Artemis Resources Limited and its controlled entities during the half year.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is Artemis Resources Limited's functional and presentation currency.

These interim financial statements were authorised for issue on 15 March 2018.

GOING CONCERN

Notwithstanding the profit of \$ 9,372,990, which was due to a one off issue of shares from Novo Resources Corp (refer to Note 2), the company had a net cash outflow from operating activities and investing activities of \$1,809,933 and \$7,111,770 respectively for the half-year ended 31 December 2017.

The interim financial statements have been prepared on the basis of a going concern as the Company has sufficient funds to cover its commitments in the twelve months following the date of this report. Furthermore, the company has raised a further \$9 million through the issue of 45 million shares subsequent to year end.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Recovery of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related site itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT HALF-YEAR THAT ARE RELEVANT TO THE CONSOLIDATED ENTITY

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. REVENUE

	2017	2016
	\$	\$
a) Revenue		
Other income ¹	16,606,896	75,365
Less applied as recovery of exploration costs	(1,559,575)	-
	<u>15,047,321</u>	<u>75,365</u>
Sales of gold, silver and copper ore	101,100	-
Profit on sale of shares	42,914	-
	<u>15,191,335</u>	<u>75,365</u>
b) Other Income		
Interest received	21,077	732

¹On 15 August 2017, the Company entered into a farm in agreement with Novo Resources Corp (Novo) whereby Novo will earn a 50% interest in gold (and other minerals necessarily mined with gold) in conglomerate and/or paleoplacer style mineralisation on tenements located within 100km of the City of Karratha, on spending \$2 million within two years. A part of the consideration for this agreement Artemis has received 4,000,000 Novo shares (CVE:NVO). Novo has now spent \$2 million and the joint venture is live.

The Novo shares have been marked to market as at 31 December 2017 reducing the carrying value by \$1,627,955.

3. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2017 was based on the profit attributable to shareholders of the parent company of \$11,000,944 (2016: Loss \$284,061):

	2017	2016
	Cents	Cents
Basic profit/(loss) per share	2.18	(0.008) cents
Diluted profit/loss per share	<u>2.13</u>	<u>(0.008) cents</u>
	No of Shares	No of Shares
Weighted average number of ordinary shares:		
Ordinary shares	502,688,575	3,735,386,880
Ordinary shares fully diluted	<u>512,688,575</u>	<u>3,735,386,880</u>

4. FINANCIAL ASSETS

	31 December 2017 \$	30 June 2017 \$
Current		
Available for sale financial assets		
Shares in listed equity securities – at fair value	-	103,904
Non-Current		
Available for sale financial assets		
Shares in listed equity securities – at fair value ¹	15,715,180	103,904
¹ Shares in listed companies at cost/receipt at date of acquisition	17,343,135	-
Adjustment to fair value as at period end	(1,627,955)	-
	<u>15,715,180</u>	<u>103,904</u>

5. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017 \$	30 June 2017 \$
Exploration and evaluation phase costs carried forward at cost:	<u>19,341,275</u>	<u>7,839,090</u>

(a) Exploration and Evaluation Phase Costs

Costs capitalised on areas of interest have been reviewed for impairment factors, such as resource prices, ability to meet expenditure going forward and potential resource downgrades. It is the Directors' opinion that the Group has ownership or title to the areas of interest in respect of which it has capitalised expenditure and has reasonable expectations that its activities are ongoing.

(b) Reconciliation of movement during the period

	31 December 2017 \$	30 June 2017 \$
Opening balance	7,839,090	1,631,509
Acquisition of tenements and tenement interests	8,735,956	2,682,116
Accrual for acquisition of tenements and tenement interests	2,240,000	-
Payment for prospect or option	230,000	-
Add: Exploration and evaluation expenditure capitalised	1,908,747	3,687,053
Novo fee applied as recovery of exploration costs see Note 2	(1,559,575)	-
Cost of product sold written off	(52,943)	(161,588)
Closing balance	<u>19,341,275</u>	<u>7,839,090</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploration, or, alternatively, sale of the respective area of interest.

6. TRADE AND OTHER PAYABLES

	31 December 2017 \$	30 June 2017 \$
Trade and other accounts payable (unsecured)	1,131,537	1,860,339
Accrual for second tranche share payment for acquisition	2,240,000	-
	<u>3,371,537</u>	<u>1,860,339</u>

7. BORROWINGS

	31 December 2017 \$	30 June 2017 \$
<i>Convertible note</i>		
Opening balance borrowings	2,265,965	-
Convertible note	5,945,303	2,625,965
Less guarantee held by noteholder	-	(360,000)
	<u>8,211,268</u>	<u>2,265,965</u>
Less conversion to equity	(2,265,865)	-
	<u>5,945,303</u>	<u>2,265,965</u>
<i>Other borrowings</i>		
Short term loan	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
Closing balance borrowings	<u>6,005,303</u>	<u>2,325,965</u>
<i>Current liabilities</i>		
Convertible note	3,963,535	2,265,965
Short term loan	60,000	60,000
Total current liabilities	<u>4,023,535</u>	<u>2,325,965</u>
<i>Non-Current Liabilities</i>		
Convertible note	1,981,768	-
	<u>1,981,768</u>	<u>-</u>

The convertible note is for an amount of US\$4,500,000 (A\$5,945,303). The convertible note can be converted at the noteholder's election at the lower of 36.4 cents per share or 93% of the 10 day weighted volume average price prior to the date of conversion. The borrower has an option to repay the loan in cash in the event the share price is less than 36.4 cents per share at a premium of 15%. The convertible note is unsecured and expires on 8 June 2019.

Advisors to the noteholder received 5,439,858 options on 31 January 2018. The options are exercisable at 45.38 cents on or before 31 January 2021.

The note outstanding as at 30 June 2017 was repaid in full, with US\$200,000 being repaid in cash on 17 July 2017 and US\$1,800,000 being converted with the issue of 19,959,802 shares (4,000,000 shares were issued as a guarantee on 15 May 2017 and the balance were issued on 31 July, 2 August, 16 August and 11 September 2017).

An amount of US\$321,428 was repaid against the convertible note outstanding as at 31 December 2017, on 8 February 2018.

The short-term loan of \$60,000 was repaid on 15 February 2018.

8. SHARE CAPITAL

	31 December 2017 \$	30 June 2017 \$
ISSUED CAPITAL DETAILS		
573,583,415 (30 June 2017: 323,733,940) Ordinary shares:	<u>67,761,823</u>	<u>39,067,554</u>

Reconciliation of movement during the period:

	Shares	\$
Opening balance	323,733,940	39,067,554
Shares issued in placement	103,696,682	16,500,000
Shares issued on exercise of options	100,192,990	2,747,489
Shares issued as consideration for acquisition	25,000,000	7,000,000
Shares issued on settlement of convertible note	15,959,803	1,803,780
Shares issued to director as sign on fee	5,000,000	1,525,000
Cost of raising capital	-	(882,000)
Closing balance	<u>573,583,415</u>	<u>67,761,823</u>

Terms of Issue:

Ordinary shares

Ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

9. RESERVES

Reconciliation of movement during the period:

	Options	\$
Opening Balance	101,002,903	172,000
Options issued: Series 2 & 3	2,000,000	36,137
Options issued: Series 1	6,000,000	24,615
Options issued: Series 4 & 5	2,000,000	23,863
Exercise of options	(100,692,990)	(172,000)
Options lapsed	(309,913)	-
Balance as at 31 December 2017	<u>10,000,000</u>	<u>84,615</u>
	Performance Rights	\$
Performance rights issued during the period	<u>15,000,000</u>	<u>187,636</u>
Balance of reserves as at 31 December 2017		<u>272,251</u>

The following options are outstanding as at 31 December 2017

Series 1. 6,000,000 unlisted options granted 30/11/17 exercisable at 44 cents per share before 30 June 2020

Series 2. 1,000,000 unlisted options granted 19/4/17 exercisable at 11 cents per share before 1/5/18.

Series 3. 1,000,000 unlisted options granted 19/4/17 exercisable at 12 cents per share before 1/5/18

Series 4. 1,000,000 unlisted options granted 19/4/17 exercisable at 13 cents per share before 1/5/18

Series 5. 1,000,000 unlisted options granted 19/4/17 exercisable at 14 cents per share before 1/5/18

The fair value of the equity-settled unlisted share options granted is estimated as at the date of grant using the Black and Sholes model taking into account the terms and conditions upon which the options were granted.

	Series 1	Series 2	Series 3	Series 4	Series 5
Expected volatility (%)	142%	95%	95%	95%	95%
Risk-free interest free (%)	1.8%	2%	2%	2%	2%
Expected life of option (years)	2.58 years	1.03 years	1.03 years	1.03 years	1.03 years
Exercise price (\$)	44 cents	11 cents	12 cents	13 cents	14 cents
Grant date share price	31.5 cents	8 cents	8 cents	8 cents	8 cents

Valuation of performance rights

Shareholders at a General Meeting on 8 September 2017 approved the grant of 15,000,000 performance rights to Directors and employees. The performance rights were valued by 22 Corporate Advisory Pty Limited, at 8.6 cents a share being the share price on grant date discounted for lack of marketability. Vesting occurs at the end of the performance period ended 30 June 2019, if the following performance conditions are met:

Market-based performance conditions:

- 33.3% of the performance rights will vest when share price exceeds 15 cents; and
- 33.3% of the performance rights will vest when share price exceeds 20 cents; and
- 33.3% of the performance rights will vest when share price exceeds 25 cents.

Non-market based performance conditions:

The vesting of the performance rights is also subject to non-market conditions including capital raising, occupational health and safety outcomes and corporate governance hurdles.

An expense of \$187,636 was recognised for the period ended 31 December 2017 in relation to these performance rights.

10. SEGMENT INFORMATION

	Exploration - Activities Mt Clement \$	Exploration - Activities West Pilbara \$	Exploration - Activities Other Projects \$	Unallocated \$	Total \$
31 December 2017					
Segment revenue	-	-	-	15,212,412	15,212,412
Segment expenses	-	-	-	(4,211,467)	(4,211,467)
Results from operating activities	-	-	-	11,000,945	11,000,945
Segment assets	101,050	21,725,260	230,000	31,412,153	53,468,463
Segment liabilities	-	-	-	9,376,841	9,376,841
	Mt Clement \$	West Pilbara \$	Other Projects \$	Unallocated \$	Total \$
31 December 2016					
Segment revenue	-	-	-	76,097	76,097
Segment expenses	-	-	-	(360,160)	(360,160)
Results from operating activities	-	-	-	(284,063)	(284,063)
Segment assets	28,970	1,967,486	-	555,676	2,552,132
Segment liabilities	-	-	-	682,761	682,761

11. BUSINESS COMBINATIONS

On 8 December 2017 Artemis finalised the acquisition of Elysian Resources Pty Limited and Hardrock Resources Pty Limited for 33 million ordinary shares and a cash payment of \$1,500,000.

Details of the purchase consideration, which has been made in two tranches, and net assets are as follows:

Purchase consideration:

Tranche 1 – 8 December 2017	\$
25,000,000 shares at a deemed price of 28 cents per share	7,000,000
Cash	1,500,000
	<u>8,500,000</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Capitalised exploration	<u>8,500,000</u>
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Subsequent to period end

Tranche 2 – 31 January 2018 ¹	\$
8,000,000 shares at a deemed price of 28 cents per share as at 31 December 2017	<u>2,240,000</u>
Capitalised exploration	<u>2,240,000</u>

¹The shares were issued on 31 January 2018 at a deemed price of 21.5 cents per share.

Exploration costs on tenements acquired subsequent to acquisition amounted to \$79,979. In the event that the acquisition was consummated on 1 July 2017, exploration on acquired tenements would have been a further \$102,470. There were no revenues or expenses charged to profit and loss by the acquired company during the year.

The values identified in relation to the acquisition of the above businesses are provisional as at 31 December 2017. For a further understanding of the provisional basis, refer to the business combination accounting policy which states that business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine the value.

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets since the last annual reporting period.

13. EVENTS SUBSEQUENT TO 31 DECEMBER 2017

The Company settled the second tranche of the acquisition of Elysian Resources Pty Ltd and Hardrock Resources Pty Ltd on 31 January 2018 with the issue of 8,000,000 shares. This transaction was accrued as at 31 December 2017 in the amount of \$2,240,000.

On 31 January 2018 and 5 February 2018 the Company announced the raising of a further \$9 million through the issue of 45 million shares at 20 cents each and a free attached option on the basis of one option for every four new shares exercisable at 25 cents each expiring twelve months from date of issue.

Other than as outlined above there are no events subsequent to the end of the period that would have a material effect on the consolidated entity's financial statements at 31 December 2017.

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The directors declare that:

- (a) the financial statements and notes, set out on pages 8 to 19, are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Edward Mead
Executive Director
15 March 2018

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**ARTEMIS RESOURCES LIMITED
ABN 80 107 051 749
AND CONTROLLED ENTITIES**

SYDNEY

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ARTEMIS RESOURCES LIMITED**

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Artemis Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Artemis Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Artemis Resources Limited's financial position as at 31 December 2017 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Half-year Financial Reporting and the Corporations Regulations 2001. As the auditor of Artemis Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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ARTEMIS RESOURCES LIMITED
ABN 80 107 051 749
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ARTEMIS RESOURCES LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Artemis Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Artemis Resources Limited's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Dated: 15 March 2018

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DIRECTORS

David Lenigas (Chairman)
Sheikh Maktoum Hasher al Maktoum (Non-Executive Director)
Edward Mead (Executive Director)
Alex Duncan-Kemp (Executive Director)

COMPANY SECRETARY

Guy Robertson

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SOLICITORS

Edwards Mac Scovell

AUDITORS

Hall Chadwick
Chartered Accountants

BANKERS

Westpac Limited

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