



Artemis Resources Limited and its controlled entities

Interim financial report for the 6 months ended 31 December 2016



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The Directors present their report on the consolidated entity for the half year ended 31 December 2015.

Directors

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

David Lenigas (Executive Chairman) (Appointed 3 November 2016)
Alex Duncan-Kemp (Executive Director) (Appointed 3 January 2017)
Edward Mead (Executive Director)
George Frangeskides (Non-Executive Director)
Campbell Baird (Non-Executive Director)

RESULT AND REVIEW OF OPERATIONS

HIGHLIGHTS:

- Artemis announced high grade Cobalt, Copper, Gold at 100% owned Carlow Castle Project (February 2017). Best samples include (Figure 2):
 - 1.12% Cobalt, 6.79 g/t Au and 2.63% Copper – New Area
 - 0.97% Co, 5.71 g/t Au and 2.17% Cu – Quod Est Area
 - 0.94% Co, 35.3 g/t Au and 3.21% Cu – Quad Est Area
- Initial 3,000 metre RC drilling programme at Carlow Castle has been fast tracked and is scheduled to commence early March 2017.
- Nickol River tenure increased to 1,500 ha with agreement for access on fully permitted Mining Licenses with D & K Corps Investments Pty Ltd.
- Artemis plans to commence gold production from Nickol River before the end of March 2017.
- Artemis Signs Deal to Purchase Fully Permitted 425,000 tpa Radio Hill Nickel/Copper/Cobalt Plant with significant Ni, Cu and Zn Resources. The Radio Hill plant is the only processing plant in the Karratha region.
- Artemis has significant gold, platinum and zinc projects and resources within 40km of Radio Hill.
- Paleo-placer gold nuggets discovered at Purdy's Reward Gold Project, Karratha.
- High grade visible gold exposed in multiple quartz reef systems at the Silica Hills Gold Project, Karratha.
- Exploration programme and metallurgical test work commenced on the Mt Clement- Paulsen's Gold Project located only 35km south of Northern Star Resources' Paulsen's Gold Mine.
- Sale of interest in Amitsoq graphite project in Greenland
- David Lenigas appointed as Chairman.
- Alex Duncan-Kemp appointed as an Executive Director.

Carlow Castle Cobalt/Copper/Gold Project¹

A review on it's 100% owned Carlow Castle Project 10km South east of Roebourne in the Pilbara Region of Western Australia (Figure 1, 2 and 5), has identified high significant cobalt mineralisation that has not previously been reported.

The cobalt mineralisation at Carlow Castle has been previously ignored as companies focused on the gold and/or copper mineralisation as single commodities. The review by Artemis shows that an integrated approach to mineralisation and an expansion of exploration is required to better define the Carlow Castle Project. Work to date highlights another gem of an asset that has remained out of view. The project has previously been the focus of gold and copper mining with production between 1880 and 1910. In more recent times drilling has identified a JORC (2012) Inferred Mineral Resource (figure 2) of **418,000 tonnes at 3.0 g/t Au and 0.6% Cu**, for total contained metal of **40,000 ounces of Au and 2,500 tonnes of Cu²**.

¹ As per ASX announcement dated 13 February 2017

² As per ASX announcement dated 30 June 2014

The current gold copper resource also contains cobalt mineralisation, which has not been included in the resource estimation. Discussions with the geologist who completed the drill programme in the early 2000's commented "that the additional cost to assay for cobalt, when the project owner at the time was focused on gold, was the reason why assaying for cobalt was not undertaken as standard assay practice".

A review of data associated with the Quod Est Mine at Carlow Castle has identified waste dump samples from mine workings taken in 1967 that averaged **3.22% copper, 0.4% cobalt and 4.1 g/t gold** (WAMEX A10031).

The maximum assay reported from 1971 samples from the Cobaltiferous underground ore of Cobaltite and Erythrite contained a maximum of **5.88% cobalt and 4.2% copper and 0.29% nickel** (WAMEX A12684). Other results reported were ore grading **14.81% copper, 2.21% cobalt, 0.27% nickel**; and **12.8% copper, 1.63% cobalt, 0.29% nickel**.

The best underground ore results from the Quod Est Mine reported from 1971 samples (WAMEX A12684) were 4.24% copper, 1% cobalt, 0.67% nickel; and 14.17% copper, 0.4% cobalt, 0.36% nickel; and 4% copper, 1.87% cobalt, 0.45% nickel.

More recent drilling (Figure 2) intercepted **4 metres @ 33.6 g/t gold and 1.12% cobalt** from 36 metres downhole in GC04; Drill hole DDH4 intersected **3.2 metres at 2.1% copper and 0.54% cobalt** from 78m downhole; and drill hole CC04 intersected **6 metres at 0.53 g/t gold, 1.25% copper and 0.28% cobalt** from 31 metres downhole depth.

The tenor of mineralisation and large [32 km²] 100% owned tenement makes the Carlow Castle Project a valuable asset for Artemis. Artemis also owns the surrounding tenements.

Figure 1: High Grade Cobalt, Copper, Gold locations and grades – Carlow Castle Gold Project:

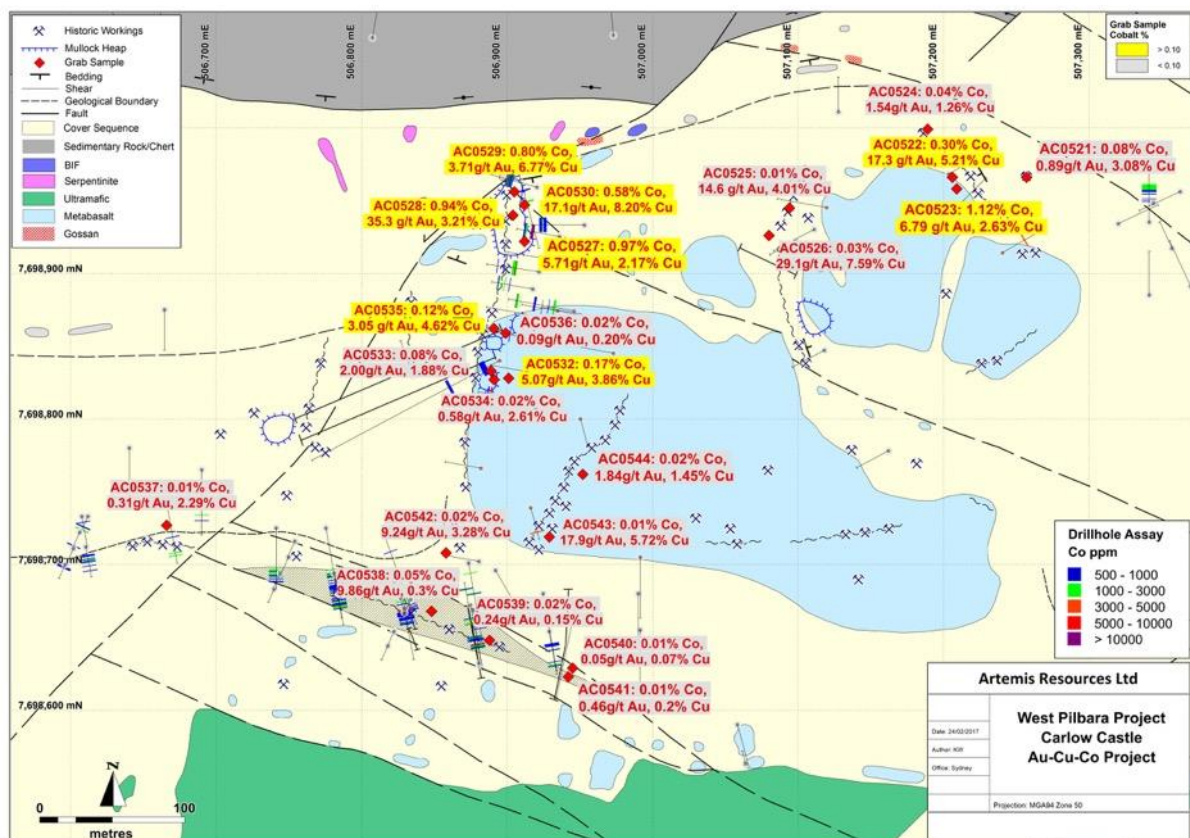
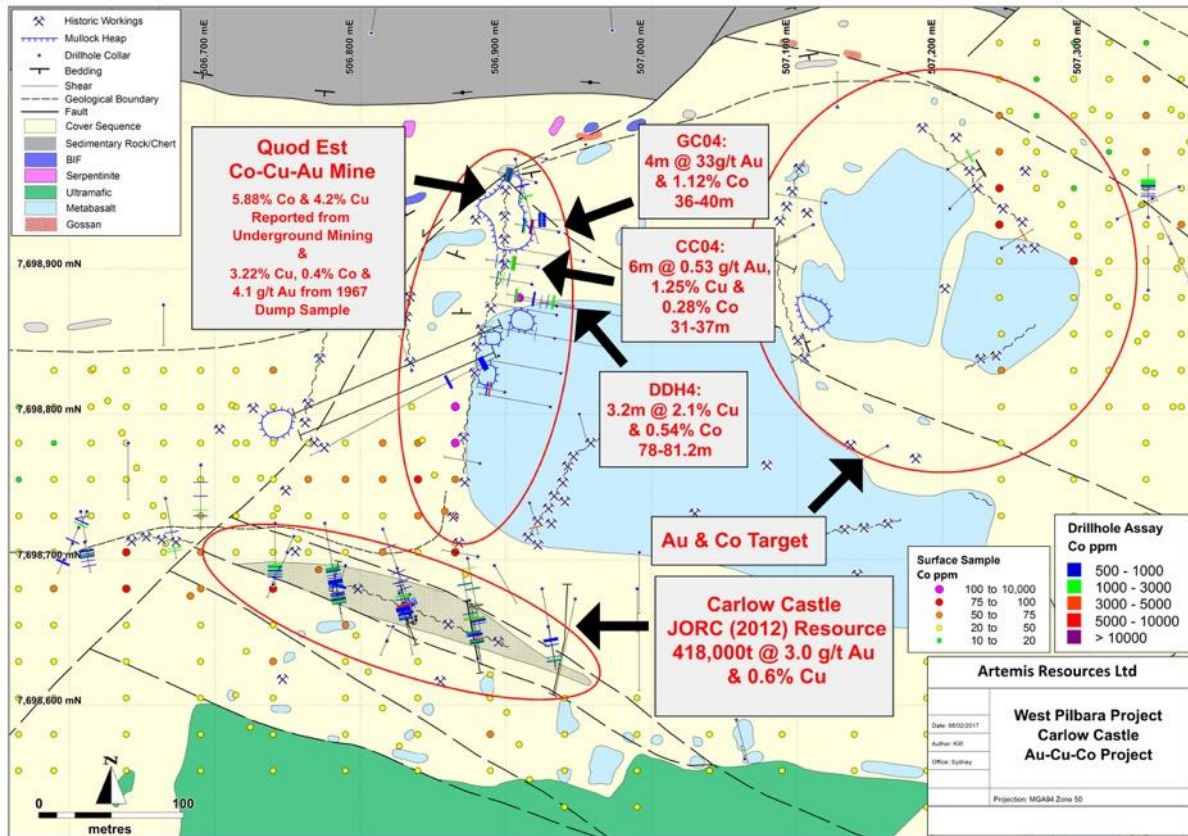


Figure 2: Carlow Castle Project area with location of the Quod Est Cobalt mine and Carlow Castle gold/copper resource.



Nickol River Gold Project³

Nickol River Gold Project is located only 12 km from the regional mining centre of Karratha (15 minutes by road) in the Pilbara area of Western Australia and close to excellent infrastructure straddling the Karratha – Roebourne Highway.

The Company has identified significant areas at Nickol River that are highly weathered and free-dig from surface to depths of between 2 to 6 metres that would potentially be amenable to bulk scale mining and processing using a modern gravity plant for gold and platinum recoveries.

Previous trial mining operations at Nickol River, as reported by Sir Samuel Mines NL listing Prospectus, noted that in 1984 a 10 tonne per hour plant tested 600 tonnes of surface material yielding a recovered grade of 0.33 grams per tonne of gold ("g/t Au") and in 1985 a bigger 40 tonne per hour pilot plant processed 42,500 tonnes of surface material that yielded a recovered grade of 0.15 g/t Au.

On the basis of the above work Artemis has ordered a Mobile 1200-XT Gravity Gold Plant which arrives on site in late March 2017 (Figure 3).

³ As per ASX announcement dated 25 January 2017

Figure 3: Mobile 1200-XT Gravity Gold Plant on order and arriving late March 2017



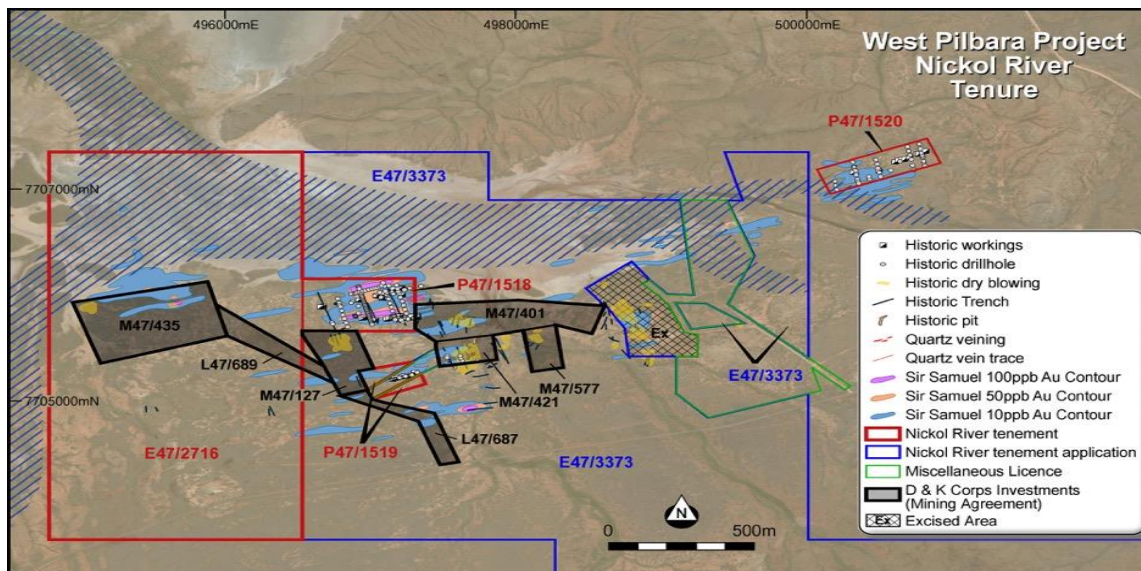
There are currently no JORC compliant resources at Nickol River as the previous work outlined in the 1980's in the Sir Samuel Mines NL Prospectus was published prior to the existence of JORC.

Artemis has a total of around 1,500 hectares of approved and pending licences in the Nickol River area (Figure 5).

More recent work completed by Artemis in 2012 and released to the ASX in the December 2012 Quarterly Report included auger soil sampling in the western portion of the P47/1518, and limited rock chip sampling. The auger sampling identified broad gold anomalies, with a maximum assay result of 6.9 g/ t Au. The rock chip sampling completed also returned anomalous Au, with results of up to 14.8 g/t Au from the Samantha Lode. The work completed by Artemis confirmed the tenor of gold mineralisation as identified in historic work. The historic work included 58 Reverse Circulation Drill holes, mapping and soil sampling. The POW submitted to DMP for detailed grade control work is designed to convert the historic work to JORC standard.

The historic drilling also identified numerous gold bearing lodes within fresh rock which need to be followed up.

Figure 4: Artemis's Nickol River Tenements, including D & K Corps Investments as highlighted. Artemis now controls all but one small excised tenement at Nickol River



Artemis Resources Limited signed a binding agreement with D & K Corps Investments Pty Ltd which grants Artemis the exclusive rights to explore, mine, process and extract and sell gold and precious metals from the Tenements listed below in Table 1 (the **Tenements**), to a depth of 5 metres from surface, or depth of free dig with an excavator. Artemis will receive 90% by weight of the gold and precious metals recovered, for an initial two (2) year term (**Initial Term**) and then yearly renewable by mutual consent.

In consideration of the rights granted under the agreement, Artemis issued 100 million fully paid ordinary shares (pre-consolidation) in Artemis to D & K Corps Investments Pty Ltd. D & K Corps Investments will receive ten percent (10%) gross of all physical gold and precious metals recovered by weight from the Tenements.

Table 1: Tenements held by D & K Corps Investments Pty Ltd (Nickol River, Karratha, Western Australia)

M47/87	(8.8440 ha)
M47/577	(8.9035 ha)
M47/421	(9.6840 ha)
M47/401	(36.6000 ha)
M47/127	(18.4050 ha)
M47/435	(54.0000 ha)
L47/565	(10.0401 ha) application
L47/689	(13.4521 ha)
L47/687	(18.4931 ha)

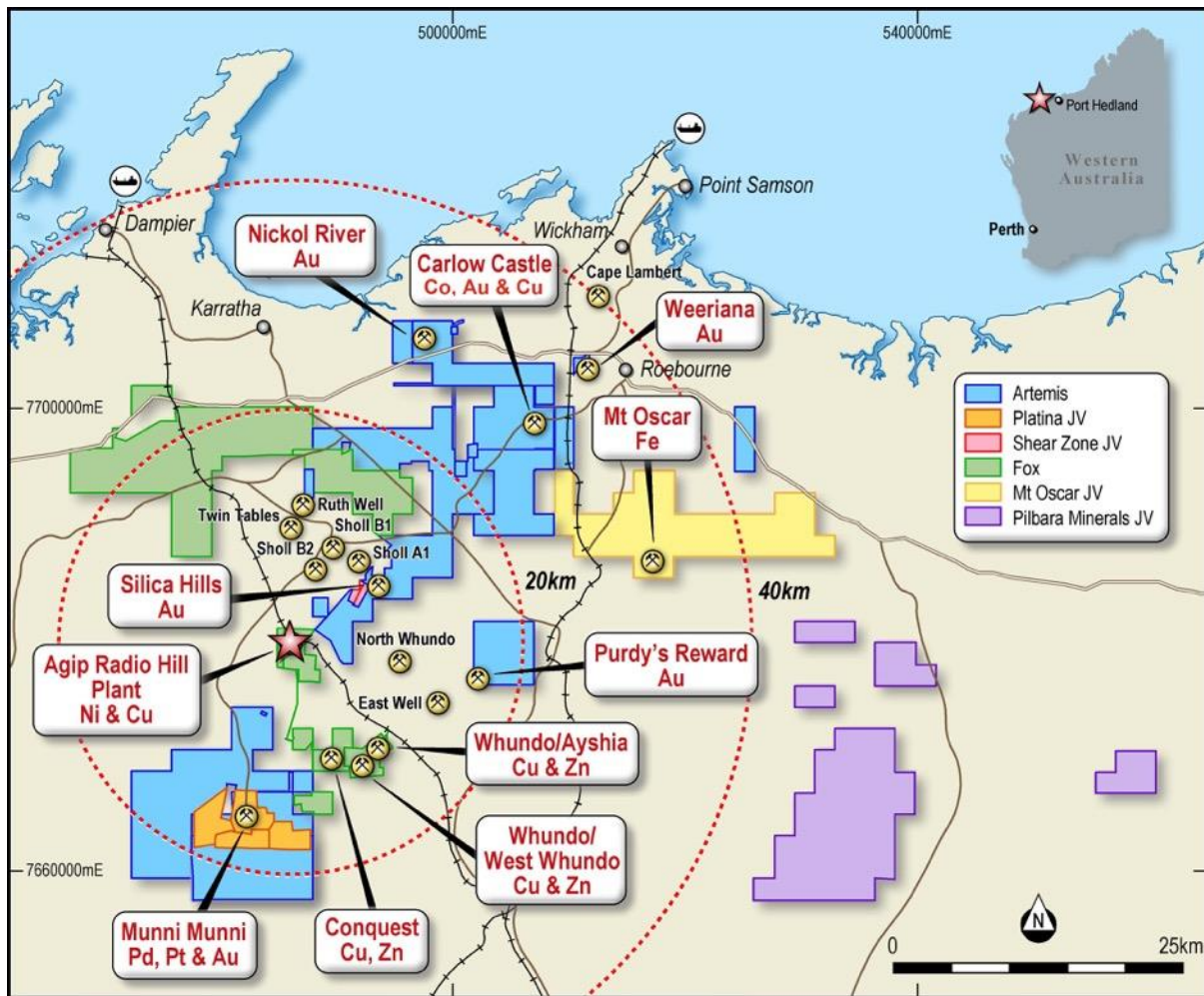
Radio Hill

During the half year Artemis executed an agreement to acquire the 425,000 tonnes per annum Radio Hill Base Metal Processing Plant remains on care and maintenance. The agreement was amended in early 2017 as outlined hereunder.

The plant can produce Nickel, Copper and Cobalt metal sulphide concentrates and is capable of producing a Copper/Zinc concentrate from the Whundo deposits. This can easily be modified to include a gravity gold circuit for Artemis's Weerianna, Carlow Castle, Silica Hills and Purdy's Reward gold projects. It can also be used as the core of a potential platinum and palladium recovery plant for Artemis' Munni Munni Platinum Group Element deposit located 15 km south of Radio Hill.

Radio Hill has an existing nickel/copper sulphide Resource of 4.02 Mt @ 0.51% nickel and 0.88% copper which remains in the existing underground workings and mine development, and down plunge along the basal contact. There are also stockpiles of mined material of around 300,000 tonnes and all the processed tailings that may have reprocessing value with recent developments in technology. This stockpile and tailings material is non JORC, but is the result of historic mineral processing of nickel and copper ores from Radio Hill from commencement of operations back in 1986.

Figure 5: Artemis Resources and Fox Resources Combined Projects.



The amended deal terms are as follows:

- Artemis has already paid an option fee of \$200,000 which will be deducted from the purchase price on the transaction proceeding.
- Artemis will now pay Fox a further one off payment of \$100,000 on or before the 16 March 2017, to extend the final close of the transaction to the end of April 2017, to allow for completion of the necessary due diligence and prepare for asset transfers.
- The final cash consideration will be \$2 million on closing and the issue to Fox of 20 million Artemis shares at 10c per share.
- The assets will be purchased clear of any outstanding creditor liabilities. No outstanding creditor liabilities associated with any of these Fox assets are to be assumed by Artemis on the day of closing.
- The transaction will now only be conditional on:
 - Artemis being satisfied with its due diligence;
 - Artemis completing the necessary funding arrangements to pay for the reduced cash consideration of \$2 million;
 - Artemis obtaining shareholder approval for the issue of 20 million shares;
 - all ASX and regulatory approvals; and
 - any ministerial approval under the Mining Act for the acquisition and any other third party consents and approval necessary or desirable to consummate the acquisition.

For full details of the Fox transaction see ASX announcement dated 1 March 2017.

Purdy's Reward Gold Project

During the period Artemis identified a new gold mineralisation style for the Karratha area at Purdy's Reward, West Pilbara.

Results from a geochemical orientation sampling traverse at the Purdy's Reward Gold project, and additional mapping, support a model of Archean sedimentary (conglomerate) hosted gold, also called paleoplacer.

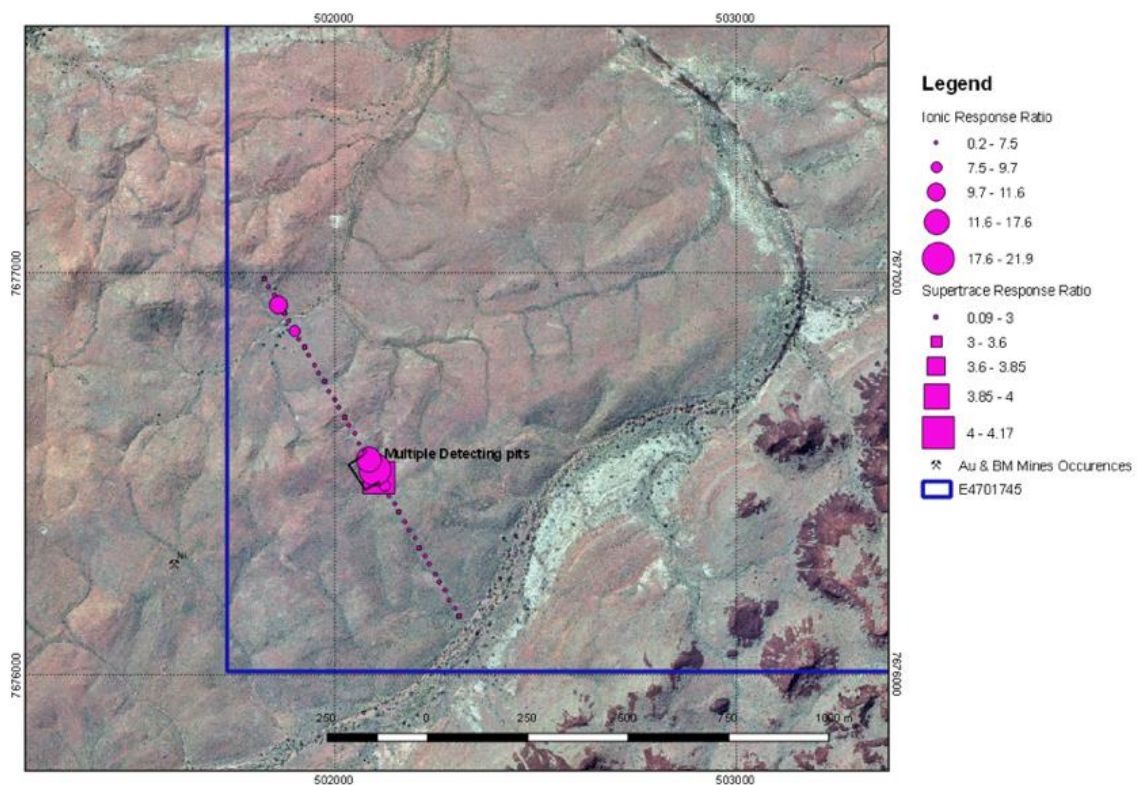
The gold occurrence at Purdy's is considered analogous to the conglomerate hosted mineralisation outlined by Novo Resources in their Beaton's Creek Project near Nullagine, but Purdy's Reward is significantly older in age. The style of mineralisation is referred to the Witswatersrand style, after the Witswatersrand gold province in South Africa that has significant gold in Archean sedimentary conglomerates.

The traverse (Figure 6) straddles the unconformity between the older Archean basement in the north and the overlying the Mt Roe Basalt to the south.

The samples were collected along a 1 km long traverse; samples for analysis using the ultra-sensitive ALS Global Ionic Leach™ technique were collected at 25 metre intervals. For comparison purposes at every 100 metre sample point an additional sample was collected and analysed using a conventional digest (Supertrace).

Within the central area of the traverse numerous prospector metal detecting pits were present. The area of the detecting pits corresponds to where significant anomalism in both the Ionic and Supertrace results occur. The results are expressed as "Response Ratios" for both techniques. This is to enhance the response to background signal of the data and to perform basic levelling on the results; this allows direct comparison of the results from the different methods. As such these values do not have a unit type.

Figure 6: Purdy's Reward orientation geochemical sampling traverse:



Two samples collected without visible gold were submitted for fire assay analysis at Nagrom Pty Ltd. Table 2 clearly indicates the presence of coarse gold in the sample SGMC001 although not visible at the time of sampling.

Table 2: Purdy's Reward assay results.

Sample Number	Easting	Northing	Au g/t	Au(2) g/t
Method	MGA94 Z50	MGA94 Z50	FA50	FA50
SGMC001	502205	7676600	35.754	268.700
SGMC002	502205	7676600	0.907	

Silica Hills⁴

Recent exploration activities have exposed high grade gold mineralisation, with significant free gold, in multiple quartz stock work systems at its Mt Sholl Mining Leases 23 km SSE of Karratha ("Silica Hills Gold Project", Figure 1).

27 kg of quartz specimens were sent to the Perth Mint and produced 38.3 ounces gold, and 5.3 ounces silver. The Perth Mint reported that gold was 86.83% and silver was 12.67%, making precious metal purity 99.5%.

The gold mineralisation was discovered after bulldozing a number of costeans through the sides and over a major highly silicified hill with dimensions of about 500m x 300m and 20m high from the surrounding plains. The geology of the project is characterised by a quartz stock work system within Archean felsic and mafic rocks. Hills of a similar nature and stretching for over 1.8 km in strike length within the project area have been identified and proven to be shedding gold and are currently being investigated.

Work Completed and Next steps:

- Rock chip sampling programme targeting the quartz stock work system was completed;
- Rehabilitation of historic alluvial disturbance has been completed;
- Drilling programme has been designed and a POW approved;
- Drilling and Costeaning will be tied in with further work at Purdy's Reward.

Table 3: Silica Hills assay results.

Sample Number	Easting	Northing	Au g/t	Au(2) g/t
Method	MGA94 Z50	MGA94 Z50	FA50	FA50
SHQC001	492859	7684490	29.815	122.122
SHQC002	492874	7684492	0.409	
SHQC004	492929	7684489	0.118	
SHQC007	492934	7684478	1.130	
SHQC011	492945	7684463	0.126	
SHQC012	492932	7684459	0.250	
SHQC013	492938	7684452	0.030	
SHQC016	493057	7684404	22.567	9.076

Expansion of tenure at the Silica Hills Gold Project has now been completed with the acquisition of all the shares in Shear Zone Mining Pty Ltd, a private company that holds 34 of 100 shares in Mining Leases M47/93 and M47/232 ("Mt Sholl East"). The Mt Sholl East tenements cover 201.1 hectare's and are contiguous and along strike to Artemis's Mining Leases M47/288 and M47/177, containing the recently announced Silica Hills

⁴ As per ASX announcement 8th November 2016

gold discovery. Artemis's tenement E47/1746 surrounds the Silica Hills Gold Project and the Mt Sholl East tenements and is the focus of exploration, looking at strike extensions of gold mineralisation recently identified.

Artemis paid \$40,000 in Artemis shares to complete the acquisition of Shear Zone Mining Pty Ltd.

Sampling from Silica Hills (Table 3) also shows extreme internal variations due to the presence of coarse gold. Neither of the high grade samples SHQC001 & 002 at Silica Hills occur in proximity to the 38.3ozs submitted to the Mint. This clearly indicates the potential to outline additional high grade material in the area.

Mt Clement-Paulsen's Gold Project⁵

A recent technical review by Artemis has led to the re-commencement of metallurgical studies, and preliminary design of a drilling programme to increase the known gold resources at its Mt Clements-Paulsen's Gold Project located only 35 kilometres south of Northern Star Resources' (ASX: NST) operational Paulsens Gold Mine in the Ashburton Basin of Western Australia. The Paulsens Mine produced 80,742 oz of gold for the year ended 30 June 2016.

Results from metallurgical test work demonstrate excellent gold recoveries from its 80% owned **Mt Clement-Paulsens Gold-Silver Project**, located in the Ashburton in Western Australia.

Excellent gold recoveries, ranging between 92% and 99%, were achieved using Nagrom's LeachWELL™ bottle roll test to extract the cyanide soluble gold. The oxidised surface material averaged 97% gold recoveries.

METALLURGICAL GOLD RECOVERY TEST WORK RESULTS:

Artemis, as previously announced on 14 November 2016, undertook a surface sampling programme at Mt Clement-Paulsens to assess the metallurgical gold recovery characteristics for the surface mineralisation. The samples taken from site were of wholly oxidised material at surface except for sample AM0089, which is from underground development spoil.

Table 4: Bottle roll cyanide recovery results (1kg samples ground to 80% passing 75 micron).

Sample No.	Head Grade (g/t Au)	Recovery (%)
AM0076	5.57	98.27
AM0077	1.28	95.23
AM0078	0.29	93.16
AM0078 REPEAT	NA	NA
AM0079	NA	NA
AM0080	2.8	99.06
AM0081	0.83	98.31
AM0081 REPEAT	NA	NA
AM0082	6.89	99.43
AM0086	0.34	98.54
AM0087	NA	NA
AM0088	1.6	98.47
AM0089	1.65	92.18
Average	2.36	96.96

The test work was carried out by Nagrom in Perth. Bulk samples were pulverised to 80% -75 micron and a 1kg sample was subject to a 2 hour LeachWELL™ bottle roll process to extract the cyanide soluble gold. Tailings analysis were completed on the solid residues. The results as provided by Nagrom in Perth are summarised in Table 4.

⁵ As per ASX announcement 14th November 2016

Other bottle roll analysis tests show virtually no digestion of the deleterious copper, arsenic and antimony elements within the samples tested.

This indicates the mineral forms of the deleterious elements (copper, arsenic and antimony) in the oxide zone do not adversely affect the cyanide leach process.

The positive metallurgical results will allow Artemis to advance the project, with the Company now considering a feasibility study.

In 2010/11, Artemis drilled 20 Reverse Circulation ("RC") drill holes, with the most encouraging results returning:

- 7m @ 4.23g/t Au (ARMCRC001, 12-19m)
- 6m @ 8.8g/t Au (ARMCRC001, 106-112m)
- 20m @ 7.3g/t Au (ARMCRC007, 86-106m)
- 24m @ 3.4g/t Au (ARMCRC008, 43-67m)
- 20m @ 1.99g/t Au & 66.82g/t Ag (ARMCRC011, 39-59m)
- 13m @ 2.61g/t Au & 357.15g/t Ag (ARMCRCD005 27-40m)
- 6m @ 3.30g/t Au (ARMCRCD005, 70-76m)
- 70m @ 1.49g/t Au (ARMCRCD006, 0-70m)
- 11m @ 4.76g/t Au, 270.60g/t Ag & 1.17% Cu (ARMCRC013, 97-108m)

The geological model for the Mt Clement-Paulsen's Gold Project has changed substantially since the last assessment was done over 5 years ago, and Artemis plans to commence drilling again as soon as a Programme of Work has been approved by the Department of Mines and Petroleum. Artemis have a highly prospective tenement package only a small proportion of which has been previously explored in such a prolific gold production area, and we are seeking to add to the known resource base within the Mining Leases.

At today's gold price, the company is optimistic that the surface oxide material may be amenable to heap leach gold and silver extraction and metallurgical extraction test work will now form part of this next phase of work on the Project.

Artemis, as manager, is in joint venture with Northern Star Resources with Artemis holding an 80% interest in the three approved Mining Leases with Northern Star Resources holding 20% which is free carried to Bankable Feasibility Study.

As previously announced by the Company in July 2011, Artemis commissioned Apex Geoscience to complete a mineral resource estimate for the Mt Clement Project. This resource estimate utilised all existing data, and was derived from a total of 90 RC and diamond drill holes. This resource estimation resulted in an Inferred Resource of 1.131Mt @ 1.77 g/t Au and 17.0 g/t Ag for a contained 64,400 oz Au and 618,500 oz Ag, compliant with the JORC Code (2004)⁶. This resource estimate was calculated using a cut-off grade of 0.5 g/t Au. Au-Ag mineralisation remains open at depth and along strike, indicating strong potential to substantially increase these resources with further drilling. The work to be undertaken by the Company will also include the upgrading of the resource estimate so that it is JORC (2012) compliant.

In accordance with Listing Rule 5.23.2, Artemis confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement referred to below, and that in the case of mineral resources that all material assumptions and technical parameters underpinning the estimates in the announcement referred to continue to apply and have not materially changed.

The Mt Clement Gold Project comprises three Mining Leases, (M08/191, M08/192, and M08/193). In total this tenement package, as shown in Figure 2, covers a total area of 8.2 km².

Artemis Resources Limited is the registered holder and operator of all of these tenements. Mining Leases M08/191, M08/192 and M08/193 were granted on 10th of May 1999 for a period of 21 years.

Mining Leases M08/191, M08/192, and M08/193 are under a Joint Venture agreement with Northern Star Resources Limited, the operator and manager of the nearby Paulsen's Gold Mine. Under this agreement, Artemis holds an 80% interest, and is the operator of the project, with Northern Star holding a 20% interest, which is

free carried to Bankable Feasibility Study.

Corporate

Appointment of Mr David Lenigas as Chairman

Mr David Lenigas was appointed as the new Executive Chairman of the Company on the 3rd November 2016.

Mr Lenigas is an experienced mining engineer with significant global resources and corporate experience, having served as executive chairman, chairman, and non-executive director of many public listed companies in London, Canada, Johannesburg, and Australia.

In recent years, Mr Lenigas was the Executive Chairman of London listed lithium investment company Rare Earth Minerals Plc, which has been responsible for providing significant funding for the development of the large Sonora Lithium Project in Mexico and the Cinovec Lithium Project in the Czech Republic. He is currently a non-executive director of Canadian listed Australian company Macarthur Minerals, whose major shareholder is Rare Earth Minerals Plc.

Mr Lenigas was also, until recently, the Executive Chairman of London listed UK Oil & Gas Investments Plc, which was responsible for the new Horse Hill oil discovery near London's Gatwick International Airport that flowed on test a UK onshore record of 1,688 barrels of oil per day. He is now the Executive Chairman of London listed Doriemus Plc, which owns an interest in the Horse Hill oil discovery and is working with its JV partners towards moving Horse Hill into production.

Mr Lenigas has a Bachelor of Applied Science (Mining Engineering) (Distinction) from Curtin University's Kalgoorlie School of Mines and holds a Western Australian First Class Mine Manager's Certificate of Competency.

Pursuant to the consultancy agreement entered into between the Company and Mr Lenigas (the "Consultant"), the Company shall pay the Consultant fees of \$5,000 per calendar month plus GST (if applicable) for his services. In addition, and subject to shareholder approval at an EGM on 31 January 2017, the Company shall issue to the Consultant as an incentive 25 million (post share consolidation on 13 February 2017) fully paid ordinary shares of the Company ("Shares") :

Appointment of Mr Alex Duncan-Kemp as Director

On 3 January 2017 the Company appointed a highly experienced senior mining executive, **Mr Alex Duncan-Kemp**, to the board of the Company as an Executive Director.

Mr Duncan-Kemp is an experienced mining engineer within the Australian mining industry, having previously served as Mine Superintendent at Plutonic's Darlot Gold Mine and Mt Edon Gold's Tarmoola Gold Mine, WMC Fertilizer's Phosphate Hill and more recently having senior mining engineering roles specifically in the Pilbara region with Rio Tinto, Sino Iron, Iron Ore Holdings and mid-tier mining contractors.

Mr Duncan-Kemp has a Bachelor of Applied Science (Mining Engineering) from Curtin University's WA Kalgoorlie School of Mines and holds a Western Australian First Class Mine Manager's Certificate of Competency.

Pursuant to the consultancy agreement entered into today between the Company and Mr Duncan-Kemp (the "Consultant"), the Company pays the Consultant fees of \$5,000 per calendar month plus GST (if applicable) for his services.

Capital Raisings and share consolidation

A capital raising of \$675,500 (net of costs) through the issue of 470,333,333 shares at \$0.0015 each was completed on 16th December 2016, and following a one for 20 share consolidation completed in early February, the Company raised a further \$1,475,000 with the issue of 19,666,667 shares at 7.5 cents each.

Amitsoq Graphite Project

As announced on the 7th November 2016 Artemis resolved to sell its entire remaining interest in the Amitsoq graphite project in Greenland to Alba Mineral Resources plc ("Alba").

In summary the net result for Artemis of the acquisition and subsequent disposal of this project was a profit of approximately \$163,000.

Competent Person Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled or reviewed by Edward Mead, who is a Member 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 Doralda Pty Ltd. Mr Mead has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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'. Mr Mead consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

OPERATING RESULTS

With this background, the loss after income tax for the period amounted to \$284,061 (31 December 2015 loss: \$3,182,127).

EVENTS SUBSEQUENT TO REPORTING DATE

The company completed a share consolidation on the basis of one for twenty in early February 2017 and then completed a capital raising of \$1,475,000 with the issue of 19,666,667 shares at \$0.075 per share.

On 31 January 2017 the shareholders approved the issue of 25 million shares to the Chairman, David Lenigas. The share price at the date of approval was \$0.04. Accordingly a charge of \$1,000,000 will be booked in the period to 30 June 2017.

The Company renegotiated the agreement with Fox Resources Limited as outlined above and in the ASX announcement dated 1 March 2017.

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 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the half year ended 31 December 2016.

Signed in accordance with a resolution of the Directors



Edward Mead
Executive Director

Dated at Sydney
14 March 2017

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

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016, 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
Level 40, 2 Park Street
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DREW TOWNSEND
Partner

Dated: 14 March 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Revenue from operations	76,097	38,170
Occupancy costs	(1,151)	(10,376)
Legal fees	(4,409)	(295,721)
Consultancy costs	(65,975)	(176,998)
Compliance and regulatory expenses	(50,646)	(46,013)
Management fees	-	(22,203)
Directors' fees	(71,848)	(57,221)
Exploration expenditure written off	-	(2,555,349)
Travel	(18,065)	(5,771)
Borrowing costs	-	(33,500)
Project development written off	(100,000)	-
Other expenses	(47,064)	(17,145)
(LOSS) BEFORE INCOME TAX	(284,061)	(3,182,127)
Income tax benefit	-	-
(LOSS) FOR THE PERIOD	(284,061)	(3,182,127)
OTHER COMPREHENSIVE (LOSS) FOR THE PERIOD		
Items that may be reclassified subsequently to profit or loss		
Loss on available for sale investments	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive loss for the period, net of income tax	-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(284,061)	(3,182,127)
Basic and diluted (loss) per share	(0.008) cents	(0.24) cents

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 2016

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		504,240	18,149
Trade and other receivables		42,436	101,595
Other financial assets	3	-	15,989
TOTAL CURRENT ASSETS		<u>546,676</u>	<u>135,733</u>
NON-CURRENT ASSETS			
Plant and equipment		9,000	-
Evaluation and exploration expenditure	4	1,996,456	1,631,509
TOTAL NON-CURRENT ASSETS		<u>2,005,456</u>	<u>1,631,509</u>
TOTAL ASSETS		<u>2,552,132</u>	<u>1,767,242</u>
CURRENT LIABILITIES			
Trade and other payables		562,762	529,736
Shareholder loan		120,000	-
TOTAL CURRENT LIABILITIES		<u>682,762</u>	<u>529,736</u>
TOTAL LIABILITIES		<u>682,762</u>	<u>529,736</u>
NET ASSETS		<u>1,869,370</u>	<u>1,237,506</u>
EQUITY			
Share capital			
Issued capital	5	33,290,370	32,274,443
Accumulated losses		(31,421,000)	(31,136,937)
TOTAL EQUITY		<u>1,869,370</u>	<u>1,237,506</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 2016

	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

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2015	29,956,601	(24,784,451)	125,000	5,297,150
Loss for the period	-	(3,182,127)	-	(3,182,127)
Total comprehensive loss for the period	-	(3,182,127)	-	(3,182,127)
Issue of capital	2,417,842	-	-	2,417,842
Balance at 31 December 2015	32,374,443	(27,966,578)	125,000	4,532,865

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,295	-
Payments to suppliers and employees	(76,705)	(636,732)
Interest received	732	562
NET CASH USED IN OPERATING ACTIVITIES	<u>(62,678)</u>	<u>(636,170)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of project	150,785	104,188
Proceeds from sale of investments	11,451	-
Payments for exploration and evaluation	(271,894)	(185,109)
Payment for plant and equipment	(10,000)	-
Payment for prospect	(100,000)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(219,658)</u>	<u>(80,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	676,950	812,092
Cost of share issue	(28,523)	-
Proceeds from loan	120,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>768,427</u>	<u>812,092</u>
Net increase in cash held	486,091	95,001
Cash at the beginning of the period	<u>18,149</u>	<u>340,922</u>
CASH AT THE END OF THE PERIOD	<u><u>504,240</u></u>	<u><u>435,923</u></u>

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

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 2016. 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 14 March 2017.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$284,063 and had net cash outflows from operating activities and investing activities of \$62,678 and \$219,658 respectively for the half year ended 31 December 2016. In addition the Company had a working capital deficit of \$136,086 as at 31 December 2016. The consolidated entity has prepared budgets and forecasts for the following 12 months, and has determined further capital is required if the company is to continue at the planned level of operations.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Company raised \$1,475,000 before costs on 27 February 2017 with the issue of 19,666,667 shares at 7.5 cents per share;
- The company has been successful in raising capital whenever it has approached the markets in the past and the directors are confident in the ability to continue to raise additional funds on a timely basis, as and when required;
- The consolidated entity has cash at bank at balance date of \$504,240 and net assets of \$2,019,370;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash should capital raising be delayed or not occur; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

• STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

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. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2016 was based on the loss attributable to shareholders of the parent company of \$134,063 (2015: Loss \$3,182,127):

	2016 Cents	2015 Cents
Basic and diluted (loss) per share	(0.008) cents	(0.24) cents
	No of Shares	No of Shares
Weighted average number of ordinary shares:		
Ordinary shares	3,735,386,880	1,325,282,807

3. FINANCIAL ASSETS

	31 December 2016 \$	30 June 2016 \$
Current		
<i>Available for sale financial assets</i>		
Shares in listed equity securities – at fair value	-	15,989

4. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2016 \$	30 June 2016 \$
Exploration and evaluation phase costs carried forward at cost:	1,996,456	1,631,509

(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 2016 \$	31 December 2015 \$
Opening balance	1,631,509	6,736,804
Acquisition of project	55,000	100,000
Payment for prospect ¹	100,000	-
Carrying value of project sold	-	(66,580)
Add: Exploration and evaluation expenditure capitalised	211,637	466,425
Less: Exploration expenditure written off	(30,660)	(2,552,091)
Closing balance	1,996,456	4,684,558

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.

¹Payment for right to acquire Fox Radio Hill Pty Ltd

5. SHARE CAPITAL

	31 December 2016 \$	30 June 2016 \$
ISSUED CAPITAL DETAILS		
4,345,441,492 (30 June 2016: 3,656,158,159) Ordinary shares:	33,290,371	32,374,443
Reconciliation of movement during the period:		
	Shares	\$
Opening balance	3,656,158,159	32,374,443
Shares issued Go2Sho Inc. 31 August 2016	100,000,000	100,000
Options exercised 24 November 2016	1,450,000	1,450
Share placement 24 November 2016	350,333,333	525,500
Shares issued for project 24 November 2016	10,000,000	15,000
Shares issued consultants 16 December 2016	20,000,000	25,000
Share placement 16 December 2016	100,000,000	150,000
Shares issued to directors in lieu of fees 16 December 2016	87,500,000	87,500
Shares issued for project 20 December 2016	20,000,000	40,000
Cost of raising capital	-	(28,522)
Closing balance	4,345,441,492	33,290,371

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.

Share Consolidation

Subsequent to period end the Company undertook a share consolidation on the base of 1 for 20. The shares traded on a consolidated basis from 13 February 2017.

On 27 February 2017 the Company completed a capital raising of \$1,475,000 issuing 19,666,667 shares at 7.5 cents per share.

SHARE OPTIONS

The Company currently has the following outstanding options:

	Options on issue	Number listed on ASX	Exercise Price	Expiry Date
Unlisted options	2,316,391,748	-	0.1 cents	30/09/2017

6. SEGMENT INFORMATION

The consolidated entity operates in Australia. The entity in the previous period had three major projects, Yandal, West Pilbara and Mount Clement. During the previous year the Company wrote off its investment in Yandal following disposal of this project. The Company is currently looking for joint venture partners for its Mt Clement project and given uncertainty as to its value has written down the project to nil value. Going forward the Company is focussing on the West Pilbara project.

	Exploration Activities Yandal \$	Exploration - Activities Mt Clement \$	Exploration - Activities West Pilbara \$	Exploration - Activities 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
31 December 2015						
Segment revenue	-	-	-	-	38,170	38,170
Segment expenses	-	(2,467,523)	(84,568)	-	(668,206)	(3,220,297)
Results from operating activities	-	(2,467,523)	(84,568)	-	(630,036)	(3,187,127)
Segment assets	-	-	4,158,658	525,900	494,512	5,179,070
Segment liabilities	-	-	-	-	646,205	646,205

7. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

8. EVENTS SUBSEQUENT TO 31 DECEMBER 2016

The Company completed a share consolidation on the basis of one for twenty in early February 2017 and then completed a capital raising of \$1,475,000 with the issue of 19,666,667 shares at \$0.075 per share.

On 31 January 2017 the shareholders approved the issue of 25 million shares to the Chairman, David Lenigas. The share price at the date of approval was \$0.04. Accordingly a charge of \$1,000,000 will be booked in the period to 30 June 2017.

The Company renegotiated the agreement with Fox Resources Limited as outlined above and in the ASX announcement dated 1 March 2017.

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 2016.

The directors declare that:

- (a) the financial statements and notes, set out on pages 16 to 24, 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 2016 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

A handwritten signature in black ink, appearing to read 'E Mead', is written over a faint horizontal line.

Edward Mead
Executive Director
14 March 2017

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

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

SYDNEY

Level 40
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Sydney NSW 2000
Australia

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Sydney NSW 2001

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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 2016, 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 Half-Year 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 2016 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim 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 ITS CONTROLLED ENTITIES**

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

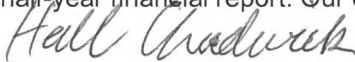
Conclusion

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 2016 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$284,061 and incurred net operating cash outflows of \$62,678 during the half-year ended 31 December 2016 and of that date, the company's current liabilities exceeded its current assets by \$136,086. As stated in Note 1 these conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report. Our conclusion is modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Dated: 14 March 2017

DIRECTORS

David Lenigas (Chairman)
Edward Mead (Executive Director)
Alex Duncan-Kemp (Executive Director)
Campbell Baird (Non-Executive Director)
George Frangeskides (Non-Executive Director)

COMPANY SECRETARY

Guy Robertson

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