



**Artemis Resources Limited  
and its controlled entities**

**Annual financial report  
for the year ended  
30 June 2017**



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## CHAIRMAN'S LETTER

Dear fellow shareholders,

What a year for Artemis!

The real journey for Artemis has only just begun as we move towards unlocking the real value of the Company's significant gold, cobalt, copper, nickel, zinc, palladium, platinum and iron ore assets in the Karratha Region of Western Australia.

Our market capitalisation has gone from a mere \$4 million back in November 2016, when I was appointed to the Board, to over \$100 million at the time of writing this letter and I see an exciting journey for Artemis shareholders in the years ahead.

This year under review has been a truly transformational one, headlined by the discovery of the Witwatersrand style of gold mineralisation at Purdy's Reward and our new 50:50 joint venture with our Canadian partners at Novo Resources Corp. ("Novo") on conglomerate and/or paleoplacer style gold mineralisation on a large number of Artemis' tenements in the Karratha area.

The Company also saw other significant exploration success with the discovery of some of the best cobalt/copper/gold grades in Australia at our 100% owned Carlow Castle Project and the 100% buyback of our Mt Oscar licence from the Chinese and the subsequent identification of gold in conglomerates over a potential 14km strike (the "Mt OscarWits Project") – where we will be hitting exploration hard this year.

Some institutional investors ask me when did Artemis get these assets, but little do they realise that the Company and its management has been astutely acquiring and accumulating this exciting portfolio of multi-metal assets in Karratha for many years. The Board also saw that the key to unlocking the value of these assets lay with the strategic acquisition of the fully permitted Radio Hill Nickel/Copper/Cobalt mine and metallurgical plant, which has been under care and maintenance for some years, and its mineral rich 495 km<sup>2</sup> tenement package which complimented Artemis's considerable land holding in the area.

Many shareholders were puzzled at the time as to the wisdom of this Radio Hill deal, and the Company undertook a number of necessary and dilutive capital raisings during the acquisition process to secure these valuable assets. By completing this acquisition, Artemis secured a considerable land package in Karratha which is now seen as highly prospective for hosting the new style of conglomerate gold mineralisation we and Novo have seen at Purdy's Reward. The extent of the gold bearing conglomerates across our 1,500 km<sup>2</sup> tenement package south of Karratha is yet to be fully defined but, needless to say, the journey of discovery ahead will be exciting for shareholders.

The Radio Hill metallurgical plant is ideally suited for gold and base metals recovery and its potential will hopefully allow us to fast track the commercial development of many of our projects in the Karratha area going forward. We also see this plant as playing a pivotal role in the processing of the gold bearing conglomerates that lie within a 30km radius.

The Radio Hill assets have already started to generate healthy revenue from copper ore sales from the Whundo Copper Mine near Radio Hill. This year we signed a copper oxide ore sale agreement with Blackrock Metals Pty Ltd ("Blackrock Metals") to sell surface stockpiles at the mine gate to their Whim Creek's SX-EW operations and we see a healthy long-term future for this venture, especially with the strengthening copper prices seen in recent months and after drilling this year confirmed significant shallow copper oxide ores still exist around the two Whundo open pits.

We are also working closely with Blackrock Metals to conduct a scoping study with the view of bringing our Mt Clement-Paulsens Gold Project into production as a potential heap leach operation.

Now let me discuss the Company's capital structure and share trading performance.

A year ago, the Company's finances and future prospects were in a relative low and with the support of our major shareholder, our existing shareholders and new institutional investors, we have managed to repay a the US\$2m facility put in place to buy the Radio Hill assets eleven months early and have also put considerable cash on our balance sheet. The \$12m capital raise done in September 2017 ensures that Artemis can pay its way under the new Novo joint venture, so that we can maintain its 50% interest in the conglomerate gold plays at Purdy's Reward and elsewhere on JV lands.

Prior to the 1 for 20 share consolidation undertaken in January 2017, there was little interest in trading of in the Company's securities with daily trading volume and dollar value traded on the ASX being very light. The board considered that consolidation was necessary to make Artemis more acceptable for potential new institutional investors and I'm pleased to say that shareholders voted for its acceptance.

I know that many retail shareholders do not like capital raisings, as they see them as unnecessary dilution, but without real money companies go broke. As I've said before, you can't build a real business with "bottle tops" and banks don't lend to companies like Artemis. I wish they did! So, capital raisings are a necessity for many companies who want to grow and succeed. Without these placings, Purdy's Reward, Mt OscarWits and Carlow Castle would not be where they are today. The numerous capital raisings undertaken by the Company have allowed us to acquire a valuable portfolio of assets and prepare for an active year ahead.

I would like to take this opportunity to thank the finance institutions, our retail shareholders, and in particular our new institutional shareholders, for their support during the year, and look forward to everyone's ongoing support as we continue on this exciting journey in the years ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Lenigas', written in a cursive style.

David Lenigas  
Executive Chairman  
Artemis Resources Limited  
28 September 2017



## REVIEW OF OPERATIONS

Artemis Resources Limited (“Artemis” or “Company”) is pleased to outline the Company’s progress for the financial year ending 30 June 2017. There are additional comments included on the Company’s activities from year end to the date of this Annual Report.

### Project Areas of Review

- Purdy’s Reward
- Mt Oscar/Wits
- Carlow Castle
- Nickol River
- Radio Hill
- Silica Hills
- Weerianna
- Whundo
- Mt Clement Paulsens
- Amitsoq Graphite
- Corporate Matters

### Purdy’s Reward Project

#### *Novo Resources Corp. Agreement:*

On 29 May 2017 the Company entered into a memorandum of agreement with Novo Resources Corp. (“Novo”) under which the Company granted Karratha Gold Pty Ltd (“Karratha Gold”) (a subsidiary of Novo) the right to earn a 50% interest in conglomerate and/or paleoplacer style gold mineralisation on a large proportion of the Company’s exploration tenement package in the Karratha region of Western Australia. Upon completion of the farm-in by Karratha Gold, a 50:50 joint venture will be formed between Karratha Gold and the Company for the exploration, development and mining of conglomerate and/or paleoplacer style gold mineralisation on the tenements.

In accordance with the terms of the memorandum of agreement, definitive agreements were entered into between the Company and Novo on 15 August 2017. The definitive agreements varied the original terms of the memorandum of agreement to, among other things, provide for the issue to the Company of 4,000,000 shares in Novo (worth ~AUD \$21.8 million at the time of the announcement) upon signing of the definitive agreements. The shares are subject to a twelve month hold period (inclusive of the four month statutory hold period).

Under the definitive agreements, Karratha Gold will farm-in to 50% of 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 which are either held by one of Artemis’ subsidiaries, or in relation to which a subsidiary of Artemis has an interest or the right to earn an interest, including at Purdy’s Reward (“the Gold Rights”). The Gold Rights do not include (i) gold disclosed in Artemis’ existing (at 18 May 2017) JORC compliant Resources and Reserves or (ii) gold which is not within conglomerate and/or paleoplacer style mineralisation or (iii) minerals other than gold (with the exception of those minerals necessarily mined in association with gold). Artemis’ Mt Oscar tenement is excluded from the definitive agreements.

The farm-in commitment requires Novo to expend AUD \$2 million on exploration on the tenements within two years of the date on which conditions precedent are satisfied.

The definitive agreements cover 38 tenements/tenement applications that are 100% owned by Artemis. On completion of the farm-in commitment, three 50:50 joint ventures will be formed between Karratha Gold and three subsidiaries of Artemis. The joint ventures will be managed as one by Karratha Gold. Artemis and Novo will contribute to further exploration and mining of the Gold Rights on a 50:50 basis.

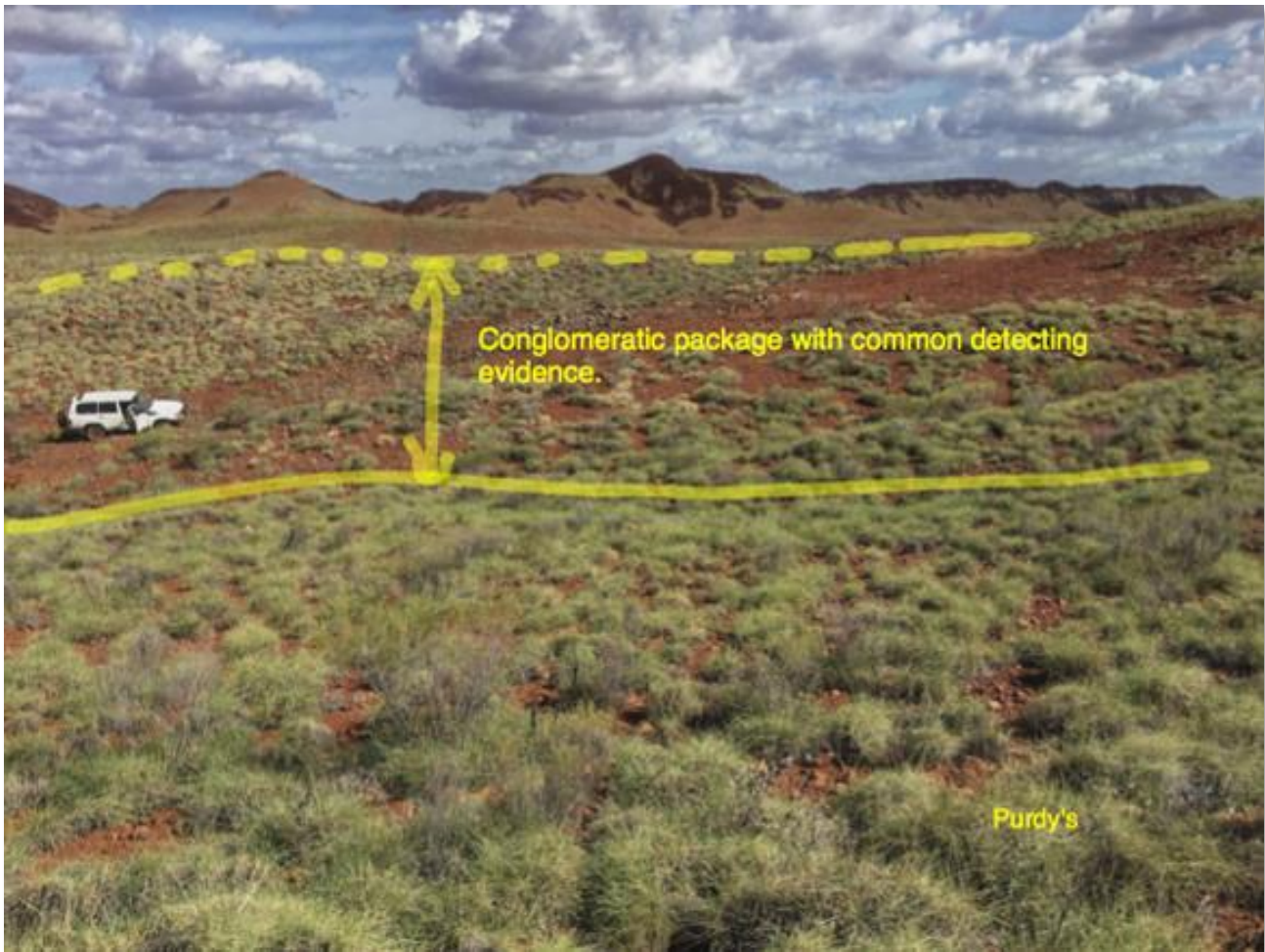
Further definitive agreements covering approximately 19 Artemis tenements/tenement applications that are already subject to third party interests are expected to be signed once all necessary third party consents have been obtained.

*Joint Venture and New Witwatersrand Concept for the Pilbara:*

Artemis and Novo believe that a new style of conglomerate/paleoplacer style gold mineralisation exists south of Karratha that is similar, or even a possible historic geological extension, to the Witwatersrand gold province in South Africa. The Witwatersrand contains significant gold in similar Archean sedimentary conglomerates to those now being identified in the Artemis/Novo ground in the West Pilbara. Artemis has an extensive tenement package south of Karratha that has abundant prospective conglomerate horizons that form part of a thick sequence of sedimentary rocks underlying the Mt Roe basalt, at the base of the Fortescue Group.

Artemis has already identified the presence of significant gold mineralisation at its Purdy's Reward Project where the conglomerate horizons at the base of the Fortescue Group vary in thickness from between 80-100 metres (Figure 1). The gold occurrence at Purdy's Reward is considered highly analogous to Novo's conglomerate hosted mineralisation at their Beaton's Creek Project near Nullagine.

**Figure 1: Fortescue Group conglomerate package identified at Purdy's Reward<sup>1</sup>.**



Gold nuggets found at Purdy's Reward display several interesting characteristics. Most are flattened with rounded edges giving them an appearance similar to watermelon seeds (Figure 2). Most are coarse, +2 mm in size and are not attached to quartz or other minerals. Most nuggets occur in the sandy matrix of conglomerate and the sandy texture has been imparted on their surface through pressure during burial.

Purdy's Reward has all the approvals in place for ground-disturbing exploration with a Heritage Survey completed and a Programme of Works approved by the Department of Mines and Petroleum (now the Department of Mines, Industry Regulation and Safety) for an extensive trenching and drilling programme. Novo plans to immediately initiate an aggressive trenching campaign over the next several months followed by drilling later this year, a highly effective approach that Novo has utilised to successfully explore for gold in their conglomerates at Beaton's Creek.

<sup>1</sup> As per ASX announcement dated 20 February 2017  
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All of Artemis's tenements in the West Pilbara, including Purdy's Reward, are in good standing with no forfeiture actions or outstanding matters.

The new farmin and joint venture agreements with Novo contemplate the joint venture potentially utilizing Artemis's nearby fully permitted mill, tailings dam and facilities at Radio Hill. This is a significant benefit should economic mineralisation be identified.

**Figure 2: Gold nuggets, flat and rounded and up to 13 grams from Purdy's Reward<sup>2</sup>.**



#### **Carlow Castle Project:**

The Carlow Castle Project is located approximately 10km south-east of Roebourne in the West Pilbara Region of Western Australia, and has a reported JORC (2012) inferred Mineral Resource of 418,000t at 3.0 g/t Au and 0.6% Cu for a contained metal of 40,000 ounces of gold and 2,500 tonnes of Copper.<sup>3</sup>

During the reporting period two drilling programmes and a small rehabilitation programme were completed. The rehabilitation programme consisted of the closure of old trench excavations across the Project site.

#### *Reverse Circulation (RC) Drilling Results:*

The Phase One RC drilling programme consisted of 34 holes for 2,426m. The significant intersections assay results are shown in Table 1. The drill hole locations are shown in Figure 3. Figure 4 shows the interpreted section through the mineralisation at 768940mN.

The assay results have consistently intersected cobalt mineralisation above 1% and make the Carlow Castle Project significant when compared to other Projects currently being explored.

Holes completed to the west of the Carlow South resource area indicate the mineralisation extends at least another 150m to the west. Holes ARC005 and ARC033a were drilled down dip to confirm the orebody configuration and obtain material for metallurgical testing. Hole ARC005 was not completed to the planned depth due to drilling problems. The intersection in Hole ARC033a has been extended with receipt of additional results, **22m at 0.7% Co, 5.9 g/t Au and 2.6% Cu.**

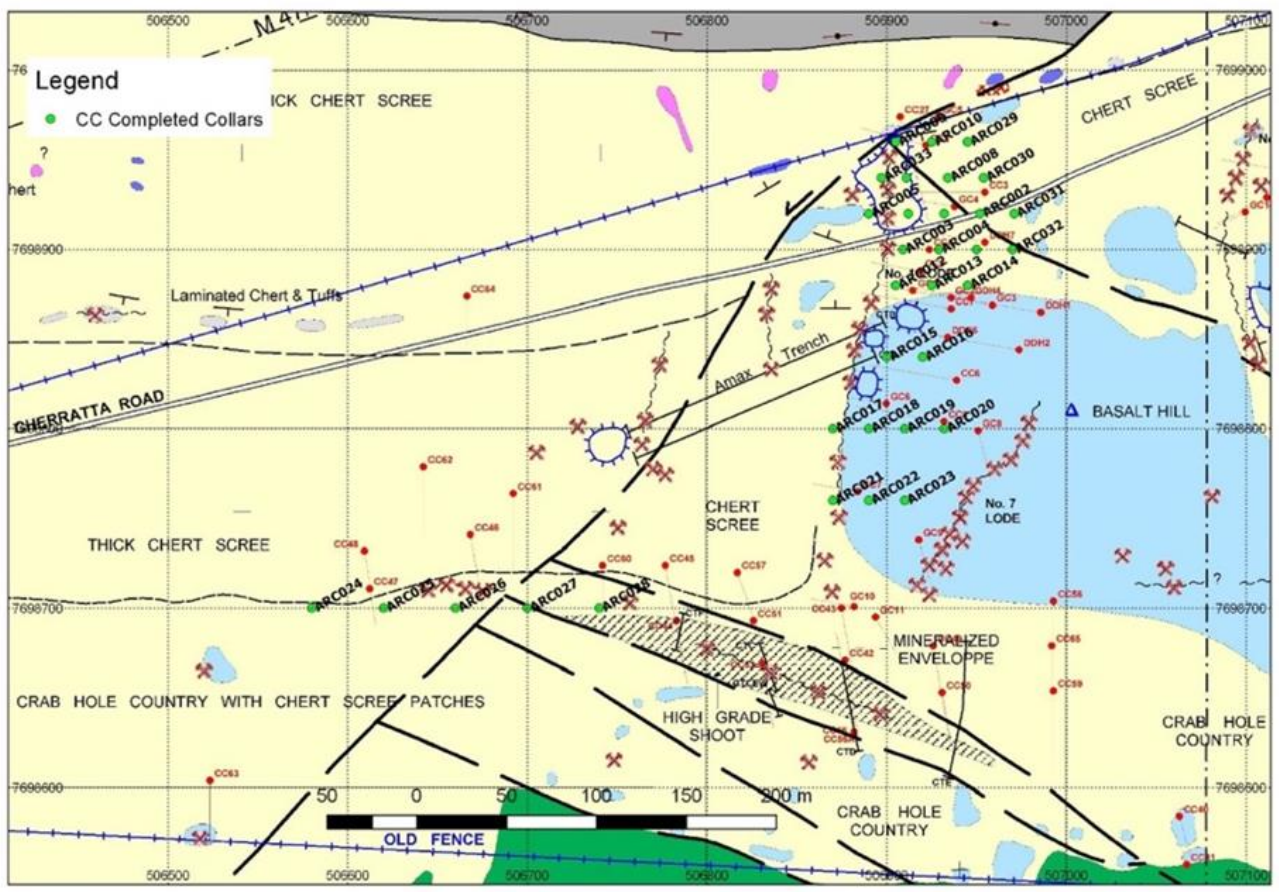
The intersection on Hole ARC008 (**11 metres at 0.8% Co, 14.1 g/t Au and 3.4 % Cu**) shows the substantial gold tenor of the mineralisation with attractive copper grades supplemented with additional excellent cobalt grades.

<sup>2</sup> As per ASX announcement dated 16 November 2016

<sup>3</sup> As per ASX Announcement dated 30 June 2014  
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Figure 3: Location of Carlow Castle drill holes.

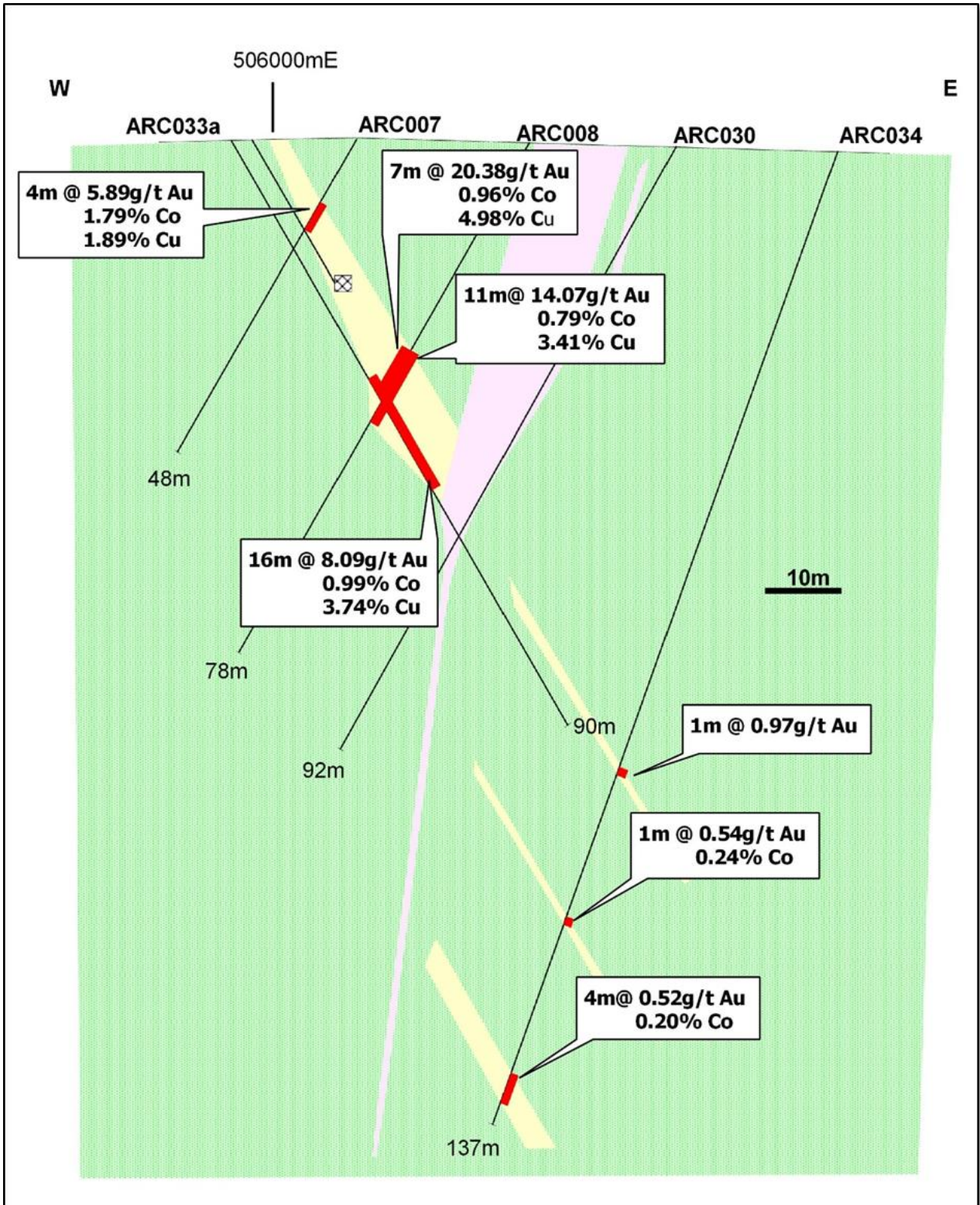


**Table 1: Carlow Castle RC drilling results:**

Hole Number	From (m)	To (m)	Interval (m)	Cobalt %	Gold g/t	Copper %
ARC001	31	36	5	0.6	2.8	2.2
Including	33	35	2	1.4	5.2	4.2
ARC002	63	67	4	1.1	10.7	4.4
Including	64	66	2	1.8	19.8	8.1
ARC003	15	18	3	0.7	1.0	0.6
Including	17	18	1	1.2	1.9	1.2
ARC004	32	35	3	0.9	0.9	1.9
Including	34	35	1	1.6	0.9	0.2
ARC005	48	54	6	1.4	4.1	1.7
ARC006	52	58	6	1.9	3.4	1.4
Including	52	55	3	3.5	6.2	2.4
ARC007	10	14	4	1.8	5.9	1.9
ARC008	32	43	11	0.8	14.1	3.4
Including	32	40	8	1.02	18.67	4.51
ARC009	10	17	7	0.08	0.8	0.5
ARC010				NSI		
ARC011	17	21	4	0.8	3.4	3.6
ARC012	10	13	3	0.5	0.08	0.05
ARC012	17	18	1	0.06	2.4	3.1
ARC013	51	52	1	0.07	1.4	1.4
ARC013	63	65	2	0.01	2.5	1.4
ARC014	57	59	2	0.2	0.9	0.6
ARC014	69	75	6	0.03	0.8	0.8
ARC014	88	89	1	0.03	4.3	2.5
ARC015	19	21	2	Stope		
ARC015	21	25	4	0.04	4.3	1.8
ARC016	41	44	3	0.4	0.3	0.8
ARC017	34	35	1	0.1	0.5	0.7
ARC018	28	30	2	0.1	0.9	0.3
ARC019				NSI		
ARC020				NSI		
ARC021				NSI		
ARC022	37	38	1	0.03	1.1	0.1
ARC023				NSI		
ARC024	2	5	3	0.02	1.1	0.3
ARC024	25	30	5	0.3	2.9	0.6
ARC025	19	23	4	0.04	1.1	0.2
ARC025	48	52	4	0.5	4.1	1.2
ARC026	1	5	4	0.02	0.9	0.4
ARC027	6	13	7	0.06	1.0	0.8
ARC028	3	25	22	0.06	0.7	0.4
Including	20	25	5	0.07	1.2	0.6
ARC028	36	41	5	0.3	375	0.8
ARC029				NSI		
ARC030				NSI		
ARC031	86	96	10	0.6	4.1	0.7
Including	86	89	3	1.3	12.3	1.4
ARC032	83	87	4	0.3	0.8	0.08
ARC033a	39	61	22	0.7	5.9	2.6
Including	41	47	6	1.8	13.9	5.9
ARC034	130	134	4	0.2	0.7	NSI



Figure 4: Carlow Castle interpreted section 768940mN



*Rotary Air Blast (RAB) Drilling:*

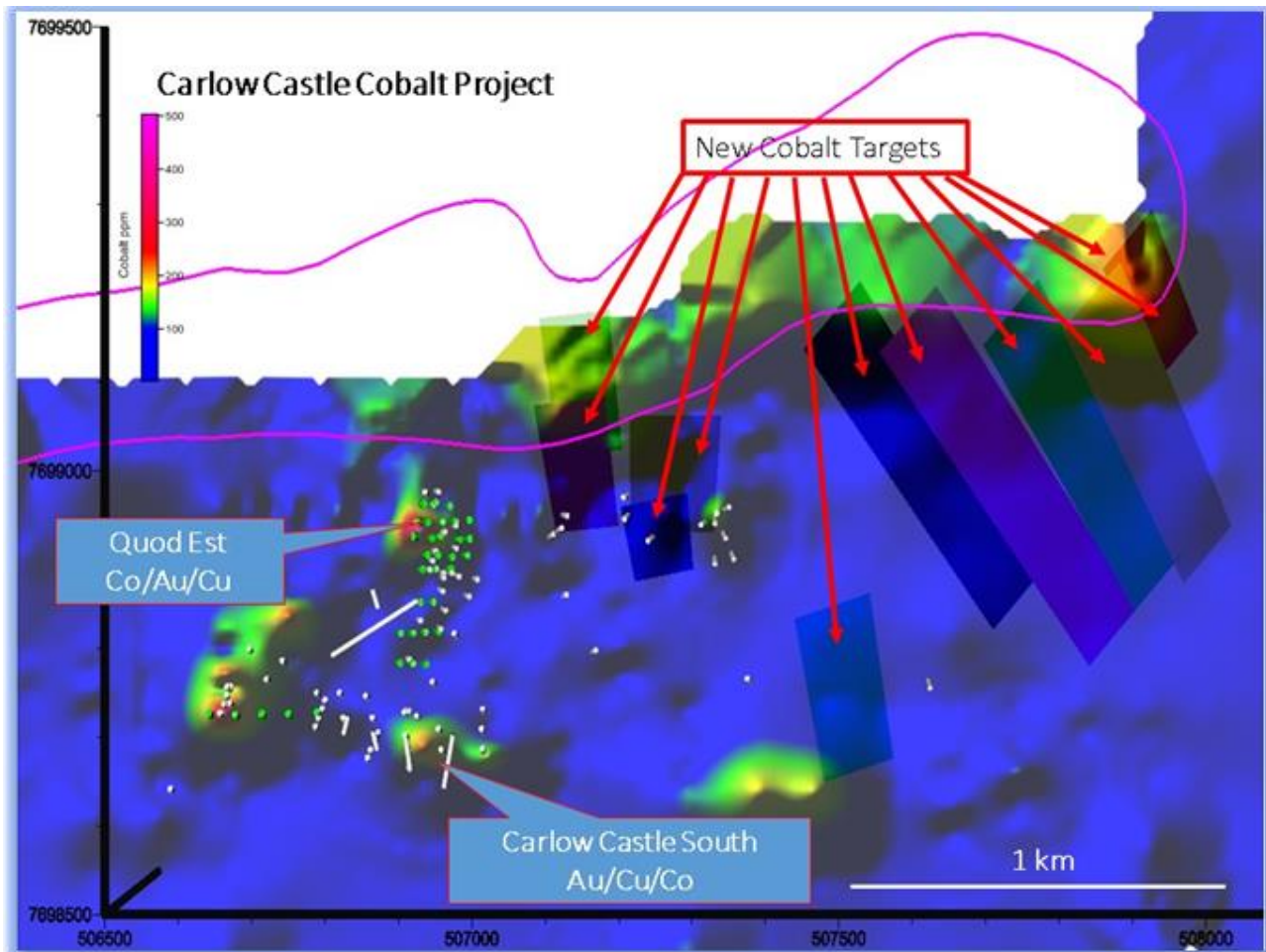
A 500 hole shallow RAB programme commenced at Carlow Castle to assess a 4km x 1km area (to a depth of three metres). The RAB drilling programme was designed to penetrate the surficial cover sequence which masks the underlying geology. Drilling covered an area from 2km west to 2km east of the Carlow Castle RC drilling. The programme has generated a basement geological map and geochemistry maps with the aim of defining further mineralised cobalt/gold/copper trends for follow up with RC drilling.

The RAB geochemical program has defined several new targets and has significantly extended the potential strike length of the Carlow South system to about 1,000m. The most significant result is the indication of a mineralised zone along the contact with chert/cataclastic sediment horizon to the north of Quod Est. Artemis geologists had postulated that the sulphur contents of the sediments had contributed to the cobalt deposition within Quod Est, and the apparent association of cobalt with sediments could be highly significant.

*Further Work:*

Following the analysis of the results for the drilling programme and processing of an overlying VTEM (Versatile Time Domain Electromagnetics) data on the Carlow Castle Project a number of potential cobalt targets have been identified as shown in Figure 5. Planning is progressing for additional drilling and trenching to advance the Carlow Castle Project.

**Figure 5: New cobalt targets identified from VTEM and drilling**



**Mt OscarWits Project:**

The Company took back 100% control of its 117.8km<sup>2</sup> Mt Oscar exploration licence E47/1217 from Magnetic South Pty Ltd in July 2017. The tenement is a granted Exploration Licence, and is located about 35km south-east of Karratha and 16km north-east of the Company’s Purdy’s Reward conglomerate hosted gold project.

Artemis geologists have completed a due diligence field inspection of the Mt Oscar tenement. The geological team, after the discovery earlier this year of conglomerate hosted gold at the Purdy’s Reward Project, identified significant gold-bearing sedimentary sequences within very coarse quartz conglomerate and sandstone units at the Mt OscarWits Project. The Company believes these are part of the Fortescue Group and hence can be directly correlated with the Company’s Purdy’s Reward sequence of mafic sediments and polymictic conglomerates located only 21km to the south-west.



The Mt OscarWits sedimentary sequences extend over an east-west strike length of some 14km with true widths up to 75m thick in outcrops (Figure 6), with gold currently proven toward the eastern and western ends. The central zone does not appear to have been sampled for gold with the previous focus being primarily on iron ore.

The conglomerates at Mt OscarWits are quartz rich (Figure 7) and “cleaner” in character than the Purdy’s Reward mafic rich conglomerates, as the Mt OscarWits matrix “glue” within the conglomerates is primarily quartz sand and the conglomerate fragments consist of quartz and chert pebbles and boulders.

**Figure 6: Mt OscarWits prospective conglomerate sequence is 75 metres thick at the Churnside Gold Prospect, where a rock chip sample returned a peak assay result of 10.93 g/t gold from a coarse-grained clast supported cobble conglomerate.**



There appear to be sedimentary sequences totaling up to 75m in true thickness, hosting the gold with an interlayered basaltic unit analogous to the Mt Roe Basalt. The sedimentary sequences at Mt OscarWits have been folded and faulted creating duplication with four units being mapped in several places over the significant strike length.

Exploration activities in recent years have focused primarily on the magnetite iron ore potential of the tenement, where the Company now has a 100% owned Indicated and Inferred JORC Resource of 126Mt @ 33.8% Fe Head Grade<sup>4</sup>.

As part of the Mt Oscar iron ore rock chip exploration program, geologists sampled a conglomerate unit at the White Quartz Hill Prospect, located some 12km east-north-east of the Mt Oscar iron mineralisation and returned a peak gold assay of **6.38g/t Au** (Table 2).

The conglomerate unit at the Churnside Gold Prospect (Figure 6) was sampled. The Churnside Gold Prospect is located 10km west of the White Quartz Hill Prospect and 2km northeast of the Mt Oscar iron mineralisation in an area not covered by previous ground based exploration activities. A peak assay result of **10.93 g/t Au (average of 13.9 g/t Au primary and 7.96g/t Au repeat** (Table 2)) was returned from the 4 four collected in the area. The 10.93g/t Au sample was recovered from a coarse-grained clast supported cobble conglomerate and likely represents a primary placer style form of mineralisation in a high-energy environment with a high coarse gold component. The mineralised unit is bounded by a larger matrix supported pebbly conglomerate.

<sup>4</sup> As per ASX announcement dated 16 December 2016  
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**Table 2: Mt OscarWits - White Quartz Hill and Churnside Gold Prospects:**

FXMO004	East	North	Au	Au	Au	Au	Au Final	Pt	Pd	As
UNITS			ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
METHOD			PGM-MS	Au-TL43	Au-AA25	Au-OG43	Average	PGM-MS23	PGM-MS	ME-ICP61
AKA17263	520220	7687302	>1.00	>1.00	13.90	7.96	10.93	0.0029	0.007	103
AKA17287	529369	7688628	>1.00	>1.00	7.48	5.29	6.38	0.0023	0.002	1200

A significant volume of conglomerates now exists within the Mt Oscar tenement and follow up work is now a priority for the Company. Based on the recent field inspections and as stated above, Artemis geologists interpret the conglomerate sequence to be analogous to the Purdy’s Reward Prospect and being at the base of the Fortescue Group. This is contrary to the previous governmental mapping on the Roebourne 1:100,000 mapsheet, which interprets the sequence to be at the base of the older Whim Creek Group and part of the regional Pilbara Supergroup.

Fortuitously, the entire prospective sequence of the Mt OscarWits Project falls entirely within the 117.8km<sup>2</sup> Mt Oscar tenement, with the conglomerate sequence having a strike length of about 14km, with numerous repetitions of the prospective horizons evident. These horizons appear to have been caused by folding and faulting substantially increasing the prospective strike length.

**Figure 7: Mr OscarWits quartz and chert conglomerate with sand matrix.**



**Nickol River Project:**

The Nickol River Project is located approximately 15km east of Karratha. During the reporting period the Company entered into an agreement with D&K Corps Investment Pty Ltd (D&K Corps) to access mining leases held by D&K Corps for gold and other precious metals.

**Figure 8: Nickol River gold processing plant**



The Company purchased a small mobile gravity gold wet plant and installed the unit at the Nickol River Project during April 2017. The commissioning of the plant was completed in late May 2017 (Figure 8), with an average throughput of 900 tonnes per day. Cash operating costs ranged from \$A14,260 to \$A16,600 per day depending on the trucked tonnages moved.

The plant operated in a development stage to the end of June 2017, processing trial batches of material from across the available leases at Nickol River.

Work will continue on the Nickel River Project and additional approvals have been applied for to allow excavation of material to occur in areas currently subject to Heritage constraints.

#### **Radio Hill Project:**

In April 2017 the Company finalised the purchase of Fox Radio Hill Pty Ltd, through which Fox held all of its Western Australian mining and exploration assets and the fully permitted treatment plant at Radio Hill.

A high powered down hole electromagnetic (HP-DHEM) survey was conducted on two existing diamond drill holes located 300 to 500 metres southeast of the existing Radio Hill mine workings. Based on this work and a review of historic geophysical data, there are indications of two potential sulphide zones at depths of about 300m and 600-800m from the surface. Further work will be required to follow up on these targets.

The Company intends to refurbish the Radio Hill plant for the treatment of potential ore from surrounding projects owned by the Company. Preliminary work is currently being undertaken to facilitate the refurbishment works.

The Radio Hill Project has a JORC (2004) Mineral Resource of 4,020,000 tonnes at 0.51% Ni and 0.88% Cu for a contained metal of 20,646 tonnes of nickel and 35,484 tonnes of copper.<sup>5</sup>

#### **Silica Hills Project:**

The Silica Hills Project area is located approximately 35km south southeast of Karratha. During the reporting period, rehabilitation of previously disturbed areas, a rock chip sampling programme and on-going metal detector work has been carried out on the Silica Hills Project. The samples were collected to begin lithological characterisation of rock types in the Project areas.

The results reflect the presence of coarse nuggetty gold in both areas. Highlights of the exploration field programs include over 38.3 ounces of gold from 27 kilograms of quartz specimen material collected from Silica Hills<sup>6</sup>, and the abundant gold nuggets collected from the Silica Hills Project area.<sup>7</sup>

<sup>5</sup> 2009 estimate (Snowden) Cutoff grade 0.5% Ni in Ni dominant material, and 0.5% Cu in the Cu dominant hanging wall

<sup>6</sup> ASX announcement dated 8 November 2016

<sup>7</sup> ASX announcement dated 16 November 2016

The samples from Silica Hills also show extreme internal variations (Table 3) due to the presence of coarse gold. Neither of the high grade samples SHQC001 & 002 at Silica Hills occur in proximity to the 38.3 ounces submitted to the Perth Mint in June 2017. This clearly indicates the potential to outline additional high grade material in the area.

**Table 3: Silica Hills assay results:**

Sample Number	Easting	Northing	Au	Au(2)
			FA50	FA50
	MGA94 Z50	MGA94 Z50	g/t	g/t
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

**Weerianna Project:**

The Weerianna Project is located approximately 25km east of Karratha in the West Pilbara, in an area with historical gold production. The Weerianna Project has a JORC (2012) compliant Inferred Mineral Resource (Table 4) of 1Mt at 2.2g/t Au for a total contained metal of 70,000 ounces of Gold.<sup>8</sup>

During the reporting period six trenches were excavated for a length of approximately 1,975 metres. The trenches were sampled and mapped for the purpose of advancing the Inferred Mineral Resource to a higher JORC category and to refine the geological model. Additional infill trenching has been planned to follow up this work.

**Table 4: Weerianna Project Inferred Mineral Resources**

Material Type	Volume (m <sup>3</sup> )	SG	Tonnes	Grade (g/t Au)	Contained Au ounces
Oxide	56,672	2.2	124,678	2.31	9,256
Transition	272,938	2.6	709,637	2.16	49,308
Primary	61,016	2.8	170,844	2.12	11,657
<b>TOTAL</b>	<b>390,825</b>		<b>1,000,000</b>	<b>2.2</b>	<b>70,221</b>

**Whundo Project:**

As part of the Fox Radio Hill Pty Ltd acquisition, the Company acquired the Whundo Copper Zinc Project.

Historically the Whundo Copper mine only focused on the mining of copper sulphides. Near surface oxides (surface to 25m-30m depth) were not processed at Radio Hill as they were not suitable as plant feed.

All oxide ores overlying the sulphide mineralisation at Whundo were either mined and stockpiled at surface or remained unmined within the open pit.

A total of 20 angled (dip - 60 degrees) drill holes (Figure 9) were drilled for 600 metres. Six drill holes were designed to specifically test previous intersections of oxide copper mineralisation. All previous drilling was vertical and the new drilling was aimed at confirming grades and structural interpretation. Table 6 shows an interpreted cross section for the Whundo Project.

<sup>8</sup> ASX announcement dated 16 December 2016  
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The mineralised intercepts are listed in Table 5, and the drill hole information is listed in Table 6.<sup>9</sup>

**Table 5: Selected assay results for Whundo Project from validation drill holes:**

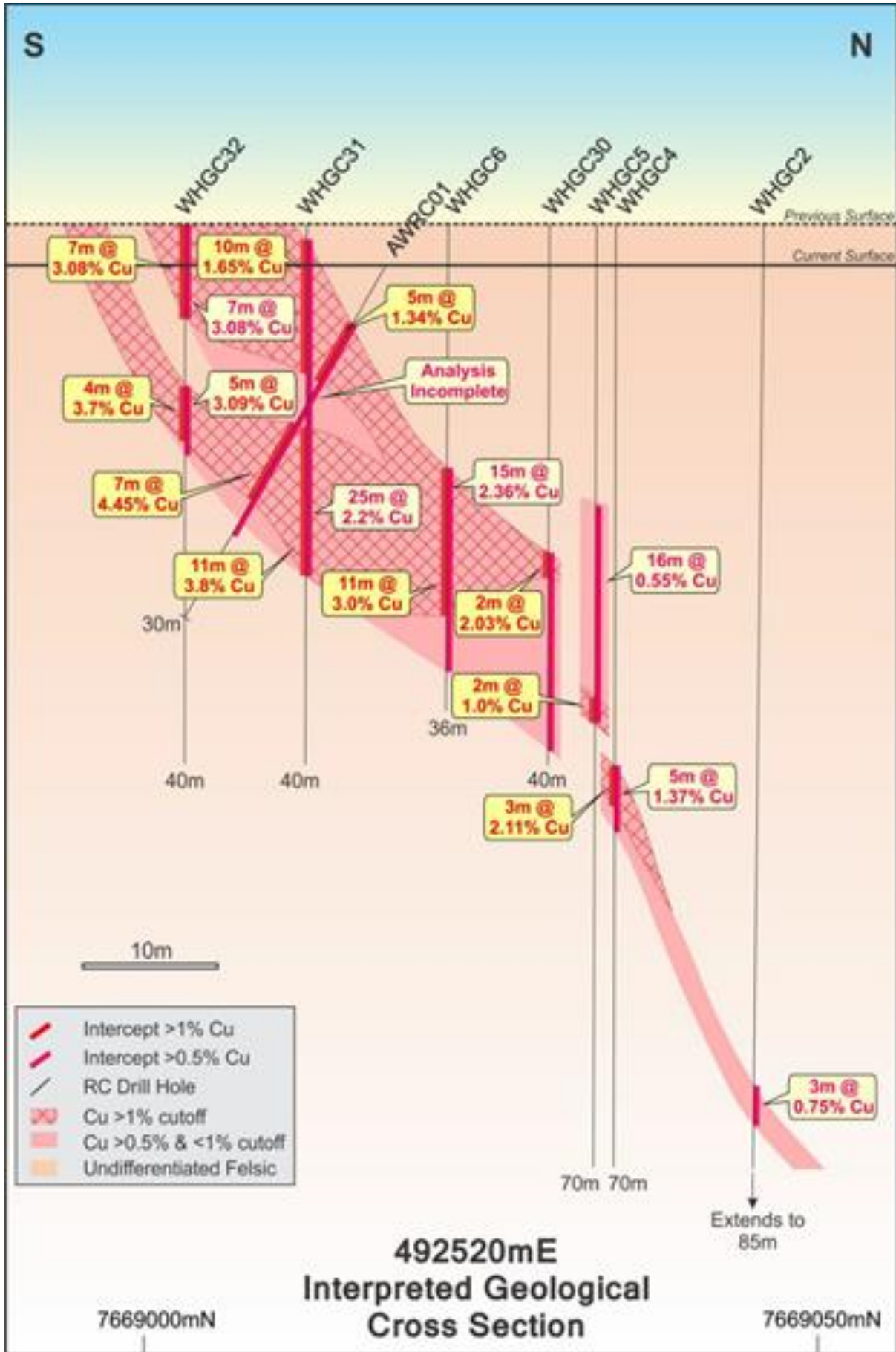
Hole_ID	From m	To m	Width m	Cu %
AWRC001	5	10	5	1.34
AWRC001	13	20	7	4.45
AWRC002	5	18	13	3.03
AWRC006	5	6	1	2.79
AWRC006	16	17	1	3.4
AWRC006	28	30	2	1.41
AWRC007	18	25	7	3.62
AWRC008	24	26	2	5.61

**Table 6: Hole co-ordinates for Whundo Project:**

Hole ID	MGA50 EAST	MGA50 NORTH	Dip	Azimuth	Depth
AWRC01	492520	7669022	-60	180	30
AWRC02	492510	7669018	-60	180	30
AWRC03	492320	7668920	-60	180	30
AWRC04	492320	7668960	-60	180	30
AWRC05	492310	7669010	-60	180	30
AWRC06	492310	7669030	-60	180	30
AWRC07	492320	7669051	-60	180	30
AWRC08	492310	7669050	-60	180	30
AWRC09	492200	7668930	-60	180	30
AWRC10	492200	7668970	-60	180	30
AWRC11	492200	7669010	-60	180	30
AWRC12	492200	7669090	-60	180	30
AWRC13	492200	7669110	-60	180	30
AWRC14	492200	7669130	-60	180	30
AWRC15	492200	7669150	-60	180	30
AWRC16	492020	7668985	-60	180	30
AWRC17	492020	7669005	-60	180	30
AWRC18	492020	7669025	-60	180	30
AWRC19	491980	7669045	-60	180	30
AWRC20	491980	7669065	-60	180	30

<sup>9</sup> As per ASX announcement dated 2 May 2017  
Annual Report for 2017

Figure 9: Interpreted cross section for Whundo Project showing historical copper intersections and the results of Artemis' validation drilling.



Artemis has an agreement for Blackrock Metals Pty Ltd (Blackrock Metals) to purchase an initial 50,000 tonnes of existing copper oxide ore from the Whundo mine stockpiles at \$6 per tonne net to Artemis. The ore is being purchased from the mine’s stockpiles and trucked 160km to Whim Creek for treatment by Blackrock.

The Company is currently working with Blackrock on further potential sales of oxide copper ores located in stockpiles at Whundo.

Whundo has a JORC (2004) compliant Mineral Resource (Table 7) of 1,687,000 tonnes at 1.10% Cu and 0.94% Zn for a total contained metal of 18,533 tonnes of copper and 15,909 tonnes of zinc.<sup>10</sup>

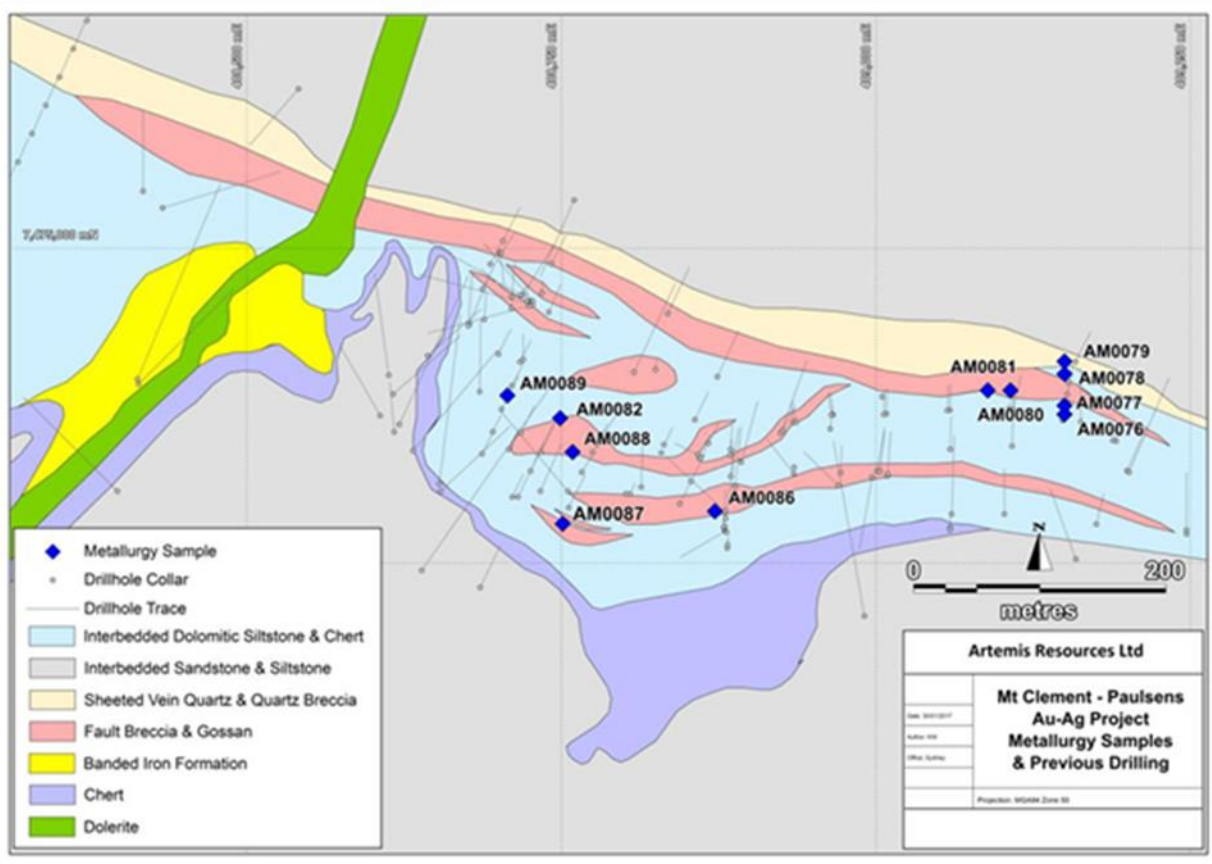
**Table 7: Whundo Project Mineral Resources**

Resource Area	Mineralisation	Classification	Tonnes	Cu %	Zn %	Contained Cu (t)	Contained Zn (t)
West Whundo	Primary Sulphide	Measured	386,000	1.2	1.9	4,632	7,334
West Whundo	Primary Sulphide	Indicated	259,000	1.1	1.7	2,849	4,403
Whundo	Primary Sulphide	Measured	304,000	1.3	0.1	3,952	304
Whundo	Primary Sulphide	Indicated	598,000	1.0	0.6	5,980	3,588
Whundo	Primary Sulphide	Inferred	140,000	0.8	0.2	1,120	280
<b>Total</b>			<b>1,687,000</b>	<b>1.10</b>	<b>0.94</b>	<b>18,533</b>	<b>15,909</b>

**Mt Clement-Paulsens Project:**

The Mt Clement-Paulsens Gold Project is located approximately 165 kilometres west of Paraburdoo and 90 kilometres east of Nanutarra in the Ashburton Region of Western Australia.

**Figure 10: Mt Clement-Paulsens oxide sample locations**



<sup>10</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2014 Annual Report for 2017

During the reporting period the Company undertook a surface sampling programme for the purposes of metallurgical testwork.

The samples taken from site were of wholly oxidised material at surface except for sample AM0089, which was from underground development spoil. Sample locations are shown in Figure 10. 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 8.

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 are expected to allow Artemis to advance the Mt Clement-Paulsens Project, with the Company now considering a feasibility study.

**Table 8: Mt Clement-Paulsens bottle roll cyanide recovery results (1kg samples ground to 80% passing 75 micron):**

Sample No.	Head Grade (g/t Au)	Recovery (%)
AM0076	5.570	98.27
AM0077	1.280	95.23
AM0078	0.290	93.16
AM0078 REPEAT	NA	NA
AM0079	NA	NA
AM0080	2.800	99.06
AM0081	0.830	98.31
AM0081 REPEAT	NA	NA
AM0082	6.890	99.43
AM0086	0.340	98.54
AM0087	NA	NA
AM0088	1.600	98.47
AM0089	1.650	92.18
<b>Average</b>	<b>2.36</b>	<b>96.96</b>

#### **Amitsoq Graphite Project:**

As part of the earn-in commitments of Alba Mineral Resources plc (Alba), Alba conducted, during September 2016, an extensive airborne EM survey over the Amitsoq Graphite Project in Greenland, with the principal objective to establish and prove up the continuity of the known graphite deposit and former graphite mine both along strike and at depth. This work resulted in Alba increasing its share of the Amitsoq Graphite Project to forty-nine percent (49%).

In November 2016, the Artemis Board agreed to the sale of the Company's remaining forty-one percent (41%) of the Amitsoq Graphite Project to Alba.

**Corporate:**

*Appointment /Resignation of Directors:*

Mr David Lenigas was appointed Executive Chairman on 3 November 2016. His considerable experience is outlined in the Directors' Report.

Mr Alex Duncan-Kemp was appointed Executive Director on 3 January 2017. His considerable experience is outlined in the Directors' Report.

Mr Campbell Baird resigned on 23 June 2017.

Mr George Frangeskides resigned on 3 April 2017.

*Capital Raising:*

The Company raised \$2.15 million during the year and received a further approximately \$416,000 from the exercise of options.

In addition, the Company arranged a convertible note facility in the amount of \$2.625 million in April 2017, to acquire Fox Radio Hill Pty Limited, the company through which Fox held its processing plant and significant exploration assets. This facility was repaid eleven months early in September 2017 with settlement being through cash and shares.

Subsequent to year end the Company raised \$3,000,000 before costs through the issue of 20,000,000 shares at 7.5 cents, 23,696,682 new shares at 12.66 cents per share and at the date of this report had firm commitments for a capital raise of \$12,000,000 through the issue of 60,000,000 new shares at 20 cents per share, before costs.



Edward Mead  
**Director**  
**28 September 2017**



**Annual Mineral Resources Statement  
As at 30 June 2017**

**Gold: Mineral Resources<sup>11</sup>**

Project	Area	Resource Category	Cut off Grade (Au g/t)	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Contained Au (oz)	Contained Ag (oz)	Contained Cu (t)
Mt Clement <sup>i</sup>	Ashburton	Inferred	0.5	1,132,000	1.8	17	-	64,000	619,000	-
Weerianna <sup>ii</sup>	West Pilbara	Inferred	1.0	1,005,000	2.2	-	-	70,000	-	-
Carlow Castle <sup>iii</sup>	West Pilbara	Inferred	1.0	416,000	2.9	-	0.6	40,000	-	2,500
<b>Total</b>				<b>2,553,000</b>	<b>2.1</b>			<b>174,000</b>	<b>619,000</b>	<b>2,500</b>

**Antimony (M08/191-193): Mineral Resources<sup>12</sup>**

Project	Area	Resource Category	Cutoff Grade (Sb %)	Tonnes (t)	Sb (%)	Pb (%)	Ag (g/t)	Au (g/t)	Contained Sb (t)	Contained Pb (t)
Eastern Hills <sup>iv</sup>	Ashburton	Indicated	1.0	810,000	2	3.1	26	0.41	15,900	25,200
		Inferred	1.0	500,000	1.3	1.5	16	0.2	6,500	7,500
<b>Total</b>				<b>1,310,000</b>	<b>1.7</b>	<b>2.5</b>	<b>24</b>	<b>0.34</b>	<b>22,400</b>	<b>32,700</b>

**NICKEL-COPPER (M47/161): Mineral Resources<sup>13</sup>**

Project	Mineralisation	Resource Category	Tonnes	Ni %	Cu %	Contained Ni (t)	Contained Cu (t)
Radio Hill <sup>v</sup>	Primary Sulphide	Indicated	1,980,000	0.61	1.04	12,078	20,592
	Primary Sulphide	Inferred	2,040,000	0.42	0.73	8,568	14,892
<b>Total</b>			<b>4,020,000</b>	<b>0.51</b>	<b>0.88</b>	<b>20,646</b>	<b>35,484</b>

**COPPER-ZINC (M47/7): Mineral Resources<sup>14</sup>**

Project	Mineralisation	Resource Category	Tonnes	Cu %	Zn %	Contained Cu (t)	Contained Zn (t)
West Whundo <sup>vi</sup>	Primary Sulphide	Measured	386,000	1.2	1.9	4,632	7,334
	Primary Sulphide	Indicated	259,000	1.1	1.7	2,849	4,403
	Oxide <sup>15</sup>	Measured & Inferred	73,600	1.78	0.21	1,310	155
Whundo <sup>vii</sup>	Primary Sulphide	Measured	304,000	1.3	0.1	3,952	304
	Primary Sulphide	Indicated	598,000	1.0	0.6	5,980	3,588
	Primary Sulphide	Inferred	140,000	0.8	0.2	1,120	280
<b>Total</b>			<b>1,760,600</b>	<b>1.13</b>	<b>0.90</b>	<b>19,843</b>	<b>15,909</b>

<sup>11</sup> As per Artemis Resources Limited ASX Annual Report to Shareholders 2016

<sup>12</sup> As per Artemis Resources Limited ASX Annual Report to Shareholders 2016

<sup>13</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2014

<sup>14</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2014

<sup>15</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2006 Annual Report for 2017

## ZINC (M47/7): Mineral Resources<sup>16</sup>

Project	Mineralisation	Resource Category	Tonnes	Zn %	Cu %	Contained Zn (t)	Contained Cu (t)
Whundo <sup>viii</sup>	Primary Sulphide	Measured	94,000	0.6	-	564	-
	Primary Sulphide	Indicated	249,000	1.2	-	2988	-
	Primary Sulphide	Inferred	78,000	1.1	-	858	-
Ayshia <sup>ix</sup>	Primary Sulphide	Measured	150,000	2.4	0.5	3600	750
	Primary Sulphide	Indicated	344,000	3.3	0.5	11352	1720
	Primary Sulphide	Inferred	273,000	1.3	0.3	3549	819
<b>Total</b>			<b>1,188,000</b>	<b>1.93</b>		<b>22,911</b>	
		<b>Including</b>	<b>767,000</b>		<b>0.43</b>		<b>3,289</b>

## MT OSCAR MAGNETITE (E47/1217): Mineral Resource<sup>17</sup>

Domain	Resource Category	Tonnage (Mt)	Head Fe (%)	Mass Recovery (%)	Conc Fe (%)	Conc SiO <sub>2</sub> (%)	Conc Al <sub>2</sub> O <sub>3</sub>	Conc P (%)	Conc LOI (%)
Mag Anomaly 1 <sup>x</sup>	Indicated	43	33.6	32.8	58.6	14.2	0.80	0.036	-0.34
	Inferred	32	33.3	10.4	60.3	12.7	0.73	0.036	-0.95
Mag Anomaly 2 <sup>x</sup>	Indicated	40	33.9	20.0	62.9	9.9	0.40	0.022	-1.16
	Inferred	11	36.1	33.7	60.3	13.3	0.56	0.037	-1.31
<b>Total</b>		<b>126</b>	<b>33.8</b>	<b>23.1</b>	<b>60.5</b>	<b>12.4</b>	<b>0.63</b>	<b>0.032</b>	<b>-0.84</b>

Note: Totals may not add up due to rounding

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 Annual Mineral Resources Statement above, and that in the case of mineral resources that all material assumptions and technical parameters underpinning the estimates in the Annual Mineral Resources Statement continue to apply and have not materially changed.

### Material Changes and Resource Statement Comparison

The Company during this year has continued to review and report its mineral resources at least annually and provide an Annual Mineral Resources Statement. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to promptly report these changes. In completing the annual review for the year ended 30 June 2017, the historical resource factors for Projects were reviewed and found to be relevant and current.

### Governance Arrangements and Internal Controls

Artemis has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Artemis' management carries out regular reviews of internal processes and external contractors that have been engaged by the Company.

The Carlow Castle, Mt Oscar, Eastern Hills and Weerianna mineral resources were compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2012 Edition.

The Mt Clement-Paulsens, Whundo, West Whundo, Ayshia and Radio Hill mineral resources were compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2004 Edition.

<sup>16</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2014

<sup>17</sup> As per Fox Resources Limited ASX Annual Report to Shareholders 2014 Annual Report for 2017

### Competent Person Statements

The information in this document that relates to Exploration Results and Mineral Resources 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 this Report of the matters based on his information in the form and context in which it appears.

<sup>i</sup> 2011 estimate (Apex Geoscience Ltd). Estimated according to JORC Code (2004).

<sup>ii</sup> 2013 estimate (Geostat Services Pty Ltd) Cut-off grade 0.5 g/t Au. Estimated according to JORC Code (2012).

<sup>iii</sup> 2013 estimate (Mr Philip A Jones) Cut-off grade 0.5 g/t Au. Estimated according to JORC Code (2012).

<sup>iv</sup> 2013 estimate (CoxsRocks Pty Ltd) Cut-off grade 1.0% Sb. Estimated according to JORC Code (2012).

<sup>v</sup> 2009 estimate (Snowden) Cut-off grade 0.5% Ni in Ni dominant material, and 0.5% Cu in the Cu dominant hanging wall. Estimated according to JORC Code (2004).

<sup>vi</sup> 2006 estimate (RSG Global) Cut-off grade 0.5% Cu or 0.5% Zn. The Measured resource has been depleted from the RSG estimate by 20,000t based on company mining records. Estimated according to JORC Code (2004).

<sup>vii</sup> 2007 estimate (Coffey Mining) Cut-off grade 0.4% Cu or 0.4% Zn. Estimated according to JORC Code (2004).

<sup>viii</sup> 2006 estimate (RSG Global) Cut-off grade 0.4% Zn. Estimated according to JORC Code (2004).

<sup>ix</sup> 2009 estimate (Golder Associates) Inferred Mineral Resource at Fe cut-off grade of 20%. Estimated according to JORC Code (2004).

<sup>x</sup> 2014 estimate (ROM Resources) estimated according to JORC Code (2012).

**TENEMENT SCHEDULE**

West Pilbara (Western Australia)	West Pilbara (Western Australia)
E47/1745	
E47/1746	P47/1819 (a)
E47/2716	E47/3160
E47/1797	E47/3322
E47/3373 (a)	
M47/177 <sup>2</sup>	<b>Mt Clement</b>
M47/288 <sup>2</sup>	M08/191 <sup>1</sup>
M47/223 <sup>3</sup>	M08/192 <sup>1</sup>
P47/1518	M08/193 <sup>1</sup>
P47/1519	
P47/1520	<b>Fox Radio Hill Pty Ltd</b>
P47/1112	L47/93
P47/1126	L47/163
P47/1127	M47/7
P47/1134	M47/9
P47/1619	M47/161
P47/1621	M47/337
P47/1622	
E47/3545 (a)	<b>Shear Zone Mining Pty Ltd</b>
E47/3546 (a)	M47/0093 <sup>4</sup>
E47/3547	M47/0232 <sup>4</sup>
M47/1527(a)	
P47/1819 (a)	<b>Mt OscarWits</b>
E47/3612 (a)	E47/1217 <sup>5</sup>
L47/0781 (a)	
L47/0782 (a)	<b>Munni Munni<sup>6</sup></b>
E47/3707 (a)	M47/123
E47/3708 (a)	M47/124
E47/3709 (a)	M47/125
E47/3719 (a)	M47/126
E47/3720 (a)	E47/3322
E47/3721	
E47/3722 (a)	
E47/3723 (a)	

(a) Tenement applications.

<sup>1</sup> 80% Artemis - Gold joint venture with Northern Star Resources Ltd (20%).

<sup>2</sup> 70% Artemis.

<sup>3</sup> 80% Artemis.

<sup>4</sup> 34% Artemis.

<sup>5</sup> 88% Artemis. Joint Venture with Magnetic South Pty Ltd earning in to the Project and Artemis reducing.

<sup>6</sup> 0% Artemis. Heads of Agreement to earn 70% and form joint venture with Platina Resources Ltd.

## CORPORATE GOVERNANCE STATEMENT

Artemis, through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Artemis. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

### **ASX Corporate Governance Principles and Recommendations**

The third edition of ASX Corporate Governance Council Principles and Recommendations (the “Principles”) sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company’s corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 9 September 2017 and is available on the Company’s website: <https://artemisresources.com.au/company/corporate-governance>

DIRECTORS' REPORT

Your Directors present their report on Artemis Resources Limited (**Artemis** or the **Company**) for the financial year ended 30 June 2017.

**DIRECTORS**

The names of Directors in office at any time during or since the end of the period are:

**Current Directors**

**MR DAVID LENIGAS**  
Executive Chairman

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.

Mr Lenigas has a Batchelor 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.

Mr Lenigas was appointed a Director on 3 November 2016.

**MR EDWARD MEAD**  
Executive Director

Mr Mead is a geologist with 20 years' experience in gold and base metals exploration, mine development and mine production. Mr Mead has also worked in the oil and gas industry on offshore drilling platforms. Other commodities that he has significant experience with are iron ore, magnetite, coal, manganese, lithium, potash and uranium.

He has a Bachelor of Science (Geology) from Canterbury University in New Zealand and is a member of the Australian Institute of Mining and Metallurgy. He has worked for the Geological Survey of Western Australia, Portman Mining Limited, Western Mining Corporation (BHPB), Sons of Gwalia, Fox Resources Ltd, Comdek Ltd and Baker Hughes Inteq and a number of other companies through his own consultancy.

Mr Mead was appointed a Director on 31 December 2014.

**MR ALEX DUNCAN-KEMP**  
Executive Director

Mr Duncan-Kemp is an experienced mining engineer with over 20 years' experience in gold, iron ore and base metal mine development and mining operations. Mr Duncan-Kemp has also worked on public infrastructure projects in construction of roads and construction earthworks.

Mr Duncan-Kemp has worked in the Pilbara and Kimberley on iron ore, both haematitic and magnetite ores, the Yilgarn Eastern and North-eastern Goldfields on gold, the Eastern Goldfields on nickel, Northwest Queensland on phosphate and the Murchison on gold and copper operations. He has also worked at a large civil and mining contractor in both operations and project tendering areas.

Mr Duncan-Kemp has a Bachelor of Applied Science (Mining Engineering) from Curtin University's Kalgoorlie School of Mines and is the holder of a Western Australian First Class Mine Managers' Certificate of Competency and is a Member of the Australian Institute of Mining and Metallurgy.

Mr Duncan-Kemp was appointed a Director on 3 January 2017.

Directors have been in office since the start of the financial period to the date of this report, unless otherwise stated.

**Former Director**

Mr Guy Robertson was appointed 28 September 2011 and resigned 17 August 2015.

**Secretary**

**MR GUY ROBERTSON**  
B Com (Hons.) CA

Guy Robertson was appointed Company Secretary on 12 November 2009.

Mr Robertson has over 25 years' experience as a Director, CFO and Company Secretary of both public (ASX- listed) and private companies in both Australia and Hong Kong. He has had significant experience in due diligence, acquisitions, IPOs and corporate management. Mr Robertson has a Bachelor of Commerce (Hons) and is a Chartered Accountant. He is a director of Hastings Technology Metals Ltd, Metal Bank Limited and Draig Resources Limited.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the year.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was mineral exploration and direct and indirect investments in the mining industry. There have been no significant changes in the nature of the Company's principal activities during the financial year.

**SIGNIFICANT AFTER BALANCE DATE EVENTS**

Subsequent to year end the Company raised \$3,000,000 before costs through the issue of 20,000,000 shares at 7.5 cents, 23,696,682 new shares at 12.66 cents per share and has firm commitments for a capital raise of \$12,000,000 through the issue of 60,000,000 new shares at 20 cents per share, before costs.

On 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), valued at approximately \$20.3 million as at 15 September 2017.

In mid-September the Company repaid the US\$2 million convertible note eleven months early (repayment was due in August 2018) with a cash payment of US\$200,000. In total the Company issued 19,959,802 shares to repay the convertible note at an average share price of 10.84 cents in accordance with the agreement (see Note 10).

Following approval by shareholders at a meeting on 8 September 2017, the Company issued 15,000,000 performance rights to Directors, and employees.

Other than as outlined above there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

**LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS**

The primary objective of Artemis is to explore its current tenements in Australia and the Company continues to look to invest in mineral resources projects which have the potential to become mines.

**PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION**

The consolidated entity will comply with its obligations in relation to environmental regulation on its projects when it undertakes exploration. The Directors are not aware of any breaches of any environmental regulations during the period covered by this Report.

**OPERATING RESULTS AND FINANCIAL REVIEW**

The loss of the consolidated entity after providing for income tax amounted to \$2,178,504 (2016: loss of \$6,477,486). The decrease over the prior year was attributable to the exploration expenditure write off in 2016.

## DIRECTORS' REPORT

The Group's operating income increased to \$633,492 (2016: \$203,391) attributable to sales of gold and copper ore and project interests.

Expenses decreased to \$2,811,996 (2016: \$6,680,877) The prior year included a write off of exploration expenditure of \$5,798,979. Other costs increased in 2017 along with the increase in activity and included a share based payment sign on fee to the Chairman of \$1,100,000.

The carrying value of exploration costs increased to \$7,839,090 (2016: \$1,631,509) reflecting a significant increase in exploration on the Company's gold and cobalt prospects and also the acquisition costs of Fox Radio Hill Pty Ltd.

Net assets increased to \$5,924,113 (2016: \$1,237,509) reflecting the value of shares issued on the acquisition of Fox Radio Hill Pty Limited (\$1,960,000), capital raising of approximately \$2.5 million comprised of share placements and the exercise of options, and the result for the year.

### DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared to the date of this Report.

### MEETINGS OF DIRECTORS

The number of Directors' meetings (including committees) held during the financial period, the eligibility of each Director to attend and the number of meetings attended by each director are:

Director	Directors' Meetings		Audit Committee Meetings	
	Meetings Attended	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend
David Lenigas	2	3	-	-
Edward Mead	4	4	2	2
Alex Duncan-Kemp	3	3	-	-
Campbell Baird	3	3	-	-
George Frangeskides	1	2	2	2

In addition to the Directors' meetings outlined above there were 4 circular resolutions.

### REMUNERATION REPORT (AUDITED)

#### Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for Board members and officers is as follows:

- The remuneration policy, which sets the terms and conditions (where appropriate) for the executive directors and other senior staff members, was developed by the Chairman and Company Secretary and approved by the Board;
- In determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industries generally. The Board examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices;



- The Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the Company moves from commercialisation to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance;

Given the early stage of the Company's Projects it is not meaningful to track executive compensation to financial results and shareholder wealth. It is also not possible to set meaningful specific objective performance criteria for directors as this stage;

- All remuneration paid to directors and officers is valued at the cost to the Company and expensed. Where appropriate, shares given to directors, executives and officers are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology; and
- The Board policy is to remunerate non-executive directors and officers at market rates for comparable companies for time, commitment and responsibilities. The Chairman, in consultation with independent advisors, determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a General Meeting, and is currently \$150,000 per annum, as approved by shareholders. Fees for non-executive directors and officers are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors and officers are encouraged to hold shares in the Company.

### **Directors' and Executive Officers' Remuneration**

#### **(a) Details of Directors and Key Management Personnel**

##### **(i) Current Directors**

David Lenigas – Executive Chairman (appointed 3 November 2017)

Edward Mead – Executive Director (appointed 31 December 2014)

Alex Duncan-Kemp – Executive Director (appointed 3 January 2017)

##### **(ii) Former Directors**

Guy Robertson – Executive Director (appointed 28 September 2011, resigned 17 August 2015)

George Frangeskides - Chairman (appointed 17 January 2011, resigned 28 September 2011, reappointed 15 August 2012, resigned 3 April 2017)

Campbell Baird – Non-Executive Director (appointed 17 August 2015, resigned 23 June 2017)

**(iii) Company Secretary**

Guy Robertson

**(iv) Key Management Personnel**

Edward Mead – General Manager Exploration

Alex Duncan-Kemp – General Manager Operations

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (d) to the Remuneration Report, no Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in Notes (a) – (d) to the Remuneration Report, prepared in accordance with the *Corporations Regulations 2001*, or the fixed salary of a full time employee of the Company.

**(b) Remuneration of Directors and Key Management Personnel**

The non-executive directors are responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration of the Key Management Personnel of the Company and consolidated entity is set out below.

	2017				2016			
	Base Salary and Fees	Share Based Payments	Post Employment Super Contributions	Total	Base Salary and Fees	Share based Payments	Post Employment Super Contributions	Total
D. Lenigas	70,000	1,100,000	-	1,170,000	-	-	-	-
A. Duncan-Kemp	125,550	-	-	125,550	-	-	-	-
E. Mead	112,318	-	-	112,318	141,000	-	-	141,000
C. Baird	12,000	-	-	12,000	30,500	-	-	30,500
G. Frangeskides	47,414	-	-	47,414	82,270	-	-	82,270
	<b>367,282</b>	<b>1,100,000</b>	<b>-</b>	<b>1,467,282</b>	<b>253,770</b>	<b>-</b>	<b>-</b>	<b>253,770</b>

**(c) Remuneration – options and performance rights**

No options or performance rights were issued to directors during the year or the prior year.

**(d) Share and option holdings**

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

**Shares held by Directors and Key Management Personnel (post share consolidation)**

Period from 1 July 2016 to 30 June 2017

	Balance at beginning of year	Received as Remuneration	Net change Other <sup>2</sup>	Balance at end of year
D. Lenigas	-	25,000,000	-	25,000,000
A. Duncan-Kemp	-	-	-	-
E. Mead <sup>1</sup>	-	2,000,000	-	2,000,000
C. Baird <sup>1</sup>	-	875,000	(875,000)	-
G. Frangeskides <sup>1</sup>	50,000	1,500,000	(1,550,000)	-
	50,000	29,375,000	(2,425,000)	27,000,000

<sup>1</sup>Shares received as remuneration relate to an amount charged in and owing at the end of the previous year.

<sup>2</sup>Amount removed on resignation of director

Period from 1 July 2015 to 30 June 2016

	Balance at beginning of year	Received as Remuneration	Options Exercised	Net change Other	Balance at end of year
G. Frangeskides	50,000	-	-	-	50,000
E. Mead	-	-	-	-	-
C. Baird	-	-	-	-	-
G. Robertson	313,336	-	-	(144,371)	168,965
	363,336	-	-	(144,371)	218,965

**Options and Performance Rights Held by Directors and Key Management Personnel**

Period from 1 July 2015 to 30 June 2017

There were no options held by Directors and Key Management Personnel in the years ended 30 June 2016 and 30 June 2017.

There were no performance rights on issue as at 30 June 2016 and 30 June 2017.

**OPTIONS**

There has been no issue of ordinary shares as a result of the exercise of options by directors and senior management during or since the end of the financial year. Directors' holdings of shares and share options have been disclosed in the Remuneration Report.

**INDEMNIFYING OFFICERS**

In accordance with the Constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year the Company paid insurance premiums of \$6,022 in respect of a contract insuring the directors and officers of the consolidated entity against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 35 of the financial report.

**NON-AUDIT SERVICES**

The Board, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with ARES 110: *Code of Ethic for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid to Hall Chadwick for non-audit services:

	2017	2016
Taxation services	\$2,000	\$3,000

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This Report is made in accordance with a resolution of the Directors.



Edward Mead  
**Director**  
**28 September 2017**

**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

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 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  
Level 40, 2 Park Street  
Sydney NSW 2000



**Drew Townsend**  
**Partner**

Date: 28 September 2017

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 2017**

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 \$
<b>Continuing Operations</b>			
Revenue	2(b)	628,857	202,608
Other Income	2(b)	4,635	783
Cost of sales		(161,858)	-
Administration expenses		(244,011)	(50,595)
Professional fees and consultancy costs		(183,964)	(176,392)
Occupancy costs		(20,882)	(11,796)
Compliance and regulatory expenses		(124,688)	(63,673)
Payments to directors		(163,699)	(180,369)
Exploration expenditure written off		-	(5,798,979)
Management fees		-	(22,203)
Travel		(145,970)	(13,003)
Share based payments		(1,272,000)	-
Marketing costs		(111,856)	-
Project write off		(100,000)	-
Legal Fees		(46,755)	(330,329)
Borrowing costs		(236,313)	(33,538)
<b>LOSS BEFORE INCOME TAX FOR THE YEAR</b>		<b>(2,178,504)</b>	<b>(6,477,486)</b>
Income tax expense	3	-	-
<b>LOSS AFTER INCOME TAX FOR THE YEAR</b>		<b>(2,178,504)</b>	<b>(6,477,486)</b>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>			
<b>Members of the parent entity</b>		<b>(2,178,504)</b>	<b>(6,477,486)</b>
<b>TOTAL LOSS FOR THE YEAR</b>		<b>(2,178,504)</b>	<b>(6,477,486)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net change in fair value of available for sale investments		-	-
Income tax relating to components of other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(2,178,504)</b>	<b>(6,477,486)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO</b>			
Owners of the parent		<b>(2,178,504)</b>	<b>(6,477,486)</b>
		<b>(2,178,504)</b>	<b>(6,477,486)</b>
Earnings per share – continuing operations			
Basic loss per share (cents)	20	(0.95)	(0.26)
Diluted loss per share (cents)	20	(0.95)	(0.26)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	329,196	18,149
Trade and other receivables	5	616,612	101,595
Other financial assets	6	103,904	15,989
<b>Total current assets</b>		<b>1,049,712</b>	<b>135,733</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	1,161,615	-
Evaluation and exploration expenditure	8	7,839,090	1,631,509
<b>Total non-current assets</b>		<b>9,000,705</b>	<b>1,631,509</b>
<b>TOTAL ASSETS</b>		<b>10,050,417</b>	<b>1,767,242</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,860,339	529,736
Borrowings	10	2,325,965	-
<b>Total current liabilities</b>		<b>4,126,304</b>	<b>529,736</b>
<b>TOTAL LIABILITIES</b>		<b>4,126,304</b>	<b>529,736</b>
<b>NET ASSETS</b>		<b>5,924,113</b>	<b>1,237,506</b>
<b>EQUITY</b>			
Share Capital	11	39,067,554	32,374,443
Reserves	12	172,000	-
Accumulated losses		(33,315,441)	(31,136,937)
Parent interests		5,924,113	1,237,506
<b>TOTAL EQUITY</b>		<b>5,924,113</b>	<b>1,237,506</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Attributable to equity holders of parent			
	Share Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>CONSOLIDATED - 2017</b>				
Balance 1 July 2016	32,374,443	-	(31,136,937)	1,237,506
Loss for the year	-	-	(2,178,504)	(1,406,504)
<b>Total comprehensive income for the year</b>	-	-	(2,178,504)	(1,406,504)
Issue of shares	6,757,934	-	-	6,757,934
Cost of share issue	(64,823)	-	-	(64,823)
Share based payments	-	172,000	-	172,000
<b>Balance as at 30 June 2017</b>	<b>39,067,554</b>	<b>172,000</b>	<b>(33,315,441)</b>	<b>5,924,113</b>

	Attributable to equity holders of parent			
	Share Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>CONSOLIDATED - 2016</b>				
Balance 1 July 2015	29,956,601	125,000	(24,784,451)	5,297,150
Loss for the year	-	-	(6,477,486)	(6,477,486)
<b>Total comprehensive income for the year</b>	-	-	(6,477,486)	(6,477,486)
Issue of shares	2,417,842	-	-	-
Expiry of options	-	(125,000)	125,000	-
<b>Balance as at 30 June 2016</b>	<b>32,374,443</b>	<b>-</b>	<b>(31,136,937)</b>	<b>1,237,506</b>

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



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations		175,153	-
Payments to suppliers and employees		(938,779)	(814,702)
Interest received		4,635	789
Interest paid		(236,313)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>23</b>	<b>(995,304)</b>	<b>(813,913)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		(2,574,869)	(586,359)
Payments for project acquisition		(1,118,343)	-
Payments for plant and equipment		(410,000)	-
Proceeds from sale of investments		162,236	265,407
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(3,940,976)</b>	<b>(320,952)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		2,566,185	812,092
Cost of issue of shares		(64,823)	-
Loan proceeds		120,000	-
Proceeds from convertible note		2,625,965	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>5,247,327</b>	<b>812,092</b>
Increase/(decrease) in cash held		311,047	(322,773)
Cash at the beginning of the year		18,149	340,922
<b>CASH AT THE END OF THE YEAR</b>	<b>4</b>	<b>329,196</b>	<b>18,149</b>

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

### **Notes to the Financial Statements for the year ended 30 June 2017**

These consolidated financial statements and notes represent those of Artemis Resources Limited and Controlled Entities (the "Consolidated Group" or "Group"). The separate financial statements of the parent entity, Artemis Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 September 2017 by the Directors of the Company.

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards as issued by the International Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

#### **a. Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Artemis Resources Limited at the end of the reporting period. A controlled entity is any entity over which Artemis Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### **Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**b. 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 losses of \$1,406,504, had net cash outflows from operating activities of \$995,304 and investing activities of \$3,940,976 for the year ended 30 June 2017, and had a working capital deficit as at 30 June 2015 of \$3,076,592.

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

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity has raised \$3,000,000, before costs, in equity subsequent to year end, and has firm commitments for a further capital raise of \$12 million, before costs.
- The Company converted borrowings of \$1,564,930 to equity subsequent to year end.
- The consolidated entity has a farm in joint venture partner, Novo Resources Corp, earning into to certain tenement rights by spending \$2 million over two years, which will assist in meeting its tenement obligations;
- The consolidated entity has cash at bank at balance date of \$329,196 and net assets of \$5,924,113 as at 30 June 2017;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns 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 company and consolidated entity do not continue as going concerns.

**c. New accounting standards for application in future periods**

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

*AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have a significant impact on the Group's financial statements.

*AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018).*

AASB 15 Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- o establishes a new revenue recognition model
- o changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- o provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- o expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2019 includes:

- Change in timing of income recognition depending on performance consideration in the Group's contracts; and
- Change in income measurement for possible variable consideration in the Group's contracts.

*AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2018).*

AASB 16:

- Replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

**d. Income taxes**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at

reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**e. Exploration and evaluation costs**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**f. Leases**

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and rewards incident to ownership of the leased asset and operating leases under which the lessor retains substantially all the risks and rewards.

Where an asset is acquired by means of a finance lease, the fair value of the leased property or the present value of minimum lease payments, if lower, is established as an asset at the beginning of the lease term. A corresponding liability is also established and each lease payment is apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease rental expense is recognised as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the user's benefit.

**g. Financial Instruments**

**Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

*Amortised cost* is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

*Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**h. Impairment of assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

**i. Plant and equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to

the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:

Plant and equipment – ranging from 2 to 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **j. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

#### **k. Revenue recognition**

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

#### **l. Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

The amount of borrowing costs relating to funds borrowed generally and used for the acquisition of qualifying assets has been determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate comprises the weighted average of borrowing costs incurred during the period.

#### **m. Equity settled compensation**

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

#### **n. Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



**o. Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**p. Significant judgements and key assumptions**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**q. Key judgements**

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$7,839,090.

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**2. REVENUE AND OTHER INCOME**

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
a) Revenue		
Other income	165,974	52,608
Sales of gold, silver and copper ore	462,883	-
Sale of contingent asset	-	150,000
	<b>628,857</b>	<b>202,608</b>
b) Other Income		
Interest received	<b>4,635</b>	<b>783</b>

### 3. INCOME TAXES

**(a) Reconciliation between income tax expense and prima facie tax on accounting loss:**

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
Loss before tax	(2,178,504)	(6,477,486)
Tax at 27.5% (2016: 28.5%)	(599,089)	(1,943,246)
Tax effect of non-deductible expenses	427,600	1,727,074
Exploration expenditure	(1,101,474)	(186,328)
Tax losses and timing differences not brought to account	1,272,963	402,500
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>(b) Balance of franking account at year end</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred tax liabilities taken to equity</b>		
Balance brought forward	-	-
Unrealised (loss)/gain on investments	-	-
	-	-

**Applicable tax rate**

The applicable tax rate is 27.5%, the small business national corporate tax rate in Australia.

**Analysis of deferred tax assets**

No deferred tax assets have been recognised as yet, other than to offset deferred tax liabilities, as it is currently not probable that future taxable profit will be available to realise the asset. Potential deferred tax assets on carry forward losses amount to \$5,952,731 (2016-\$4,865,423).

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and account balances with banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
Cash and cash equivalents	329,196	18,149

### 5. TRADE AND OTHER RECEIVABLES

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>Current</b>		
Trade receivables	316,870	-
Other	299,742	101,595
	<b>616,612</b>	<b>101,595</b>

The value of trade and other receivables considered by the Directors to be past due or impaired is nil (2016: Nil).

## 6. OTHER FINANCIAL ASSETS

	Consolidated 2017 \$	Consolidated 2016 \$
<b>Non Current</b>		
<b>Available-for-sale financial assets</b>		
Listed equity securities – at fair value	<b>103,904</b>	15,989

## 7. PLANT AND EQUIPMENT

	Consolidated 2017 \$	Consolidated 2016 \$
<b>Plant and equipment</b>		
<i>At cost</i>		
Opening balance	-	-
Additions	<b>1,163,615</b>	-
Disposals	-	-
Closing balance	<b>1,163,615</b>	-
<i>Depreciation</i>		
Opening balance	-	-
Charge for the year	<b>2,000</b>	-
Disposals	-	-
Closing balance	<b>2,000</b>	-
Net written down value	<b>1,161,615</b>	-
<i>Additions</i>		
Motor Vehicles, at cost	<b>10,000</b>	-
Less accumulated depreciation	<b>(2,000)</b>	-
Net written down value, motor vehicles	<b>8,000</b>	-
Other plant and equipment, at acquisition cost <sup>1</sup>	<b>753,615</b>	-
Additions during the period <sup>2</sup>	<b>400,000</b>	-
Total other plant and equipment at cost	<b>1,153,615</b>	-
Less accumulated depreciation	-	-
Net written down value, other plant and equipment	<b>1,153,615</b>	-
Net written down value, plant and equipment	<b>1,161,615</b>	-

<sup>1</sup>Cost of the Fox Radio Hill Nickel Pty Ltd plant acquired during the year – see note 14.

<sup>2</sup>Engineering consultancy on Fox Radio Hill Pty Ltd plant, subsequent to acquisition.

## 8. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2017 \$	Consolidated 2016 \$
<b>Exploration and evaluation expenditure</b>	<b>7,839,090</b>	1,631,509
<i>Reconciliation of carrying amount</i>		
Carrying amount at 1 July	1,631,509	6,736,804
Acquisition of tenements and tenement interests <sup>1</sup>	2,682,116	100,000
Expenditure capitalised in current period	3,687,053	622,228
Capitalised expenditure written off	-	(5,760,942)
Carrying value of project sold	-	(66,581)
Cost of product sold written off	(161,588)	-
Carrying amount 30 June	<b>7,839,090</b>	1,631,509

<sup>1</sup>Acquisition of Fox Radio Hill Pty Limited, \$2,427,116 and other tenement interests, \$255,000.

## 9. TRADE AND OTHER PAYABLES

	Consolidated 2017 \$	Consolidated 2016 \$
Trade and other accounts payable (unsecured)	<b>1,800,339</b>	529,736

## 10. BORROWINGS

	Consolidated 2017 \$	Consolidated 2016 \$
Convertible note <sup>1</sup>	2,625,965	-
Less guarantee shares held by note holder <sup>1</sup>	(360,000)	-
	2,265,965	-
Short term loan <sup>2</sup>	60,000	-
	<b>2,325,965</b>	-

<sup>1</sup>The convertible note was for an amount of US\$2,000,000 (A\$2,625,000). The convertible note could be converted at the noteholder's election at the lower of 12 cents per share or 93% of the 10 day weighted volume average price prior to the date of conversion. The borrower had an option to repay the loan in cash in the event the share price was less than 12 cents per share.

As at the date of this Report the convertible note has been repaid in full. US\$200,000 DATE was repaid in cash and US\$1,800,000 DATE was converted with the issue of 19,959,802 shares.

The noteholder received 4,000,000 shares which were issued prior to year end at a price of 9 cents per share (\$360,000) as a guarantee of performance by Artemis. This amount was deducted from the final conversion, and as a consequence has been shown as a deduction of the amount owing. In addition the advisors to the noteholder received 4,400,000 unlisted options exercisable at 15 cents per share before 30 April 2020. These options were valued at \$172,000 (see note 22).

The convertible note was secured against the shares of Fox Radio Hill Pty Ltd and this security has now been released.

<sup>2</sup> A loan of \$120,000 was received from major shareholder Exchange Minerals Limited during the year. Of this amount \$60,000 was repaid in February 2017 through the issue of 800,000 shares at 7.5 cents per share. The loan is unsecured and bears an interest rate of 10% per annum.

## 11. SHARE CAPITAL

	2017 Shares	2016 Shares	2017 \$	2016 \$
323,733,940 (2016: 3,656,158,159 – pre consolidation) fully paid ordinary shares	<b>323,733,940</b>	<b>3,656,158,159</b>	<b>39,067,554</b>	<b>32,374,444</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Reconciliation of movements in share capital during the year:

	2017 No. Shares	2016 No. Shares	2017 \$	2016 \$
Issued ordinary shares	<b>323,733,940</b>	3,656,158,159	<b>39,067,554</b>	32,374,443
<b>Reconciliation of movement during year</b>				
Opening balance	<b>3,656,158,159</b>	1,238,316,411	<b>32,374,443</b>	29,956,601
Share issued – discontinued project 31/8/16	<b>100,000,000</b>	-	<b>100,000</b>	-
Share placement Nov/Dec 2016	<b>450,333,333</b>	-	<b>675,500</b>	-
Shares issued for projects Nov 16-Jan 17	<b>130,000,000</b>	-	<b>255,000</b>	-
Shares issued for services 6/12/16	<b>107,500,000</b>	-	<b>112,500</b>	-
Exercise of options Nov 16/Jan 17	<b>8,910,020</b>	-	<b>8,910</b>	-
	<b>4,452,901,512</b>	1,238,316,411	<b>33,526,353</b>	29,956,601
<b>One for twenty share consolidation</b>	<b>222,645,244</b>	-	-	-
Exercise of options Feb – June 17	<b>20,338,696</b>	-	<b>406,774</b>	-
Shares issued Chairman sign on fee 13/2/17	<b>25,000,000</b>	-	<b>1,100,000</b>	-
Shares issued for services Feb 17	<b>1,533,333</b>	-	<b>92,000</b>	-
Share placement 28/2/17	<b>19,666,667</b>	-	<b>1,475,000</b>	-
Shares issued to repay loan Feb 17	<b>800,000</b>	-	<b>60,000</b>	-
Shares issued to project interest Feb 17	<b>1,750,000</b>	-	<b>152,250</b>	-
Shares issued as collateral 10/5/17	<b>4,000,000</b>	-	<b>360,000</b>	-
Shares issued for acquisition of Fox Radio Hill Pty Ltd 30/5/17	<b>28,000,000</b>	-	<b>1,960,000</b>	-
Issue of shares – 21/8/15	-	100,000,000	-	100,000
Issue of shares rights issue – 23/12/15	-	2,317,841,748	-	2,317,842
Cost of raising capital	-	-	<b>(64,823)</b>	-
Closing balance	<b>323,733,940</b>	3,656,158,159	<b>39,067,554</b>	32,374,443

(i) Subsequent to year end the Company raised \$1,500,000, before costs through the issue of 20,000,000 shares at 7.5 cents each, \$3,000,000 before costs through the issue of 23,696,682 new shares at 12.66 cents per share, and has firm commitments for a capital raise of \$12,000,000 with the issue of 60,000,000 shares at 20 cents per share, before costs.

(ii) For further details of share based payments refer to Note 22.

### Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may issue new shares or sell assets to reduce debt.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to maintain share capital as dictated by operational requirements and market conditions.

## 12. RESERVES

	<b>Consolidated 2017 \$</b>	Consolidated 2016 \$
Option Issue Reserve	-	-

### Reconciliation of movements during the year:

	<b>2017 Options</b>	2016 Options	<b>2017 \$</b>	2016 \$
<b>Option Reserve</b>				
Total options	<b>96,102,890</b>	2,524,817,348	-	-
Opening balance	<b>2,524,817,348</b>	331,975,600	-	125,000
Expiry of options 31 July 2016	<b>(80,128,648)</b>	-	-	-
Expiry of options 31 August 2016	<b>(126,846,952)</b>	-	-	-
Exercise of options to Jan 17	<b>(8,910,020)</b>	-	-	-
	<b>2,308,931,728</b>	331,975,600	-	125,000
<b>One for 20 consolidation</b>	<b>115,446,586</b>	-	-	-
Exercise of options Feb – Jun 17	<b>(20,338,696)</b>	-	-	-
Issue of options for project acquisition	<b>995,000</b>	-	-	-
Issue of options to advisors May 2017	<b>4,400,000</b>	-	<b>172,000</b>	-
Issue of options rights issue – 23 December 2015	-	2,317,841,748	-	-
Expiry of options – 30 June 2016	-	(125,000,000)	-	(125,000)
Closing balance	<b>100,502,890</b>	2,524,817,348	<b>172,000</b>	-

- (i) Of the remaining options 96,102,890 are exercisable at 2 cents per share before 29 September 2017, with the remainder exercisable at 15 cents before 30 April 2020.
- (ii) For further details of share based payments refer to Note 22.

## 13. SUBSIDIARIES

	<b>Country of Incorporation</b>	<b>Ownership % 2017</b>	Ownership % 2016
<b>Parent Entity:</b>			
Artemis Resources Limited	Australia	-	-
<b>Subsidiaries:</b>			
Fox Radio Hill Pty Limited	Australia	<b>100</b>	-
Karratha Metals Limited	Australia	<b>100</b>	100
KML No 2 Pty Limited	Australia	<b>100</b>	100
Armada Mining Pty Limited	Australia	<b>100</b>	100
Shearzone Mining Pty Limited	Australia	<b>100</b>	-
Western Metals Pty Limited	Australia	<b>80</b>	80
Yandal Metals Pty Limited	Australia	-	100
Wombat Resources Pty Limited	Australia	-	100
SMA Mining Pty Limited <sup>1</sup>	Australia	<b>5</b>	25
Artemis Graphite Pty Ltd	Australia	<b>100</b>	100
Anco Holdings Limited	Hong Kong	<b>49</b>	49

<sup>1</sup>Formerly Artemis Mining Corporation Pty Limited.

### Consolidated

The parent entity within the group is Artemis Resources Limited which is the ultimate parent entity in Australia.



#### 14. BUSINESS COMBINATION

On 28 April 2017 Artemis finalized the acquisition of Fox Radio Hill Pty Ltd, an entity holding all of Fox Resources Limited's ("Fox") Western Australian mining and exploration assets for 28 million ordinary shares and the assumption of the remaining liabilities of \$920,731. The acquisition includes the 425,000 tonnes per annum Radio Hill Base Metal Processing Plant.

Details of the purchase consideration and net assets are as follows:

Purchase consideration:

	\$
28,000,000 shares in @ 7 cents	1,960,000
Fox Radio Hill Pty Limited, creditors assumed	920,731
Cash	300,000
	3,180,731

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

Plant and machinery	753,615
Capitalised exploration	2,427,116
	3,180,731

Exploration costs on tenements acquired subsequent to acquisition amounted to \$75,310. In the event that the acquisition was consummated on 1 July 2016, exploration on acquired tenements would have been a further \$55,489. 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 30 June 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.

During the year the Company acquired 100% of the issue share capital of Shearzone Mining Pty Limited for a consideration of 1,000,000 shares at 4 cents each, \$40,000. The assets acquired comprised capitalised exploration expenditure on the tenements acquired with the purchase. of \$40,000.

#### 15. FINANCIAL INSTRUMENTS

The Board of Directors takes responsibility for managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk. The Board meets monthly at which these matters are reviewed.

The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its review includes the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

The Company's principal financial instruments comprise cash, short term deposits and securities in Australian listed companies. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial

instruments. The Company holds financial instruments in the form of shares in Australian listed companies with the aim of trading these shares to generate a profit.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk and market risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Interest Rate Risk**

The Company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities. The Company does not have short or long term debt, and therefore this risk is minimal.

At balance date, the Company had the following financial assets and liabilities exposed to interest rate risk that are not designated as cash flow hedges:

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b><i>Financial Assets</i></b>		
Cash and cash equivalents	<b>329,196</b>	18,149

**(b) Credit Risk**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

**(c) Foreign exchange risk**

The Company has minimal exposure to foreign exchange risk.

**(d) Equity securities price risk**

Equity securities price risk arises from investments in listed equity securities. The Group is exposed to equity price risk arising from its equity investments. Equity investments are held for trading purposes. The Group does not actively trade these investments and no hedging or derivative transactions have been used to manage equity price risk.

**(e) Sensitivity analysis**

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for 2017 and 2016.

In the current year the Company holds a small investment in a United Kingdom listed Company. The foreign exchange risk and equity securities risk are considered to be minimal and is not reflected in the sensitivity table below.

		Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
			-1%		+1%	
			Profit \$	Equity \$	Profit \$	Equity \$
<b>Consolidated</b>						
<b>30 June 2017</b>						
<b>Financial Assets</b>	<b>Footnote</b>					
Cash and cash equivalents	1	<b>329,196</b>	(3,292)	(3,292)	3,292	3,292
Trade and other receivables	2	<b>616,612</b>	-	-	-	-
Other financial assets	3	<b>103,904</b>	-	-	-	-
<b>Financial Liabilities</b>						
Trade and other payables	4	<b>1,800,339</b>	-	-	-	-
Borrowings	5	<b>2,325,955</b>	(600)	(600)	600	600
<b>Total increase / (decrease)</b>			<b>(3,892)</b>	<b>(3,892)</b>	<b>3,892</b>	<b>3,892</b>

		Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
			-1%		+1%	
			Profit \$	Equity \$	Profit \$	Equity \$
<b>Consolidated</b>						
<b>30 June 2016</b>						
<b>Financial Assets</b>	<b>Footnote</b>					
Cash and cash equivalents	1	<b>18,149</b>	(181)	(181)	181	181
Trade and other receivables	2	<b>101,595</b>	-	-	-	-
Other financial assets	3	<b>15,989</b>	-	-	-	-
<b>Financial Liabilities</b>						
Trade and other payables	4	<b>529,736</b>	-	-	-	-
Borrowings		-	-	-	-	-
<b>Total increase / (decrease)</b>			<b>(181)</b>	<b>(181)</b>	<b>181</b>	<b>181</b>

1. Cash and cash equivalents are denominated in AUD and include deposits at call at floating and short-term fixed interest rates. At 30 June 2017, NIL was denominated in foreign currencies (30 June 2016 -\$Nil).
2. Trade and other receivables are denominated in AUD and are not interest bearing.
3. Other financial assets are equity securities listed on London AIM (2016 – on the ASX) and are denominated in Pounds Sterling (2016-AUD).
4. Trade and other payables at balance date are denominated in AUD and are not interest bearing.
5. Loan of \$60,000 bears an interest rate of 10% per annum. The convertible note has no interest coupon.

**(f) Liquidity risk**

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, convertible notes and finance leases. Cash flows from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will roll forward.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Consolidated Group	Within 1 year		1 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	1,800,339	529,736	-	-	-	-	1,800,339	529,736
Borrowings	2,325,965	-	-	-	-	-	2,325,965	-
<b>Total contractual outflows</b>	<b>4,126,304</b>	<b>529,736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,126,304</b>	<b>529,736</b>
Cash and cash equivalents	329,196	18,149	-	-	-	-	329,196	18,149
Trade and other receivables	616,612	101,595	-	-	-	-	616,612	101,595
Financial assets	103,904	15,989	-	-	-	-	103,904	15,989
<b>Total anticipated inflows</b>	<b>1,049,712</b>	<b>135,733</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,049,712</b>	<b>135,733</b>
<b>Net inflow/(outflow) on financial instruments</b>	<b>(3,076,592)</b>	<b>(394,003)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,076,592)</b>	<b>(394,003)</b>

Subsequent to year end the Company converted borrowings of \$2,265,865 to equity through the issue of shares – see note 10.

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes:

- (i) Annual cash flow budgets;
- (ii) Monthly rolling cash flow forecasts.

**(g) Net fair values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

**16. COMMITMENTS FOR EXPENDITURE**

The Consolidated Group currently has commitments for expenditure at 30 June 2017 on its Australian exploration tenements as follows:

	<b>Consolidated Group 2017 \$</b>	<b>Consolidated Group 2016 \$</b>
Not later than 12 months	1,829,114	537,800
Between 12 months and 5 years	6,471,414	873,500
Greater than 5 years	4,695,294	333,000
	<b>12,995,822</b>	<b>1,744,300</b>

The Company evaluates its tenements and exploration programme on an annual basis and may elect not to renew tenement licences if it deems appropriate.

The Company has a commitment of \$600,000 for a contract associated with the re-commissioning of the Fox Radio Hill plant.

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent assets or liabilities. Subsequent to year end the Company concluded a farm-in agreement with Novo Resources Corp (“Novo”), and has received 4 million Novo shares with a market value of approximately \$20.3 million as at 15 September 2017.

## 18. RELATED PARTY DISCLOSURES

- (a) Refer to the Remuneration Report contained in the Directors’ Report for details of the remuneration paid or payable to each member of the Group’s Key Management Personnel for the year ended 30 June 2017. Key Management Personnel for the year ended 30 June 2017 comprised the Directors, the General Manager Exploration and the General Manager Operations.
- (b) The total remuneration paid to Key Management Personnel of the Company and the Group during the year are as follows:

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	<b>367,282</b>	321,416
Share based payments	<b>1,100,000</b>	-
	<b>1,467,282</b>	321,416

The Company contracts with third parties for the provision of all administrative and support services and geological consulting support services.

- (c) Remuneration options: granted and vested during the financial period ending 30 June 2017  
No options were granted to Directors during the year.

The relevant share based payment disclosures are contained in Note 22 to the financial statements.

- (d) Share and option holdings  
All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm’s length.

- (e) Related party transactions

	<b>Consolidated Group 2016</b>	<b>Consolidated Group 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
ADK Mining Services Pty Ltd	<b>125,550</b>	-
Aetos Consulting Limited <sup>2</sup>	<b>47,414</b>	32,496
Doralada Pty Limited <sup>3</sup>	<b>112,318</b>	13,493
	<b>285,282</b>	45,989

<sup>1</sup> Consulting fees paid to ADK Mining Services Pty Ltd, a company in which Mr Alex Duncan-Kemp has an interest.

<sup>2</sup> Consulting fees paid to Aetos Consulting Limited, a company in which Mr Frangeskides has an interest.

<sup>3</sup> Consulting fees paid in respect of Mr Edward Mead, to Doralada Pty Limited, a company in which Mr Mead has an interest.

## 19. SEGMENT INFORMATION

The consolidated entity operates in Australia in mineral and mining exploration. As at 30 June 2017 the Company is solely focused on exploration in the West Pilbara for gold, cobalt, base metals, platinum and platinum group elements.

	Consolidated 2017 \$	2016 \$
<b>Segment Revenue</b>		
External segment revenue	<b>633,492</b>	203,391
Segment expenses from		
- continuing operating activities	<b>(2,666,026)</b>	(6,680,877)
(Loss) before income tax	<b>(2,178,504)</b>	(6,477,486)
Income tax benefit	-	-
(Loss) after income tax	<b>(2,178,504)</b>	(6,477,486)
<b>Assets</b>		
Segment Assets	<b>10,050,417</b>	1,767,242
<b>Total assets</b>	<b>10,050,417</b>	1,767,242
<b>Liabilities</b>		
Segment Liabilities	<b>4,126,304</b>	529,736
<b>Total Liabilities</b>	<b>4,126,304</b>	529,736

An analysis of segment assets is as follows:

	Consolidated 2017 Cents	Consolidated 2016 Cents
<b>Assets</b>		
<i>Exploration assets</i>		
West Pilbara	<b>7,792,894</b>	1,631,509
Mt Clement-Paulsens	<b>46,196</b>	-
Total exploration assets	<b>7,839,090</b>	1,631,509
Unallocated	-	-
<b>TOTAL ASSETS</b>	<b>7,839,090</b>	1,631,509

## 20. EARNINGS PER SHARE

	Consolidated Group 2017 Cents	Consolidated Group 2016 Cents
<b>Reconciliation of earnings per share</b>		
Basic and diluted earnings per share	<b>(0.95)</b>	(0.26)
(Loss) used in the calculation of the basic earnings per share	<b>(2,178,504)</b>	(6,477,486)
<b>Weighted average number of ordinary shares:</b>	<b>No of shares</b>	No. of shares
Used in calculating basic earnings per ordinary share	<b>229,366,200</b>	2,524,541,353
Dilutive potential ordinary shares	-	-
Used in calculating diluted earnings per share	<b>229,366,200</b>	2,524,541,353

The Company currently has a number of options as disclosed in the Directors' Report. These options could potentially dilute basic earnings per share in the future, but have not been included in the earnings per share calculation above due to being anti-dilutive for the period.



## 21. AUDITOR'S REMUNERATION

	<b>Consolidated 2017 \$</b>	Consolidated 2016 \$
<b>Auditor of parent entity</b>		
Audit fees – Hall Chadwick	<b>28,500</b>	28,400
Other services	<b>2,000</b>	3,000
<b>Total</b>	<b>30,500</b>	31,400

For the year ended 30 June 2017 the auditor appointed is Hall Chadwick.

## 22. SHARE BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

No options were issued to Key Management Personnel during the year.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in unlisted share options issued during the year in respect of share based payments:

	No. 2017	Weighted average exercise price	No. 2016	Weighted average exercise price
Outstanding at the beginning of the year	-	-	125,000,000	0.3 cents
Granted during the year	4,400,000	15 cents	-	-
Exercised during the year	-	-	-	-
Expired/cancelled during the year	-	-	-	-
Outstanding at the end of the year	4,400,000	15 cents	-	-
Exercisable at the end of the year	4,400,000	15 cents	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	<b>Consolidated Group 2017 \$</b>	<b>Consolidated Group 2016 \$</b>
Sign on fee for Chairman, issued as shares	1,100,000	-
Total key management personnel	<u>1,100,000</u>	<u>-</u>

**Other information**

The Company issued 4,400,000 options to advisors in the year to 30 June 2017. The options are exercisable at 15 cents per share with an expiry date of 30 April 2020. The options were valued at \$172,000 using the Black and Scholes method using the following variables: a) share price at date of issue 8.3 cents, government bond rate to maturity 2% and share price volatility of 95%.

**23. RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO LOSS AFTER INCOME TAX**

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
Loss after income tax	<u>(2,178,504)</u>	(6,477,484)
Depreciation	2,000	-
Exploration and project expenditure written off	182,910	5,710,331
Share based payments	1,272,000	-
Project written off	100,000	-
Other non-cash items	-	166,000
Loss/(profit) on sale of investments	4,539	(198,926)
<i>Changes in assets and liabilities during the financial period:</i>		
Increase in receivables	(515,017)	(34,007)
Increase in trade and other payables	136,766	20,173
<b>Net cash outflow from operating activities</b>	<u><b>995,304</b></u>	<u><b>(813,913)</b></u>

**Non cash financing and investing activities**

During the year the Company acquired Fox Radio Hill Pty Ltd for a consideration that included the issue of 28,000,000 shares at 7 cents per share, \$1,960,000. In addition the Company acquired 100% of the issued capital of Shearzone Pty Ltd for the issue of 1,000,000 shares at 4 cents each, \$40,000, and other project and tenement interests through the issue of 10,500,000 shares at 3 cents per share, \$315,000.

24. PARENT ENTITY DISCLOSURES

(a) Financial position

	2017	2016
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	333,990	18,149
Trade and other receivables	613,160	101,595
Other financial assets	103,904	15,989
<b>Total Current Assets</b>	<b>1,051,044</b>	<b>135,733</b>
<b>Non-current Assets</b>		
Trade and other receivables	8,228,905	1,144,544
Financial assets	540,100	500,200
Evaluation and exploration expenditure	49,196	-
<b>Total Non-current assets</b>	<b>8,818,201</b>	<b>1,644,744</b>
<b>Total Assets</b>	<b>9,869,245</b>	<b>1,780,477</b>
<b>Current Liabilities</b>		
Trade and other payables	1,679,167	529,736
Borrowings	2,265,965	-
<b>Total Current Liabilities</b>	<b>3,945,132</b>	<b>529,736</b>
<b>TOTAL LIABILITIES</b>	<b>3,945,132</b>	<b>529,736</b>
<b>NET ASSETS</b>	<b>5,924,113</b>	<b>1,250,741</b>
<b>EQUITY</b>		
Share Capital	39,067,555	32,374,443
Reserves	172,000	-
Accumulated losses	(33,315,442)	(31,123,702)
<b>TOTAL EQUITY</b>	<b>5,924,113</b>	<b>1,250,741</b>
<b>(b) Reserves</b>		
Option issue reserve	-	-
Unrealised gains reserve	-	-
	-	-
<b>(c) Financial performance</b>		
Loss for the year	(2,191,740)	(6,477,484)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(2,191,740)</b>	<b>(6,477,484)</b>
<b>(d) Commitments</b>		
Exploration commitments		
Not later than 12 months	-	-
Between 12 months and 5 years	-	-
	-	-

## **25. SIGNIFICANT AFTER BALANCE DATE EVENTS**

Subsequent to year end the Company raised \$1,500,000, before costs through the issue of 20,000,000 shares at 7.5 cents each, \$3,000,000 before costs through the issue of 23,696,682 new shares at 12.66 cents per share, and has firm commitments for a capital raise of \$12,000,000 with the issue of 60,000,000 shares at 20 cents per share, before costs.

On 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. As part of the consideration for this agreement Artemis has received 4,000,000 Novo shares (CVE:NVO), valued at approximately \$20.3 million at the date of this Report.

In mid-September the Company repaid the US\$2 million convertible note eleven months early (repayment was in August 2018) with a cash payment of US\$200,000. In total the Company issued 19,959,802 shares at an average share price of 10.84 cents in accordance with the agreement (see Note 10).

Following approval by shareholders at a meeting on 8 September 2017, the Company issued 15,000,000 performance rights to Directors, and employees.

Other than as outlined above there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

**ARTEMIS RESOURCES LIMITED**  
**DIRECTORS' DECLARATION**

**Directors' Declaration**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 34 to 60, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the period ended on that date of the Company and Consolidated Group;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.



**Edward Mead**  
**Director**  
**28 September 2017**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ARTEMIS RESOURCES LIMITED AND CONTROLLED ENTITIES**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

**Opinion**

We have audited the financial report of Artemis Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

**In our opinion:**

- (a) the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

**Basis of Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**ARTEMIS RESOURCES LIMITED**  
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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
------------------	-------------------------------------------------

**Accounting treatment of exploration expenditure in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'**

Refer to Note 1(e) and Note 8

<p>Artemis Resources Limited's accounting treatment of exploration expenditure is to capitalise such costs in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources".</p> <p>We considered this to be a key audit matter due to its materiality to the financial report.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• Selecting material capitalised exploration expenditure to verify such expenditure had met the capitalisation criteria as prescribed in AASB 6.</li> <li>• Obtaining and reviewing tenement titles to verify existence and ensure the group is still exploiting the areas of interest.</li> <li>• Conducting a review of any impairment indicators to assess the carrying value of capitalised exploration expenditure</li> <li>• Confirming the company is still in the development phase for the relevant areas</li> </ul>
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**Accounting for Share Based Payments in accordance with AASB 2**

Refer to Note 22

<p>Artemis Resources Limited issued a number of share based payments during the year.</p> <p>We considered this to be a key audit matter due to its materiality to the financial report.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing the share price of the share based payment and compared to the fair value of the share price on the relevant date</li> <li>• Verified the Black Scholes calculations for options granted during the year</li> <li>• Reviewing the share and options register to ensure correct accounting treatment in accordance with AASB 2</li> </ul>
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**Other Information**

The directors are responsible for the other information. The other information comprises the information in the Consolidated Entity's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.



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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ARTEMIS RESOURCES LIMITED AND CONTROLLED ENTITIES**

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Director's Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibility for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control.



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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ARTEMIS RESOURCES LIMITED AND CONTROLLED ENTITIES**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 30 to 34 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s

**ARTEMIS RESOURCES LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ARTEMIS RESOURCES LIMITED AND CONTROLLED ENTITIES**

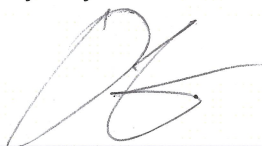
300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion the remuneration report of Artemis Resources Limited for the year ended 30 June 2017 complies with s 300A of the *Corporations Act 2001*.

*Hall Chadwick*

Hall Chadwick  
Level 40, 2 Park Street  
Sydney NSW 2000



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**DREW TOWNSEND**

Partner

Date: 28 September 2017

**ADDITIONAL INFORMATION FOR LISTED COMPANIES  
AS AT 14 SEPTEMBER 2017**

The following additional information is required by the Australian Securities Exchange pursuant to Listing Rule 4.10.

**a. Distribution of Shareholders**

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	128	22,698	0.01%
1,001 - 5,000	265	925,890	0.20%
5,001 - 10,000	327	2,768,552	0.61%
10,001 - 100,000	1,071	43,116,414	9.51%
Over 100,000	335	406,516,634	89.67%
<b>TOTAL ON REGISTER</b>	<b>2,126</b>	<b>453,350,188</b>	<b>100.00%</b>

**b.** The number of shareholders who hold less than a marketable parcel is 167.

**c. Substantial shareholders**

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company are:

	No of shares	%
EXCHANGE MINERALS FZE	36,543,301	8.06%
ARMENGAEL INV LTD	36,387,584	8.03%
DAVID LENIGAS	25,000,000	5.51%

**d. Twenty largest holders ordinary shares**

Rank	Holder Name	Designation	Securities	%
1	PERSHING AUST NOM PL	INDIAN OCEAN A/C	47,614,711	10.50%
2	HSBC CUSTODY NOM AUST LTD		39,003,956	8.60%
3	ARMENGAEL INV LTD		36,387,584	8.03%
4	BNP PARIBAS NOM PL	IB AU NOMS RETAILC	30,683,377	6.77%
5	CITICORP NOM PL		25,280,337	5.58%
6	J P MORGAN NOM AUST LTD		21,802,122	4.81%
7	FOX RES LTD		13,000,000	2.87%
8	MAHARAJAPURAM V S		10,955,966	2.42%
9	NARROWSBURG HLDGS LTD		9,023,503	1.99%
10	FZE CASS		7,567,500	1.67%
11	HUGHES JAY EVAN DALE	INKESE FAM A/C	6,300,000	1.39%
12	BNP PARIBAS NOMS PL	DRP	6,175,804	1.36%
13	MERRILL LYNCH AUST NOM PL		6,040,737	1.33%
14	INKESE PL		5,000,000	1.10%
15	D & K CORPS INV PL		5,000,000	1.10%
16	HUGHES JAY + LINDA	INKESE SUPER A/C	2,588,888	0.57%
17	HSBC CUSTODY NOM AUST LTD		2,567,046	0.57%
18	LUCO PROP GRP PL	LUCANTONIO S/F A/C	2,500,248	0.55%
19	SABET HOSSEIN		2,442,606	0.54%
20	FORSYTH BARR CUSTS LTD	FORSYTH BARR LTD-N	2,251,000	0.50%
		<b>TOP 20 TOTAL</b>	<b>282,185,385</b>	<b>62.25%</b>

**ADDITIONAL INFORMATION FOR LISTED COMPANIES  
AS AT 14 SEPTEMBER 2017**

**e. Twenty largest holders listed options**

Rank	Holder Name	Designation	Securities	%
1	VENKATARAMAN SRIDHAR		7,805,966	30.02%
2	FZE CASS		6,217,500	23.91%
3	AIM MERVYN PETER + S M	AIM S/F A/C	1,460,019	5.61%
4	PERSHING AUST NOM PL	INDIAN OCEAN A/C	1,105,395	4.25%
5	EUROPE RES LTD		1,000,000	3.85%
6	CAVE GLEN PL	SANDRA WISE S/F A/	800,000	3.08%
7	TALEX INV PL	A F WYLIE S/F A/C	720,000	2.77%
8	TALEX INV PL		529,516	2.04%
9	YEO SIMON DAVID + J	CAPE INV A/C	400,000	1.54%
10	GOLDSCHMIDT ERROL B + Z	ACCUMULATED ACUMEN	340,875	1.31%
11	MORGAN JANICE LINDA		300,000	1.15%
12	KONKERA PL	KONKERA FAM A/C	281,017	1.08%
13	PERSHING AUST NOM PL	ACCUM A/C	250,484	0.96%
14	BROWN PAUL GREGORY + J O	BROWN S/F A/C	250,000	0.96%
15	BLACK CREEK PL		200,000	0.77%
16	SILVERII CLAUDIO		200,000	0.77%
17	MATCHETT SHANE A + M A	SA MA MATCHETT S/F	200,000	0.77%
18	RAGGED HLDGS PL	JON YOUNG FAM FUND	200,000	0.77%
19	AIM MERVYN PETER + S M	AIM FAM A/C	166,000	0.64%
20	TOLLE INV PL	TOLLE A/C	165,000	0.63%
		<b>TOP 20 TOTAL</b>	<b>22,591,772</b>	<b>86.88%</b>

**f. Distribution of option holders**

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	14	2,975	0.01%
1,001 - 5,000	8	28,415	0.11%
5,001 - 10,000	12	90,788	0.35%
10,001 - 100,000	54	2,547,690	9.80%
Over 100,000	26	23,333,272	89.73%
<b>TOTAL ON REGISTER</b>	<b>114</b>	<b>26,003,140</b>	

**The listed options will cease to be quoted on 25 September 2017 and will expire on 29 September 2017.**

**ADDITIONAL INFORMATION FOR LISTED COMPANIES  
AS AT 14 SEPTEMBER 2017**

**OTHER DETAILS**

**1. Address and telephone details of entity's registered and administrative office**

The address and telephone details of the registered and administrative office in Australia are:  
Level 3, IBM Building  
1060 Hay Street  
West Perth WA 6005  
Telephone: +(612) 9078 7670  
Facsimile: +(612) 9078 7661

**2. Address and telephone details of the office at which the register of securities is kept**

The address and telephone of the office at which a register of securities is kept:  
Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross, Western Australia 6153

**3. Stock exchange on which the Company's securities are quoted**

The Company's listed equity securities are quoted on the Australian Securities Exchange.

**4. Review of Operations**

A review of operations is contained in the Review of Operations report.

**5. On market buy-back**

There is currently no on-market buy-back.

**ARTEMIS RESOURCES LIMITED**

ABN 80 107 051 749

**BOARD OF DIRECTORS**

David Lenigas (Executive Chairman)

Edward Mead (Executive Director)

Alex Duncan-Kemp (Executive Director)

**COMPANY SECRETARY**

Guy Robertson

**REGISTERED OFFICE**

Level 3, IBM Building

1060 Hay Street

West Perth WA 6005

Ph: (08) 9480 0459

**SHARE REGISTRY**

Security Transfer Registrars Pty Limited

770 Canning Highway

APPLECROSS WA 6153

Ph: (08) 9315-2333

Fax: (08) 9315-2233

[www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**AUDITORS**

Hall Chadwick

**WEBSITE**

<https://artemisresources.com.au>