



ARTEMIS RESOURCES LIMITED
ACN 107 051 749

CONSOLIDATED INTERIM FINANCIAL REPORT

For the Half Year Ended

31 December 2018

Corporate Directory

Directors

Sheikh Maktoum Hasher al Maktoum
(Non-Executive Chairman)
Edward Mead (Executive Director)
Daniel Smith (Non-Executive Director)

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Company Secretary

Guy Robertson

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Stock Exchange Listing

Australia Securities Exchange Limited
(ASX: ARV)
OTC Markets Group (OTCQB: ARTFF)
Frankfurt Stock Exchange (Frankfurt: ATY)

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Directors' Report

The Directors of Artemis Resources Limited submit herewith the financial report of Artemis Resources Limited ("Artemis" or "Company") and its subsidiaries (referred to hereafter as the "Group") for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Sheikh Maktoum Hasher al Maktoum	Non-Executive Chairman (appointed 5 February 2019) Previously Non-Executive Director
David Lenigas	Executive Chairman (resigned 5 February 2019)
Alex Duncan-Kemp	Executive Director (resigned 5 February 2019)
Edward Mead	Executive Director
Daniel Smith	Non-Executive Director (appointed 5 February 2019)

Review of operations

Artemis is pleased to outline the Company's progress for the six months to December 31, 2018. Artemis is a gold exploration company with a large and prospective suite of assets in the Pilbara region of Western Australia. The company now has 74 tenements over an area of $\approx 2,400 \text{ km}^2$ (**Figure 1**) and owns 100% of the strategically located Radio Hill processing plant and infrastructure, located approximately 35 km south of the city of Karratha.

During the half year to December 2018, the Company updated key 2004 and 2012 JORC Code compliant resources of gold, nickel-copper, gold-copper-cobalt and copper-zinc, all situated within a 40 km radius of the Radio Hill plant. The following is a summary of the key work programs completed or resources updates during this reporting period.

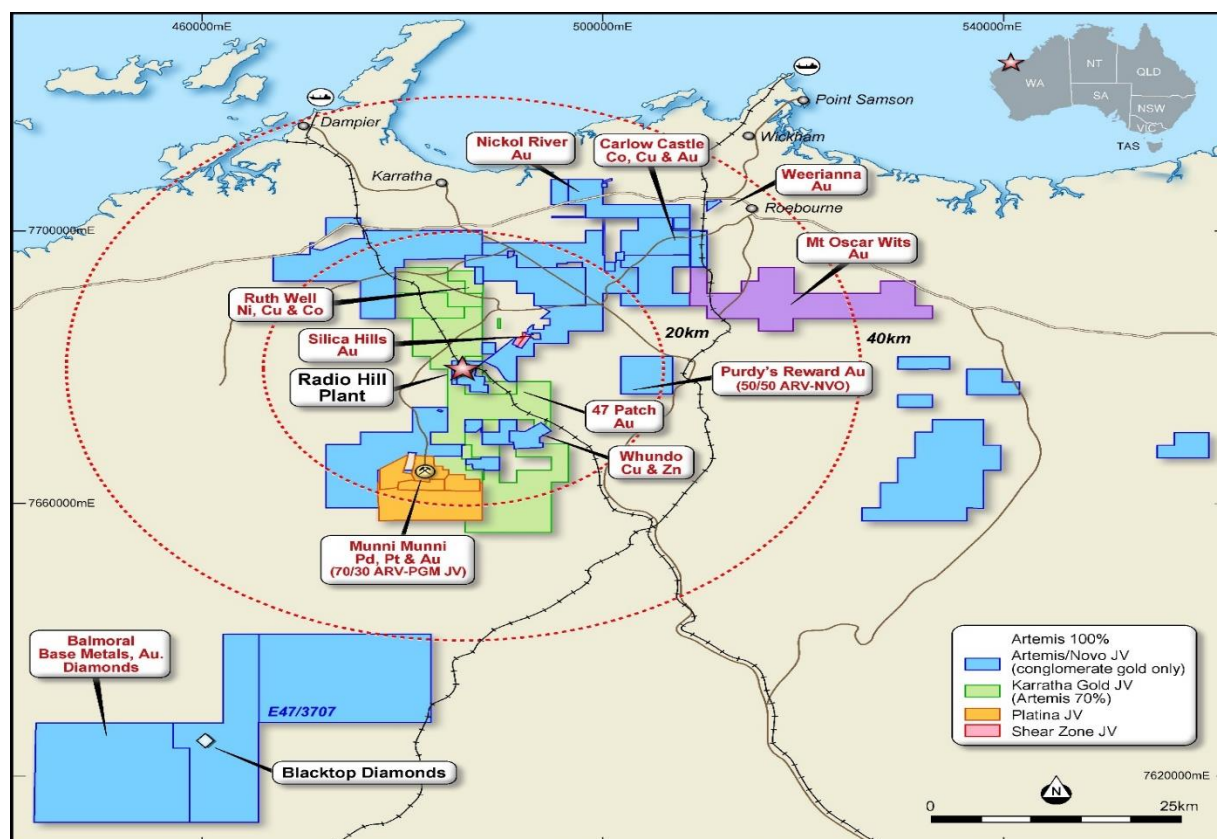


Figure 1: Artemis's Projects in the Karratha Area and Proximity to Radio Hill Process Plant

Directors' Report

DIRECTORS' REPORT (CONTINUED)

RESOURCE DEVELOPMENT

During 2018, Artemis completed over 33,000m of drilling across eight of its prospects (**Figure 1**). The objective was to prioritise and determine which targets could support long term mining and then processing at the Radio Hill plant.

Resource updates on Whundo (Cu-Zn), Weeriana (Au) and Radio Hill (Ni-Cu) were released to the market during the period (summarised below – refer to ASX releases for full details):

- **Whundo (Cu-Zn) - Indicated JORC Resource of 2.6Mt @ 1.14% Cu and 1.12% Zn for 30,419t contained Copper and 29,992t contained Zinc (ASX release 26 October 2018)**
- **Weeriana (Au) - Inferred JORC Resource of 975Kt @ 2.0 g/t Au for 62,739 contained Oz Au (ASX release 19 December 2018)**
- **Radio Hill (Ni-Cu) - Indicated JORC Resource of 1.15 Mt @ 0.52% Ni, 0.73% Cu and 277ppm Co for 5,980 t contained Nickel, 8,395t contained Copper and 318t contained Cobalt (ASX release 21 December 2018).**

Each require additional resource development and geometallurgical studies with a resource and metallurgical update for Carlow Castle since released in March 2019. Based upon work done in 2018, we are also planning to release a resource update on the Ruth Well project in early 2019.

CARLOW CASTLE (Au-Cu-Co)

Carlow Castle (Au-Cu-Co) is in the West Pilbara region of Western Australia, ~45 km by road east of Karratha (**Figure 1**). Access is via the Northwest Coastal Highway and then by the unsealed Cheratta Road which passes through the project area. Carlow Castle is on the granted exploration license E47/1797 held by KML No 2 Pty Ltd, which is a 100% owned subsidiary of Artemis. Carlow Castle is ~35 km from Artemis' 100% owned Radio Hill Processing Plant.

In January 2018, the Company announced a JORC Code (2012) compliant resource estimate for the 100% owned Carlow Castle project. A total Indicated and Inferred resource was estimated Mr Phil Jones from Al Maynard & Associates ("AM&A") for the Carlow Castle Project (**Table 1**), within the lode wireframes of Quod Est, Carlow Castle South and Carlow Castle South-East. This resource was based on 0.5 metal content lower cut-off with **4,500,000 tonnes at 0.9 g/t Au 0.07% Co, 0.4% Cu & 1.3 g/t Ag**, containing 130,000 ounces of gold, 18,000 tonnes of copper, 3,150 tonnes cobalt and 188,000 ounces of silver.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Table 1: Global Resource estimate for Carlow Castle, which includes Quod Est¹, Carlow Castle South and Carlow Castle South-East Lode (Phil Jones, 2018; AM&A).

Description	Category	Million tonnes	Au (g/t)	Co (%)	Cu (%)	Ag (g/t)
Carlow Castle South	Inferred	3.2	0.9	0.06	0.4	1.3
Carlow Castle South-East Lode	Inferred	0.7	1.2	0.06	0.4	1.8
Quod Est	Indicated	0.3	1.2	0.21	0.5	1.4
Quod Est	Inferred	0.2	0.6	0.07	0.3	1.0
Sub-Total	Indicated	0.3	1.2	0.21	0.5	1.4
Sub-Total	Inferred	4.2	0.9	0.06	0.4	1.3
TOTAL	Indicated + Inferred	4.5	0.9	0.07	0.4	1.3

Post this resource announcement, Artemis continued reverse circulation drilling (RC) throughout 2018 aimed at expanding the known resource along strike, infilling the drill pattern to 40 m by 20 m and testing depth extent of the ore zones.

The Carlow Castle deposit occurs in two zones being Carlow Castle and Quod Est (**Figure 2**) with these structurally controlled mineralised zones occurring almost at right angles to each other.

▪ Carlow Castle Zone

The Carlow Castle portion strikes east-west, being fault terminated at each end. Drill definition has been completed over the 1000 m strike length which has a flattened sinusoidal form. At the western end mineralisation dips steeply north, at the eastern end the mineralisation dips steeply south.

Mineralisation in Carlow Castle has been shown to extend to at least 250m below surface.

▪ Quod Est Zone

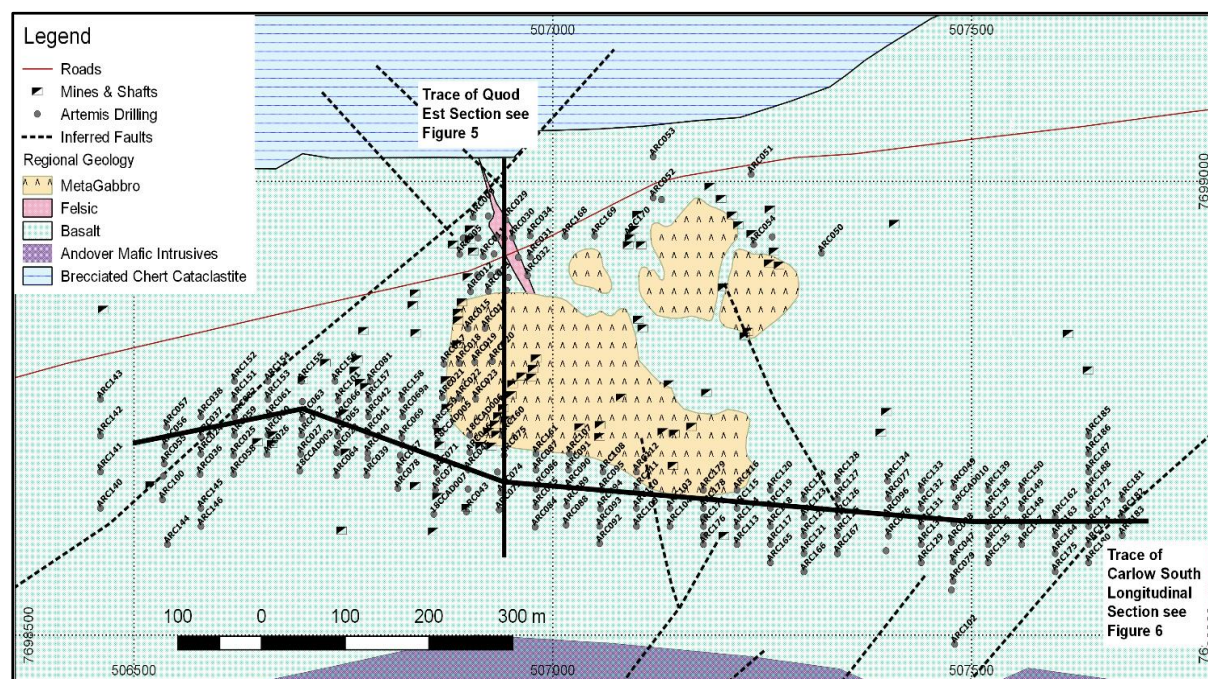
The Quod Est portion strikes approximately north-south dipping steeply east with a strike length of about 200m and is fault terminated to the north and potentially at depth. The RC drilling has identified additional mineralised zones to the east of Quod Est; at this stage these are of very limited extent but given the prevalence of historic workings in the area, potential exists to expand these lodes.

¹ ASX release dated 19 January 2018 "First of the Cobalt/Copper/Gold JORC Resources at Carlow Castle- amended"

Directors' Report

DIRECTORS' REPORT (CONTINUED)

The structurally controlled ore zones at Carlow Castle consist of copper sulphides (chalcopyrite, chalcocite), cobalt (cobaltite), pyrite and gold in constantly variable amounts within shears and brecciated zones in chloritized basalt. Minor tellurobismuthite, hessite and uraninite also occur.



Directors' Report

DIRECTORS' REPORT (CONTINUED)

Artemis has drilled another 64 Reverse Circulation ("RC") drill holes and 7 diamond drill holes for an additional 5,490 metres in 2018. The Whundo deposit occurs in two zones, Whundo and Whundo West, hosted within a single stratigraphic horizon as a series of NW-NNW plunging shoots, which may be traced on surface over 500m as discontinuous goethite-hematite gossans. The mineralised shoots typically vary from 1m to 5m thick but may thicken to 20m in fold hinge zones. The shoots plunge to the NW at 35-40° with a down plunge extent of up to 150m.



Figure 3: Whundo Mine Deposits – 7km from Radio Hill Processing Plant

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Phil Jones from Al Maynard & Associates ("AM&A") classified the entire resource as an Indicated Resource, using a resource cut-off of 0.2 % Cu. The resource is tabulated by material type (**Table 2**) with the resource classification based on:

- drill hole pattern of predominantly 10m x 10m within the estimation wireframes and 20m x 20m elsewhere;
- 669 drillholes totalling 49,528m informing the resource estimate;
- previous production activities (mining and processing) exploiting the Whundo deposits;
- close spaced drillholes, natural surface exposure and exposure due to mining activities providing for a high level of confidence in the geological interpretation; and
- recent drilling adjacent to older drilling confirming the previous mineralised intercepts.

The oxide material is blocks above the transition surface base digital terrain model (DTM) and fresh material is below the transition surface base DTM. The resource has been depleted from prior mining and does not include any stockpiles.

Table 2: AM&A Resource Estimate for the Whundo Cu-Zn Project
(October 2018 - INDICATED RESOURCES 0.2% Cu cut-off grade)

Material Type	Tonnage (tonnes x1000)	Copper Grade (Cu %)	Zinc Grade (Zn %)	Copper Metal (tonnes Cu)	Zinc Metal (tonnes Zn)
Oxide	383	1.78	0.43	6,845	1,666
Fresh	2,286	1.03	1.24	23,574	28,326
Total	2,669	1.14	1.12	30,419	29,992

WEERIANNA Au

In December 2018 Artemis completed a new resource update for the Weeriana gold project, announcing an Inferred, shallow resource of 975,000t @ 2.0g/t Au for 62,739 ounces of gold.

Artemis undertook a reverse circulation (RC) drilling program in 2018 comprising 19 drillholes for a total of 1,644m. Drilling tested for extensions to previously interpreted locations for mineralisation and to provide confirmation of previous results. In November 2018, the Company announced an updated resource estimate incorporating both the Company's recent drilling data and drilling data collected during exploration previously undertaken by other companies.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Weerianna is located in the West Pilbara region of Western Australia, approximately 25km east of Karratha and 5km west of Roebourne) and is adjacent to the Northwest Coastal Highway. Weerianna is situated on mining lease M47/223 (granted until 27 December 2031). M47/223 is 100% held by Western Metals Pty Ltd, an entity in which Artemis has an ~80% interest (via its wholly owned subsidiary, Karratha Metals Pty Ltd). The deposit is 35km by road to the Radio Hill plant where a new gravity gold circuit has recently been installed.

The 2018 Weerianna resource estimate was performed by Fleur Muller, Director of Geostat Services Pty Ltd ("Geostat"), using Surpac software, utilising historic data and data from the recent RC drilling program completed by Artemis. Fleur Muller has over 22 years of experience in geostatistical resource estimation and meets the requirements for a Competent Person as defined by JORC guidelines.

A classified mineral resource for the Weerianna deposit was calculated by Geostat (27 October 2018) to be 975,700 tonnes at 2 g/t Au for 62,700 ounces (above a cut-off of 1 g/t Au).

The classified Mineral Resource is tabulated in Table 3 as at 27 October 2018 and is reported beneath the topography surface using a 1g/t Au cut-off. Tonnage has dropped by approximately 3% from the previous reported estimate (refer ASX 26 June 2014) as the transitional density of 2.39 for the 2018 resource is lower than that of 2.6 used for the 2009 resource, and this material carries the bulk of the resource tonnage.

Another contributing factor is that the recent WERC holes have generally reported lower grades.

Table 3: Inferred Mineral Resource Estimate – Weerianna Gold Project
(October 2018 -above a 1.0 g/t Au cut off)

Material Type	Volume (cubic metres)	Tonnage ¹ (tonnes)	Gold Grade (g/t Au)	Au Metal (oz)
Oxide	52,891	126,409	2.15	8,738
Transition	265,125	649,556	2.03	42,394
Fresh	69,594	199,734	1.82	11,687
Total	387,609	975,699	2.00	62,739

¹ Note: tonnage is calculated on a wet tonnage basis.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

RADIO HILL SHALLOWS Ni Co

In December 2018 the Company reported a new, shallow Indicated JORC resource of 1.15 Mt @ 0.52% Ni, 0.73% Cu and 277ppm Co for 5,980 t contained Nickel, 8,395 t contained Copper and 318 t contained Cobalt for the Radio Hill Project.

The Radio Hill nickel-copper underground mine is in the West Pilbara region of Western Australia, ~35 km by road south of Karratha (**Figure 1**). Access is via the Karratha - Tom Price Hwy sealed road and then via the Rio Tinto dirt access road. Radio Hill is on a mining lease (M47/161, M47/337) and contains Artemis' 100% owned Radio Hill processing plant and the historic Radio Hill underground mine. The underground mine ore was processed through Radio Hill prior to the plant being placed into care and maintenance by Fox Resources (Fox) in September 2008 due to low commodity prices.

Drilling by previous operators of Radio Hill comprised 1,052 drill holes including open hole percussion, RAB, RC, underground sludge and diamond drilling for a total of approximately 89,885 metres. In 2018 Artemis drilled the shallow mineralisation up-dip from the Fox underground workings (**Figure 4**) on a regular grid. This included another 80 Reverse Circulation ("RC") drill holes and 7 diamond drill holes for an additional 6,779.5 metres, aiming to verify older drilling and to increase the drill data available in the upper levels of the mineralisation.

This drilling, sampling and assaying has been verified by Al Maynard & Associates (AM&A) as complying with the JORC Code (2012) for reporting exploration results and Mineral Resources. AM&A used the Artemis drilling only to model the shallow resources, ignoring the earlier drilling as it could not be verified as conforming to the JORC Code (2012).

These Indicated resources, as estimated by AM&A are 1.15 million tonnes at 0.52% Ni, 277ppm Co and 0.73% Cu.

Cobalt is a potential by-product that may report to the nickel concentrate and so is included in the resource estimate. Considering the spacing of the drill intersections, quality of the drilling and sampling and the degree of understanding of the geological controls on the mineralisation, AM&A have classified all the reported resources at Radio Hill as Indicated according to the JORC Code (2012).

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Table 4: AM&A Resource Estimate for the Radio Hill Ni-Cu Project
(December 2018 - Indicated Resources @ 0.0% Cu cut-off grade)

Ore Type	Tonnage (Million)	Nickel Grade (Ni %)	Copper Grade (Cu %)	Cobalt Grade (Co%)	Nickel Metal (tonnes Ni)	Copper Metal (tonnes Cu)	Cobalt Metal (tonnes Co)
Fresh	1.15	0.52	0.73	0.0277	5980	8395	318
Total	1.15	0.52	0.73	0.028	5980	8395	318

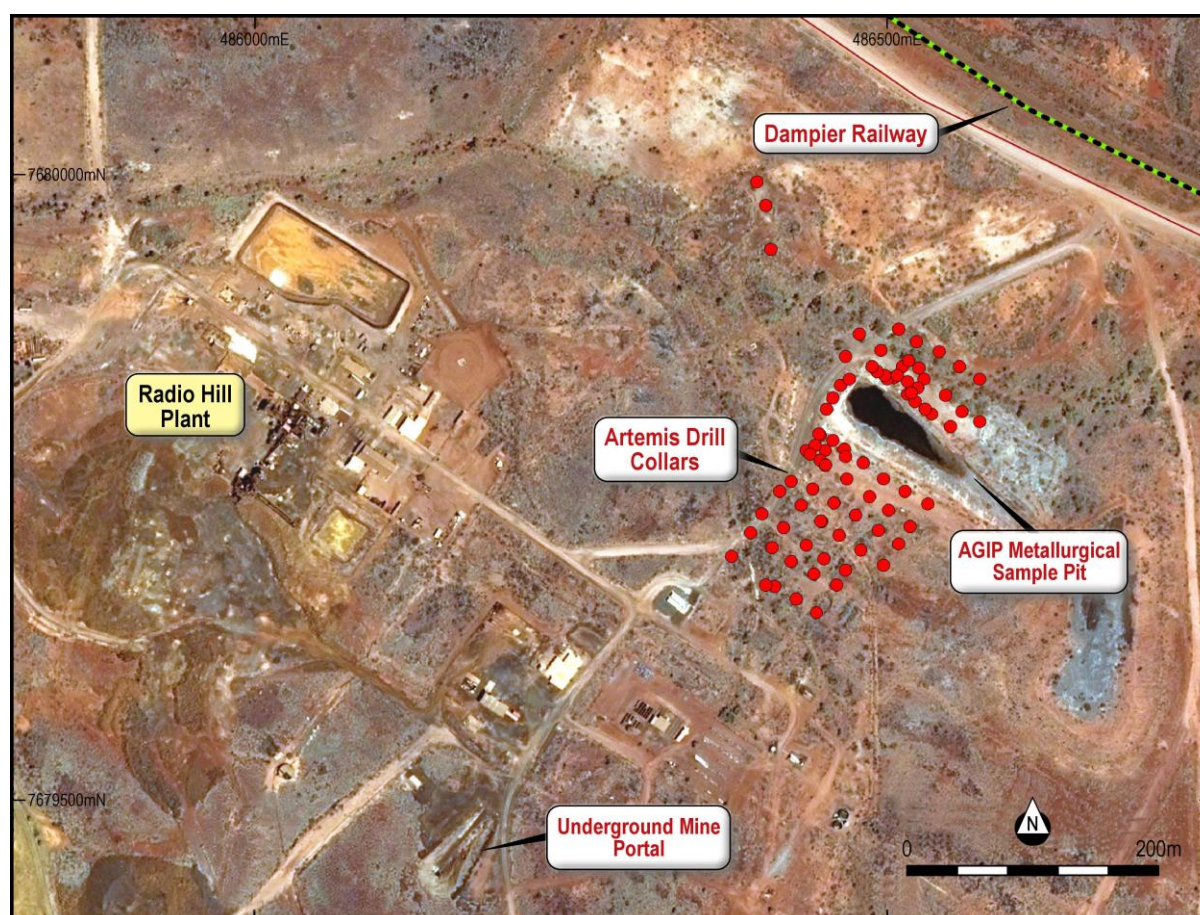


Figure 4: Radio Hill Mine area, processing plant and resource drilling location

Directors' Report

DIRECTORS' REPORT (CONTINUED)

EXPLORATION

Artemis aggressively explored through 2018 with key releases made to 31 December on:

- **Patersons Range** – commencement of magnetic survey and definition of eight exploration targets to the north, east and south of Greatland Gold's (AIM:GGP) Havieron Prospect
- **West Pilbara Gold**
 - **Three new gold discoveries** - at Monarch, Conqueror (formerly known as Patterson's Hut, Ruth Well North) and Pipeline
 - **47K Patch** – consolidation of sampling, aerial surveys, drilling and structural data
 - **Novo JV** – bulk sampling, drilling and environmental studies continue at Purdy's Reward
- **West Pilbara Copper and Cobalt** – multiple new cobalt targets defined

ARMADA PROSPECT (100% ARV) – Paterson Range, Western Australia

In July 2018, Artemis announced that it had submitted an exploration licence application for 600km² of exploration tenure within the prospective Paterson Range region of the Pilbara. The Armada Prospect (Figure 5) is well located to several known mineral discoveries in the region including the large Telfer Au-Cu Mine, O'Callaghan's Deposit (W-Cu) owned by Newcrest Mining Limited, and the Nifty Cu Mine owned by Metals X Limited.

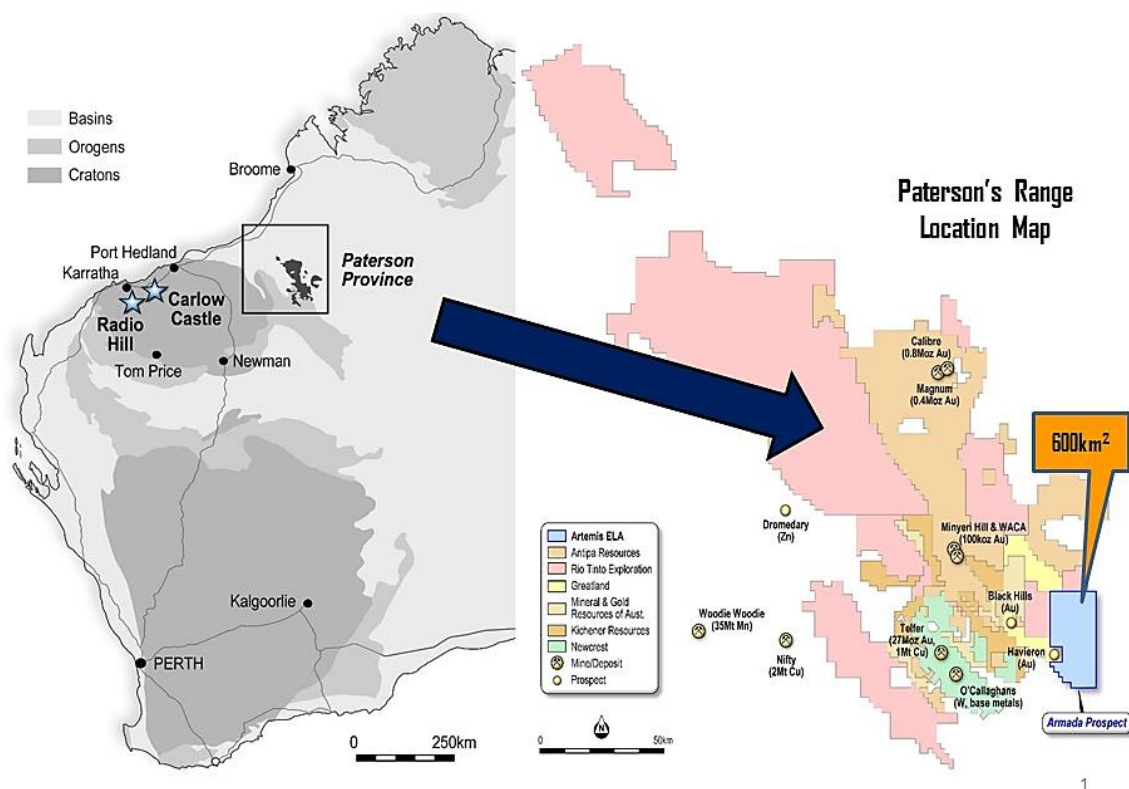


Figure 5: Regional Location Map – Paterson Ranges, Pilbara Region, Western Australia

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Recent exploration by Greatland Gold at their Haverion Prospect (**Figure 6 and 7**) has highlighted the potential for a new iron oxide copper gold (IOCG) district, with recent exploration success at Haverion representing a potentially very large mineralised system.

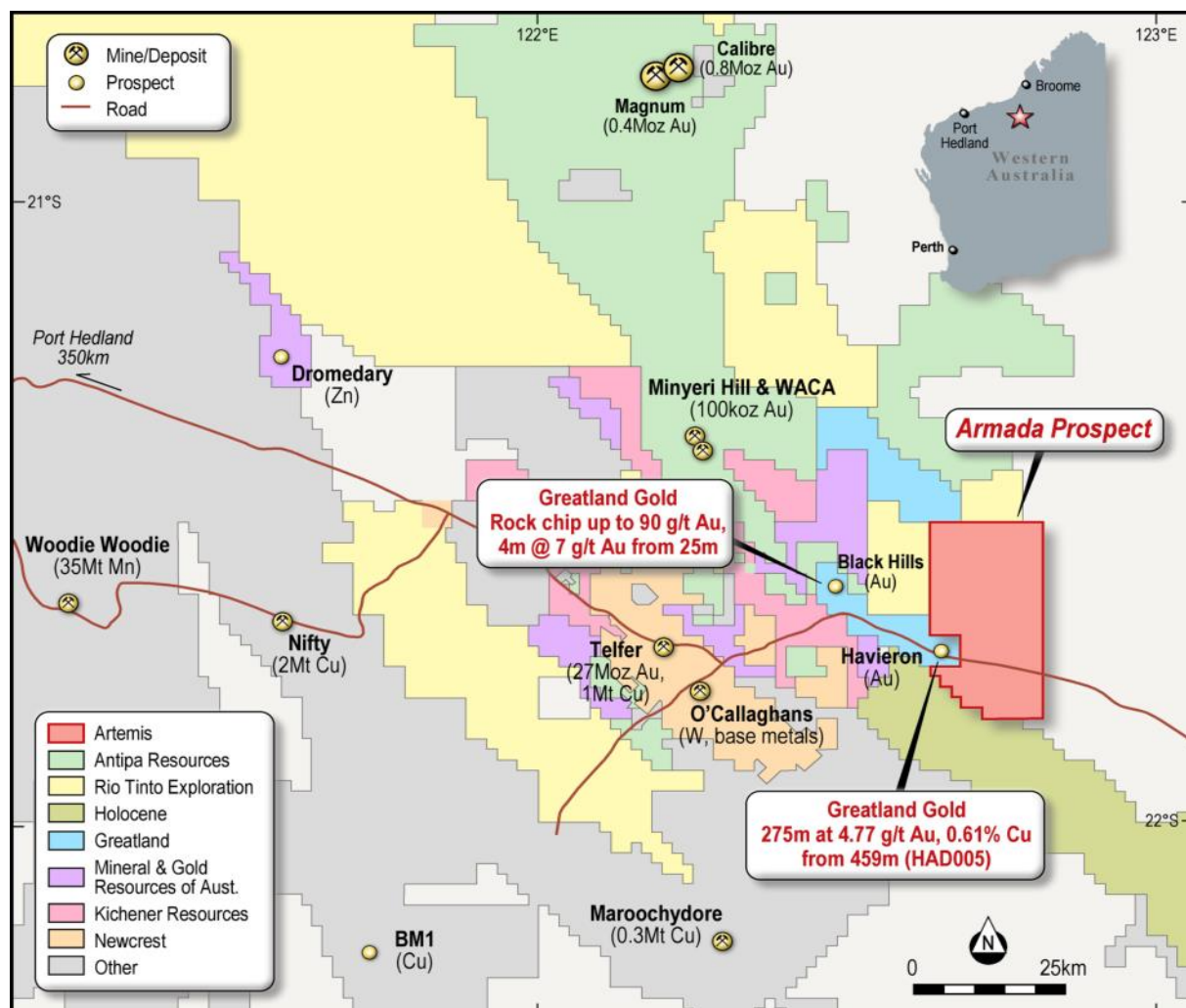


Figure 6: Armada Location Map with Major Deposits Located

In December 2018 Artemis commenced a magnetic survey on its Armada Prospect in the Paterson Range region in the Pilbara. The airborne survey covered the western 47% of the Armada exploration licence application (E45/5276) and consisted of 3,311 line-kilometres with a line spacing of 100m at a nominal flight height of 35m.

This survey provided high quality data for our geophysical consultants, Southern Geoscience to process. The survey identified eight targets within a 22 km radius of the Haverion Prospect with these targets arbitrarily ranked on magnetic signature/structural character (**Figure 7**).

The next step at Armada is have the permit granted (which has since happened in early 2019) and to complete a gravity survey. The survey is scheduled for completion in early February 2019.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

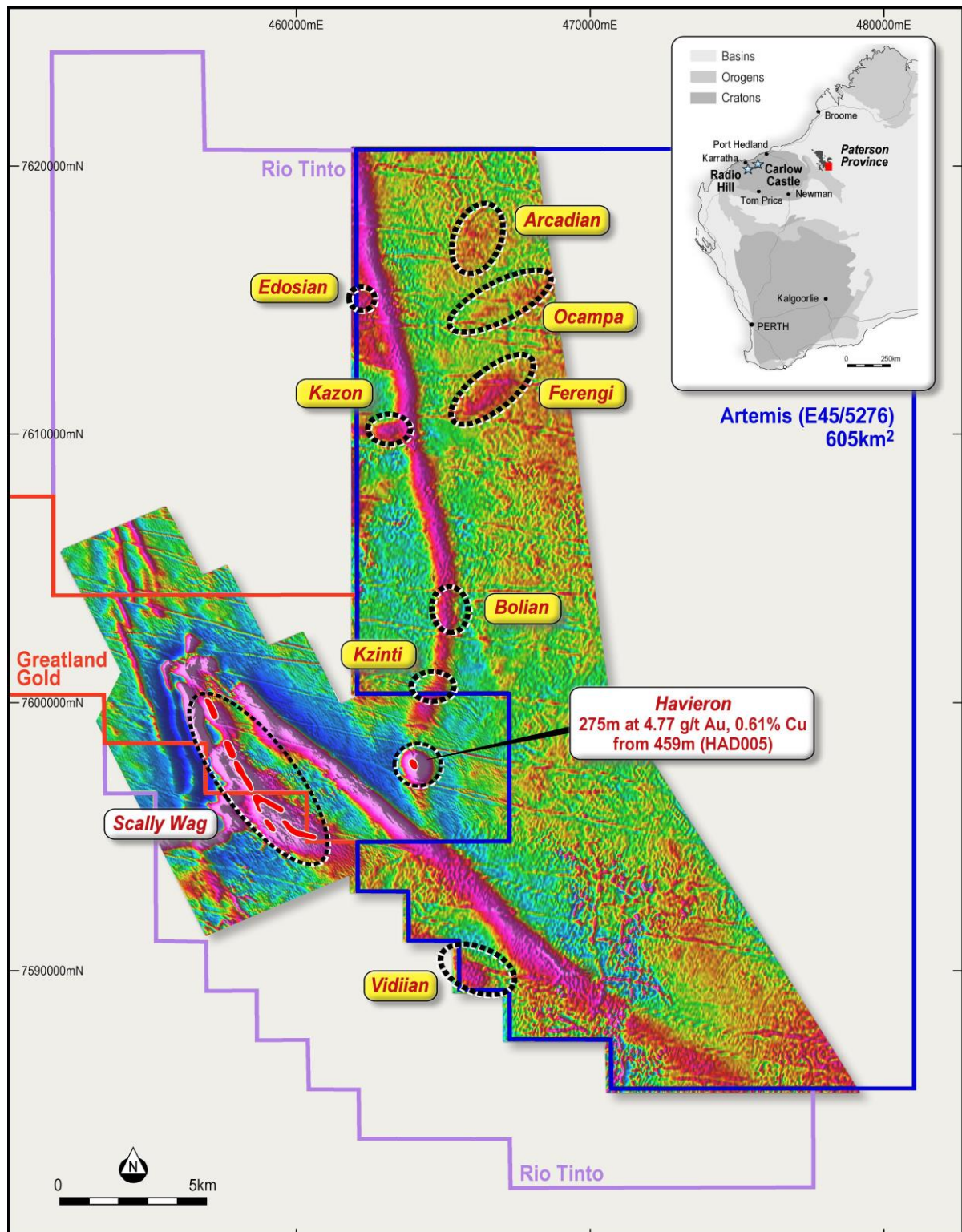


Figure 7: Artemis Aeromagnetic data, reduced to pole
- 1st vertical derivative merged with Greatland Gold Plc magnetic data

Directors' Report

DIRECTORS' REPORT (CONTINUED)

47 PATCH Au

Bulk sampling and testing were continued throughout the year at 47K Patch. Based upon handheld GPS surveying of disturbed areas, a total of 14,500m² has been examined and detected, virtually all of which is within the drainage system. Interpretation of satellite imagery (**Figure 8**) shows this drainage to be strongly controlled by minor faults/joints within the host stratigraphy.

The sampling has indicated gold is sourcing from multiple zones within the profile with the only zone positively identified being on the basal contact of the sequence. It is believed that the gold has then been concentrated into the drainage by erosional processes.

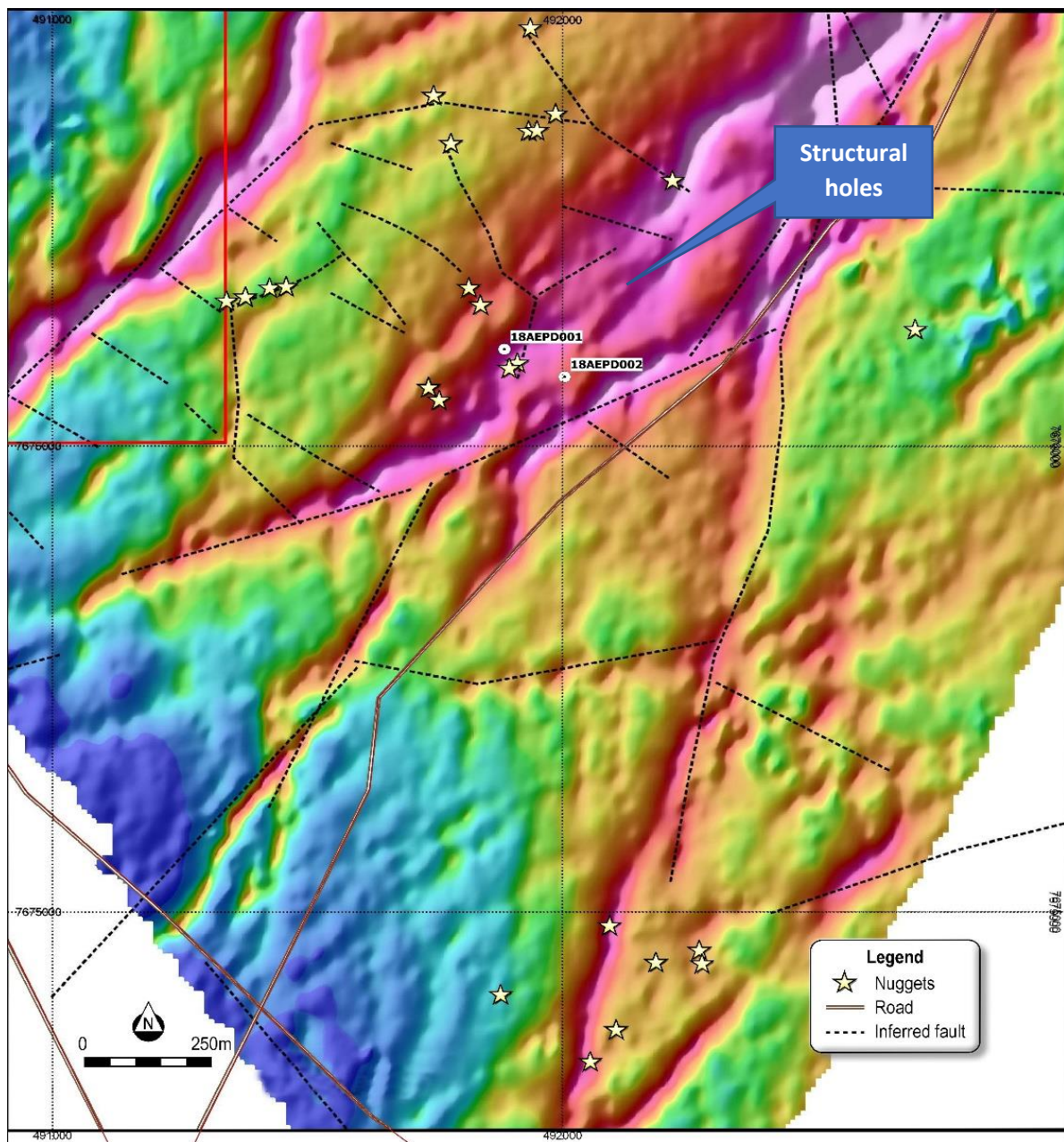


Figure 8: 47K Patch Drainage, Structure and Sampling Map

Directors' Report

DIRECTORS' REPORT (CONTINUED)

A total of 8,188g of >5mm gold nuggets have been recovered from near surface. Generally, the nuggets recovered display a more rounded character than those derived from Purdy's Reward, suggesting a higher energy, more aggressive deposition environment. This general coarseness of the nuggets recovered encourages the company to believe the source is within close proximity.

Two short diamond structural drill holes were completed during the December quarter in accessible areas to determine the stratigraphy of the area, both holes were found to have collared directly in Pilbara Supergroup basement. Both holes intersected anomalous gold values derived from thin <5mm thick quartz carbonate pyrite veins within brecciated andesite.

Subsequently a Sub-Audio-Magnetic (SAM) survey was completed over the 47 Patch area defining multiple large features within the basement which are interpreted to be significant structural corridors. A program of RC drilling is being reviewed to test these features during 2019 and pending results Artemis will submit a Mining Proposal in support of a Mining Lease Application. It should be noted that the Company has completed all necessary heritage and biodiversity surveys, therefore once the mining area is defined, a Mining Proposal can be submitted to the Department of Mines, Industry Regulation and Safety (DMIRS) to support the mining lease application.

A suite of nuggets has been collected from 47 Patch and have been donated to the GSWA for a trace element fingerprinting research program with the CSIRO in conjunction with nuggets recovered from other areas of the Company's tenure within the West Pilbara, such as Purdy's Reward.

NOVO PALEOPLACER AND CONGLOMERATE GOLD JV

There has been strong progress at Purdy's Reward by our JV partners Novo Resources during 2018.

Environmental surveys were extensive and included baseline surveys on flora/vegetation, vertebrate fauna, stygofauna, hydrogeology, soil assessments, mine waste characterisation, groundwater monitoring, studies of the geochemical characterisation of the lithological units and Aboriginal heritage surveys with the Ngarluma Aboriginal Corporation. These background studies will allow for further exploration, including drilling, trenching and bulk sampling – followed by applications for mining, Novo is currently generating a Mineralisation Report covering exploration results on the Purdy's Reward (and their adjacent Comet Well) exploration lease. The Mineralisation Report forms the basis for conversion of an exploration license (E47/1745 at Purdy's Reward) to a future mining lease. Submission of this report by Novo to DMIRS is targeted for the first quarter of 2019.

During the December quarter, Novo used detailed geological mapping to assess geological scrapes to determine effective bulk sampling sites. Six bulk samples, each ≈5 tonnes were taken and four sent to the SGS laboratories for assay. Some results are pending.

In addition, seven diamond drillholes (**Figure 9**) for a total of 360.98m were drilled between August-October 2018. The core is being logged for use in a 'mine sequence' for Purdy's Reward. Holes 18PDD001, 18PDD002 and 18PDD005 intersected approximately 12m of conglomerate and sands, while 18PDD003 intersected the conglomerate unit much deeper, believed to be due to a steep dipping fault. Unfortunately, 18PDD004, 18PDD006, and 18PDD007 did not intersect conglomerate. Novo are also re-logging historical diamond drillholes which will be incorporated into a MicroMine 3D Model that is being developed. Furthermore, Novo are using CoreScan© technology to provide geochemical and geophysical results.



Directors' Report

DIRECTORS' REPORT (CONTINUED)

BALMORAL DEEP DRILLING PROGRAM

Artemis completed its deep hole drilling program in the West Pilbara in August 2018. Hole ASD-1 was terminated at a depth of 1,348.5 metres while ASD-2 was terminated at a depth of 790.5 metres. During the December quarter CSIRO completed Minalyser and Hylogger scans of both Balmoral deep drillholes.

ASD-01 was co-funded via \$120,000 of funding from the State Government's Exploration Incentive Scheme (EIS). Artemis thanks GSWA and DMIRS for their support. All drill core has been donated to the GSWA Core Library, with CSIRO proceeding with characterisation sampling of the lithological units within the stratigraphy.

Although the drilling disappointingly did not penetrate the full thickness of the Fortescue Group to test the prospective Mt Roe Basalt basal contact, drilling did show the level of complexity of the geology and topography of the base of the Hamersley Basin sediments and top of the Pilbara Supergroup basement.

With coarse nuggety gold being recovered from this Mt Roe Basalt basal contact zone at Purdy's Reward/Comet Well in the West Pilbara, the Bellary Dome near Paraburdoo and Loudens Patch south of Whim Creek indicates an area approximately 450km wide by >250km east-west where this style of gold occurrence may have been recognised rather recently, despite >100 years of prospecting and exploration.

The significance of this and distribution of basin margins and basal topography show that much more research of this geological position is imperative.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

RADIO HILL OPERATIONS



Figure 10: Radio Hill Operations

Radio Hill Construction and Refurbishment

The Radio Hill processing plant is 35 km from Karratha in the Pilbara region of Western Australia. This base metal flotation concentrator and associated infrastructure was built in 1988. Previous operators have invested more than \$60m between 1988 and 2002 (Fox Resources 2004 Annual Report). In September 2002, Fox Resources (Fox) acquired the process plant and underground mine and associated mining leases.

The 425,000t flotation concentrator produced copper and nickel concentrates from the Whundo Copper Mine and the Radio Hill underground mine for export via Dampier Port. In mid-2008 Fox placed Radio Hill on care and maintenance due to weakening copper price which saw US\$ copper prices fall to circa US\$3,000 by the end of 2008. In March 2017, Artemis acquired the Radio Hill plant, associated infrastructure and tenements from Fox for approximately \$4M in cash and Artemis shares (announced 2 March 2017).

In November 2017, Artemis appointed Process 26 Engineers and Constructors ("Process 26") to refurbish and upgrade the existing Radio Hill crushing and grinding circuits (announced 27 Nov 2017). Construction activities commenced on 20 August 2018 to upgrade the facility with the installation of additional crushing equipment, tailings dewatering facilities and a gold room. Gekko Systems ("Gekko") were mobilised to install and commission the gravity gold extraction circuit.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Process 26 and Gekko completed the following:

- **Crushing circuit refurbishment program complete** - including ROM wall replacement, installation of refurbished primary and secondary crushers, conveyor belts, and vibrating screen;
- **Milling and Classification area** – steelwork, cyclone cluster and DSM screen installation near completion;
- **Gekko gold circuit complete** – including installation of Inline Pressure Jig, Falcon, Inline Spinner and associated gold room equipment;
- **Gold room building** – structure, cladding and fit out complete with Gemini Table and Barring Furnace placed into position;
- **All slurry pumps have been overhauled;**
- **Thickener and flocculant plant** - foundations and ground slabs complete with thickener lifted into place; and
- **High Voltage** – HV cables installed and terminated.

The new flowsheet for Radio Hill is below (**Figure 11**).

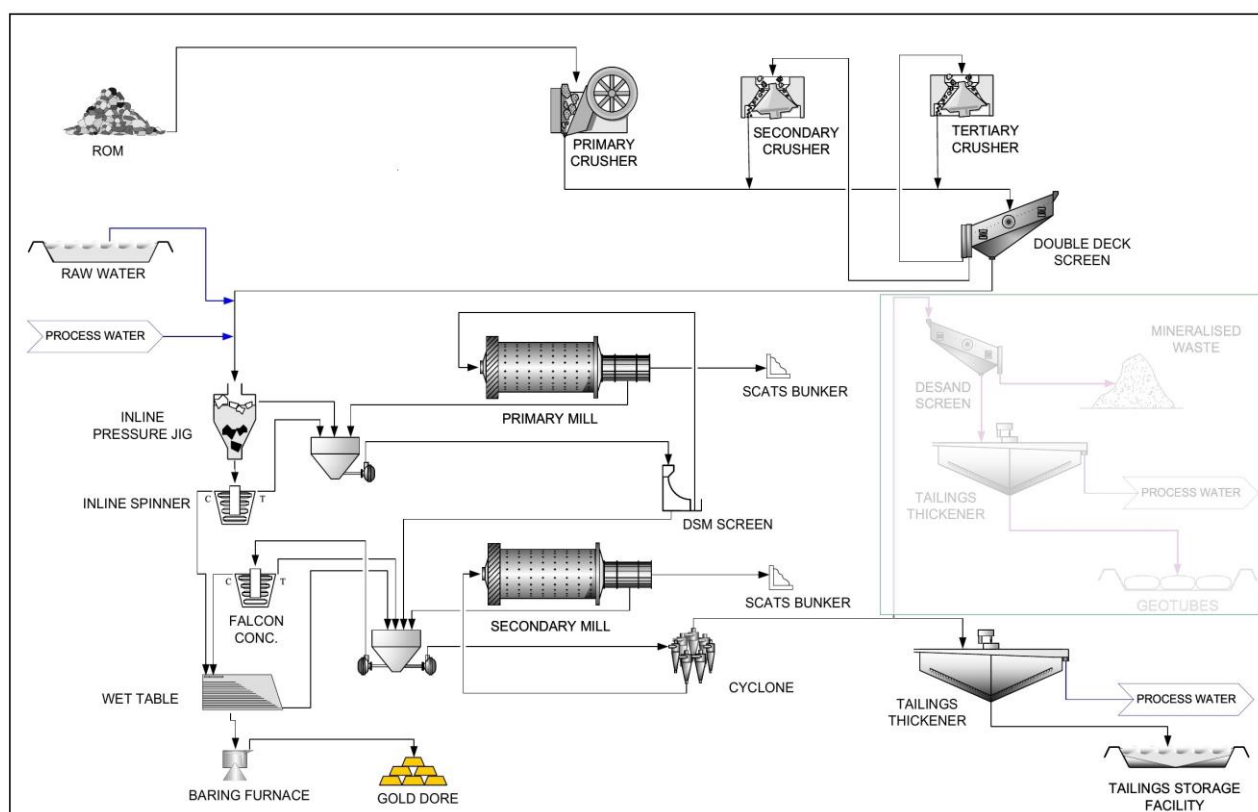


Figure 11: Updated Stage 1 Flowsheet for Radio Hill including Gold Circuit

Directors' Report

DIRECTORS' REPORT (CONTINUED)

At 31 December 2018, mechanical refurbishment and installation of key processing equipment at Radio Hill (**Figure 8**) remains at $\approx 80\%$ complete with outstanding electrical and instrumentation, minor structural repairs and plant piping to be completed once final approval for TSF3 is received and Artemis has defined:

- a. 2-3 years of plant feed from its extensive gold and base metal asset base; or
- b. equivalent tonnages of gold ore from third parties or joint venture partners.

Either of these options could support the final investment decision to complete plant refurbishment.

With respect to TSF3 approvals, the key submission to the relevant government department was made in late October 2018 and final approval is pending. It should be noted that Artemis is currently licensed to process 500,000 tpa of gold ore, capturing the gold intermediate by-product into a geotube facility. This technology is untried in Australia, has a high set-up and operating cost structure and is considered difficult to manage with a new operating team.

As a high cost, short term option the geotubes make an orderly transition into continuous operations more complicated and as such it is the preference of the company to wait until TSF3 is available before a start-up of Radio Hill is considered – which is also contingent upon adequate ore sources and feasibility studies.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

CORPORATE

▪ Munni Munni JV

During the period, Artemis completed its 70% earn-in on the Munni Munni Project with Platina Resources Ltd (Platina). The Munni Munni Project, Australia's largest PGE deposit, is contiguous to Artemis tenements on all sides and is located approximately 20km from the company's 100% owned Radio Hill Operations. This new (ARV 70% - PGM 30%) JV will target gold mineralisation within Munni Munni package (refer to ASX announcement 20 August 2018).

▪ Toll Treating / Campaign Processing at Radio Hill

The Radio Hill processing plant now has gravity gold processing capability and as such, bulk sampling or campaign processing could be considered from both Artemis-held and third-party tenure. The recently announced alliance with Pacton Gold Inc. (TSX.V:PAC, refer ASX announcement 18 October 2018) provides Artemis with a strategic relationship with another regional explorer who could provide ore to be processed at Radio Hill from their portfolio of conglomerate and shear hosted gold targets.

Commercial discussions continue with several parties and Artemis will advise the market once a definitive agreement is reached on suitable commercial terms.

▪ Institutional Support for Paterson Range

On 30 November 2018 Artemis announced it has entered into a funding agreement, with London Institutional group, Riverfort Global Capital Limited ("Riverfort") for ~US\$5.4M to advance exploration activities at the Armada Prospect in the Paterson Range and the Carlow Castle (Au-Cu-Co) project.

▪ Artemis begins trading on U.S. OTCQB Venture Exchange

In parallel to the Frankfurt listing, Artemis commenced trading on the US OTCQB Venture Market during the December quarter under the ARTTF ticker. This exchange offers early stage and developing international companies the benefits of being publicly traded in the USA with lower cost and complexity than other North American exchanges. Refer to www.otcm Markets.com for more details.

Directors' Report

DIRECTORS' REPORT (CONTINUED)

Events subsequent to reporting date

On 5 February 2019, His Highness Sheikh Maktoum Hasher al Maktoum was appointed Non-Executive Chairman.

On 5 February 2019, Mr Daniel Smith was appointed Non-Executive Director.

Mr David Lenigas and Mr Alex Duncan-Kemp resigned as directors on 5 February 2019.

On 15 February 2019, the Company issued 3,173,233 shares, being an instalment payment on the convertible loan note facility.

Other than as outlined above, there is no events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2018.

Auditor's independence declaration

The auditor's independence declaration is set out on page 22 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Edward Mead
Executive Director
Sydney, 14 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Artemis Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2019

B G McVeigh
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Consolidated Statement of Profit or Loss And Other Comprehensive Income For the Half Year Ended 31 December 2018

		Consolidated	
		31 December 2018	31 December 2017
	Notes	\$	\$
Revenue	3	15,346	15,212,412
Cost of sales		-	(54,543)
Personnel costs		(387,136)	-
Occupancy costs		(62,186)	(52,170)
Legal fees		(126,742)	(231,532)
Consultancy costs		(242,232)	(178,940)
Compliance and regulatory expenses		(159,529)	(204,770)
Directors' fees		(390,000)	(1,815,288)
Travel		(170,910)	(310,499)
Borrowing costs		(1,519,402)	(374,720)
Project and exploration expenditure write off	6	(304,197)	(79,072)
Project acquisition costs		-	(520,000)
Net fair value loss on financial instruments designated as fair value through profit or loss		(493,554)	(1,627,955)
Share based payments		(1,896,567)	(272,251)
Marketing expenses		(154,357)	(28,372)
Depreciation and amortisation		(18,322)	(3,000)
Unrealised foreign exchange gain		226,124	-
Other expenses		(342,573)	(86,310)
(LOSS)/PROFIT BEFORE INCOME TAX		(6,026,237)	9,372,990
Income tax expense/benefit		-	-
(LOSS)/PROFIT FOR THE PERIOD		(6,026,237)	9,372,990
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(6,026,237)	9,372,990
Basic (loss)/profit per share - cents	4	(0.94)	1.86
Diluted (loss)/profit per share - cents	4	(0.94)	1.83

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

Consolidated Statement of Financial Position

As at 31 December 2018

		Consolidated	
		31 December 2018	Restated 30 June 2018
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		6,087,747	27,048,303
Trade and other receivables		292,948	1,846,132
Inventories		468,205	-
Other financial assets	5	277,102	430,730
TOTAL CURRENT ASSETS		7,126,002	29,325,165
NON-CURRENT ASSETS			
Plant and equipment		164,143	96,999
Intangible assets		116,983	83,251
Exploration and evaluation expenditure	6	35,586,330	28,761,826
Development expenditure	7	21,786,291	11,713,066
TOTAL NON-CURRENT ASSETS		57,653,747	40,655,142
TOTAL ASSETS		64,779,749	69,980,307
CURRENT LIABILITIES			
Trade and other payables		2,003,245	7,446,797
Employee benefits obligation		25,218	8,928
Financial liabilities designated as at fair value through profit or loss	8	7,417,918	3,914,024
TOTAL CURRENT LIABILITIES		9,446,381	11,369,749
TOTAL LIABILITIES		9,446,381	11,369,749
NET ASSETS		55,333,368	58,610,558
EQUITY			
Share capital	9	80,654,567	79,127,087
Reserves	10	1,946,566	724,999
Accumulated losses		(27,267,765)	(21,241,528)
Parent interests		55,333,368	58,610,558
TOTAL EQUITY		55,333,368	58,610,558

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

As at 31 December 2018

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2018	79,127,087	(21,241,528)	724,999	58,610,558
Loss for the period	-	(6,026,237)	-	(6,026,237)
Total comprehensive loss for the period	-	(6,026,237)	-	(6,026,237)
Issue of capital	1,527,480	-	-	1,527,480
Share based payments	-	-	1,221,567	1,221,567
Balance at 31 December 2018	80,654,567	(27,267,765)	1,946,566	55,333,368

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

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2018

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	75,432	354,273
Payments to suppliers and employees	(1,886,667)	(1,611,468)
Interest received	4,936	21,077
Financing cost	(331,516)	(573,815)
NET CASH USED IN OPERATING ACTIVITIES	(2,137,815)	(1,809,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	-	(736,239)
Proceeds from sale of investments	-	146,818
Payments for exploration and evaluation	(8,294,506)	(3,465,929)
Payment for development expenditure	(13,786,210)	(1,556,420)
Payment for projects/prospect	-	(1,500,000)
NET CASH USED IN INVESTING ACTIVITIES	(22,080,716)	(7,111,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	19,075,489
Cost of share issue	-	(882,000)
Exercise of options	202,485	-
Proceeds from convertible note, net of costs	5,039,479	5,945,303
Repayment of convertible note	(2,210,113)	(263,089)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,031,851	23,875,703
Net (decrease)/increase in cash held	(21,186,680)	14,954,000
Cash at the beginning of the period	27,048,303	329,196
Effects of exchange rate changes on the balance of cash held in foreign currencies	226,124	-
CASH AT THE END OF THE PERIOD	6,087,747	15,283,196

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

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report does not include notes of the type normally included in an annual financial report. The half year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

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

These interim financial statements were authorised for issue on 15 March 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period including adopting AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 1 July 2018.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group, except for AASB 9 Financial Instruments:

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group (continued)

On initial application date, borrowings were designated as financial liabilities designated as at fair value through profit and loss. As from the initial application date further gains or losses will be recognised as net fair value movement through profit or loss.

Any new, revised or amending Accounting Standards or Interpretations that are yet to be mandatory have not been early adopted.

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018. As a result of this review the Directors have determined that AASB 16 Leases has no material effect on the application in future periods.

Going Concern

For the half-year ended 31 December 2018 the Group recorded a loss of \$6,026,237 (2017: a profit of \$9,372,990) and had net cash outflows from operating activities of \$2,137,815 (2017: \$1,809,933) and has a net working capital deficit of \$2,320,379 as at 31 December 2018 (2017: a net surplus of \$17,955,416).

These factors indicate a material uncertainty which may cast significant doubt as to whether the Company and Group 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 Group 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 Group has cash at bank of \$6,087,747 and net assets of \$55,333,368 as at 31 December 2018;
- The ability of the Group to scale back certain parts of their activities that are non-essential so as to conserve cash;
- The Group retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets; and
- The ability of the Company to raise further capital to enable the Group to meet scheduled exploration expenditure requirements.

Accordingly, the Directors believe that the Company and Group 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.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgements

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

Key judgment

The Group capitalises expenditure relating to exploration and evaluation, and development, 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.

Business combination

The accounting for acquisition of Elysian Resources Pty Limited and Hard Rock Resources Pty Limited has been finalised at the end of the reporting period. No further adjustments are required on the fair value of assets and liabilities acquired.

2. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

a. Description of segments

The Board has determined that the Group has two reportable segments, being mineral exploration activities and development expenditure. The Board monitors the Group based on actual versus budgeted expenditure incurred by area of interest.

The internal reporting framework is the most relevant to assist the Board with making decisions regard the Group and its ongoing exploration activities.

Notes to the Financial Statements

2. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Board:

31 December 2018

	Exploration Activities			Development Activities	Unallocated	Total
	Mt Clement	West Pilbara	Others	Radio Hill	Corporate	
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	15,346	15,346
Segment expenses	-	-	-	-	(6,041,583)	(6,041,583)
Reportable segment loss	-	-	-	-	(6,026,237)	(6,026,237)
Reportable segment assets	205,772	35,295,815	84,743	21,786,291	7,407,128	64,779,749
Reportable segment liabilities	-	-	-	-	9,446,381	9,446,381

31 December 2017

	Exploration Activities			Development Activities	Unallocated	Total
	Mt Clement	West Pilbara	Others	Radio Hill	Corporate	
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	15,212,412	15,212,412
Segment expenses	-	-	-	-	(5,839,422)	(5,839,422)
Reportable segment profit	-	-	-	-	9,372,990	9,372,990
Reportable segment assets	101,050	19,010,225	230,000	2,693,353	31,433,835	53,468,463
Reportable segment liabilities	-	-	-	-	9,376,840	9,376,840

Notes to the Financial Statements

3. REVENUE

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
Revenue		
Other income ¹	7,516	16,606,896
Less: Applied as recovery of exploration costs	-	(1,559,575)
	7,516	15,047,321
Sales of gold, silver and copper ore	-	101,100
Profit on sale of shares	-	42,914
	7,516	15,191,335
Other revenue		
Profit on sale of PP&E	2,894	-
Interest received	4,936	21,077
	7,830	21,077
	15,346	15,212,412

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

The Novo shares have been marked to market as at 31 December 2017 reducing the carrying value by \$1,627,955. The Novo shares were sold to Kirkland Lake Gold (TSX: KL, NYSE: KL, ASX: KLA) at a price of CAD\$5.00 per share for a total purchase price of CAD\$20m on 31 May 2018.

4. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2018 was based on the loss attributable to shareholders of the parent company of \$6,026,237 (2017: Profit \$9,372,990):

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
Basic (loss)/earnings per share	(0.94)	1.86
Diluted (loss)/earnings per share	(0.94)	1.83
	No of Shares	No of Shares
Weighted average number of ordinary shares:		
Ordinary shares	639,791,030	502,688,575
Ordinary shares fully diluted	675,962,496	512,688,575

Notes to the Financial Statements

5. OTHER FINANCIAL ASSETS

	Consolidated	
	31 December	30 June
	2018	2018
	\$	\$
Current		
<i>Fair Value Through Profit or Loss</i>		
Shares in listed equity securities (Level 1)	277,102	430,730

6. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December	Restated
	2018	30 June
	\$	2018
	\$	\$
Exploration and evaluation expenditure	35,586,330	28,761,826

Exploration and Evaluation Phase Costs

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

Reconciliation of movement during the period:

	Consolidated	
	31 December	Restated
	2018	30 June
	\$	2018
	\$	\$
Opening balance	28,761,826	6,299,352
Acquisition of tenements and project interests	-	10,220,000
Expenditure capitalised in current period	7,128,701	12,619,133
Exploration expenditure written off	(304,197)	(202,445)
Cost of product sold written off	-	(174,214)
Closing balance	35,586,330	28,761,826

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

Notes to the Financial Statements

7. DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2018 \$	Restated 30 June 2018 \$
Development expenditure	21,786,291	11,713,066

Reconciliation of movement during the period:

	Consolidated	
	31 December 2018 \$	Restated 30 June 2018 \$
Opening balance	11,713,066	2,693,353
Additions	10,073,225	9,019,713
Closing balance	21,786,291	11,713,066

IMPAIRMENT

The recoverable amount of the cost to date for the work in progress on the Radio Hill Processing Plant was reviewed for impairment. Following the review, the Directors have determined that the recoverable amount exceeds the carrying value and that no impairment exists. The recoverable amount estimation was based on the estimated value in use with discount rate of 8% applied to the cash flow projections and was determined at the cash-generating unit level. The cash-generating unit consists of the operating assets, which is comprised of the process plant and other property, plant and equipment associated with the project. As a result of the review no material items required impairment or write offs.

Notes to the Financial Statements

8. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Convertible note (Level 2)	7,417,918	3,914,024

Reconciliation of movement during the period:

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Opening balance	3,914,024	2,265,965
Add: Additional convertible note	5,374,081	5,945,303
	9,288,105	8,211,268
Less: Conversion to equity	-	(2,232,791)
Less: Cash repayment on convertible note	(2,210,113)	(1,918,894)
Fair value movement	339,926	(145,559)
Closing balance	7,417,918	3,914,024

On 8 December 2017, the Company entered into a US\$4,500,000 funding agreement by way of issuance of convertible notes at an issue price of US\$1 per note. An amount of US\$1,607,143 was repaid against the convertible notes in the period to 31 December 2018. During half-year, the funding agreement was restructured with an additional US\$3,931,681 convertible notes being issued on 27 November 2018. As at 31 December 2018, the outstanding convertible notes is US\$5,217,391 (30 June 2018: US\$2,892,857). The convertible notes issued by the Company is treated as financial liabilities designated as at fair value through profit or loss.

The convertible note was valued using Monte Carlo simulation. The key inputs to the valuation are as follows:

Volatility (%)	100
Risk free rate (%)	1.89
Share price at this date (\$)	0.12

Notes to the Financial Statements

8. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The new term of the restructured funding facility is as follow:

- **Convertible Securities:** Convertible Securities of US\$3,931,681 (**New Convertible Securities**), plus an extension of US\$1,285,710, being the balance of Convertible Securities announced on 11 December 2017 (**Existing Convertible Securities**) (together the **Convertible Securities**).
- **Face Value and Purchase Price:** US\$1.00 per Convertible Security.
- **Implementation Fee:** 5,000,000 fully paid ordinary shares in the capital of Artemis (**Shares**).
- **Commitment Fee:** 5%
- **Interest:** No interest payable on the Convertible Securities.
- **Maturity Date:** 10 January 2020.
- **Conversion:** Subject to the Maximum Issue (defined below), the Investor may elect to convert the Convertible Securities (other than those for which Artemis has given notice of early redemption) at either:
 - a **Fixed Conversion Price** of A\$0.21; or
 - a **Variable Conversion Price** of the lesser of the Fixed Conversion Price and 94% of the average of the 3 lowest daily VWAP's during the 10 trading days immediately prior to the date that notice of conversion is given by the Investor, subject to the conditions that the election to convert at the Variable Conversion Price cannot be made:

New Convertible Notes

- prior to 1 April 2019; or
- after 1 April 2019, with respect to more than \$279,507 in April 2019, \$521,739 in each of May 2019 to October 2019 and \$521,740 in November 2019 or such higher amount where a prior month's conversion capacity has not previously been used subject to an aggregate conversion up to 10 December 2019 of more than an aggregate of 70% of the total price paid for the Convertible Securities.

Existing Convertible Notes

- prior to 1 February 2019; or
- in a calendar month where Artemis has given a notice of early redemption and Artemis paying the redeemed amount within the required time period.

Notes to the Financial Statements

8. FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

- **Redemption:** Artemis may at any time elect to redeem some or all of the Convertible Securities (other than those for which the Investor has given a conversion notice), provided that:
 - notice of such redemption is given on the first trading day of a calendar month for which the 5-day VWAP for the 5 trading days immediately prior to that first trading day is less than the Fixed Conversion Price; and
 - the number of New Convertible Securities being redeemed is at least the minimum redemption amount for that calendar month being nil in all months other than 279,507 in April 2019, 521,739 in each of May 2019 to October 2019 and 521,740 in November 2019 and the number of Existing Convertible Securities is at least the minimum redemption amount for that calendar month being nil in all months other than 521,739 in each of February 2019 and March 2019 and 242,232 in April 2019.

Where Artemis elects to redeem the Convertible Securities, it must pay the Investor 112% of the face value of the redeemed Convertible Securities within 7 days of giving the redemption notice.

- **Maturity:** On the Maturity Date, Artemis must redeem the remaining Convertible Securities by paying the Investor the total face value (US\$1 per Convertible Security) outstanding.
- **Maximum Issue of Shares:** The maximum number of Shares to be issued without shareholder approval for the New Convertible Securities is capped at 36,171,466 (Maximum Issue). Where Artemis is requested to issue Shares in excess of the Maximum Issue, the issue of such Shares is subject to shareholder approval.
- **Options:** Artemis will issue the Investor and the arranger of the facility an aggregate of 8,571,429 options with an exercise price of A\$0.21, exercisable on or before 30 November 2021.
- **Security:** The funding will be secured over the assets of Fox Radio Hill Pty Ltd whilst the face value of the Convertible Securities exceeds US\$1,500,000.
- **Collateral:** Artemis will issue 5,000,000 shares to the Riverfort Group.

Notes to the Financial Statements

9. SHARE CAPITAL

	Consolidated		Consolidated	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	No. of Shares	No. of Shares	\$	\$
Issued and Paid-up Capital				
Ordinary shares, fully paid	648,793,770	633,293,770	80,654,567	79,127,087

Reconciliation of movement during the period:

	Shares	\$
Opening balance	633,293,770	79,127,087
Shares issued to financiers as implementation fees	5,000,000	775,000
Shares issued to financiers in collateral shares	5,000,000	-
Shares issued to director	5,000,000	675,000
Shares issued to advisor	500,000	77,480
Closing balance	648,793,770	80,654,567

Term of Issue:

Ordinary Shares

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

10. RESERVES

	Consolidated		Consolidated	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	No. of options/rights	No. of options/rights	\$	\$
Share based payments				
Options	46,261,287	37,689,858	1,196,021	255,909
Performance rights	15,000,000	15,000,000	750,545	469,090
			1,946,566	724,999

On 30 November 2018, the Group issued 8,571,429 unlisted share options to the noteholder as consideration for the new convertible loan notes. The exercise price of the options is \$0.21 per share with an expiry date of 15 January 2021, which have fully vested.

Notes to the Financial Statements

10. RESERVES (CONTINUED)

The unlisted options issued during the half year were valued using the Black-Scholes model. The fair value of the options granted during the half-year ended 31 December 2018 was determined on the date of grant using the following assumptions:

Grant date	30 November 2018
Exercise price (\$)	0.21
Expected volatility (%)	95
Risk-free interest rate (%)	2
Expected life (years)	3
Share price at this date (\$)	0.145
Fair value per option (\$)	0.080

For the half-year ended 31 December 2018, the Group has recognised \$1,896,567 of share based payment expense in the income statement in relation to share options and performance rights issued (2017: \$272,251).

11. RESTATEMENT OF COMPARATIVE FIGURES

The Group recognised an error in its classification of development expenditure during the year. Previously, the development expenditure was classified as exploration expenditure. The impact on the comparative balances are as follows:

	Consolidated	
	30 June 2018 \$	30 June 2017 \$
<i>Previously reported:</i>		
Exploration, evaluation and development expenditure	40,474,892	7,839,090
Plant and equipment	-	1,161,615
	<u>40,474,892</u>	<u>9,000,705</u>
<i>After reclassification:</i>		
Exploration and evaluation expenditure	28,761,826	6,299,352
Development expenditure	11,713,066	2,693,353
Plant and equipment	-	8,000
	<u>40,474,892</u>	<u>9,000,705</u>

Notes to the Financial Statements

12. FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of current receivables and current payables (except for Note 8. Financial liabilities designated as at fair value through profit or loss) are a reasonable approximation of their fair values.

13. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

14. EVENTS SUBSEQUENT TO 31 DECEMBER 2018

On 5 February 2019, His Highness Sheikh Maktoum Hasher al Maktoum was appointed Non-Executive Chairman.

On 5 February 2019, Mr Daniel Smith was appointed Non-Executive Director.

Mr David Lenigas and Mr Alex Duncan-Kemp resigned as directors on 5 February 2019.

On 15 February 2019, the Company issued 3,173,233 shares, being an instalment payment on the convertible loan note facility.

Other than as outlined above, there is no events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2018.

Directors Declaration

The directors declare that:

- (a) the financial statements and notes, set out on pages 23 to 39, are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Edward Mead
Executive Director
14 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Artemis Resources Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Artemis Resources Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2018, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the interim 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 the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2019



B G McVeigh
Partner