



## ASX Announcement 31 March 2016

### ARTEMIS TO FINANCE HOLLYWOOD FILM 'TANGO DOWN', TAPPING INTO THE SUCCESS OF GLOBAL FRANCHISE

Artemis Resources Limited (ASX: ARV, the "Company" or "Artemis") is pleased to announce it has signed a binding term sheet ("Term Sheet") with independent film production company Go2Sho Inc. to finance Tango Down, a film inspired by the worldwide success of action/military genre films, video games and entertainment products.

Written by and starring Call of Duty's Black Ops 1 and 2 lead actor James C. Burns, Tango Down is expected to be released in mid 2017. Known to Call of Duty Black Ops 1 and 2 fans as Sergeant Frank Woods, Burns is immensely popular among fans of action/military genre films, video games, and entertainment products.

Call of Duty is one of the most successful entertainment products, having grossed more than US\$10 billion in nine years, and retains an active following of over 100 million gamers. Tango Down will be marketed to the existing worldwide fan base of action/military genre films and entertainment products. Burns' worldwide popularity in this genre will appeal to Tango Down's target audience.

Tango Down will also star Kamar De Los Reyes, known to Call of Duty Black Ops 1 and 2 fans as Menendez, further engendering familiarity to Tango Down's target audience.<sup>1</sup>

Managing Director of Artemis Resources, Ed Mead, said the proposed investment was aimed at providing value to shareholders at a time of prolonged difficulty in the resource sector.

"We are focused on trying to deliver value for Artemis shareholders," said Mr Mead. "The opportunity presented by Tango Down aligns with our commitment to boost shareholder returns. We look forward to updating investors in connection with this exciting investment opportunity."

"Concurrently with this project, we will continue to maintain our focus on our prospective gold and base metals projects in the West Pilbara region of Western Australia."

Thomas van Dell, founder of Go2Sho, said: "We're delighted that Artemis has entered into this agreement with us to finance Tango Down. With follow-on rights to future film projects, we hope that this is the start of a mutually beneficial relationship between the parties."

Mr van Dell said Tango Down will appeal to audiences in the core age group of 14 to 48 years of age that are fans of action and military movies. "We expect the film will have considerable appeal and potentially reach a mass audience," he said.

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<sup>1</sup> Tango Down is an independent film production and is not affiliated in any way with the Call of Duty video game franchise, the Call of Duty films currently in development or the owners of the rights thereto.



A summary of the investment terms, involving the potential investment by Artemis of up to US\$8 million are below:

All amounts advanced by Artemis will be repaid out of the proceeds of the film and other associated revenue streams, plus an additional 20% preferential return and Artemis will in addition hold a 20% equity stake in the special purpose vehicle which will own the rights to the film ("**FilmCo**").

While it has the right to fully finance the film up to US\$8 million (~A\$10.8 million), Artemis has also sought to defray the potential cost of the financing by agreeing to confirm an underwriter within 15 Business Days of the signing of the Term Sheet. Negotiations are currently underway with a potential underwriter. A prospectus will be required by Artemis to raise the funds required for the US\$8 investment, with any shortfall covered by the underwriter; giving it a direct investment in FilmCo.

The investment will not affect Artemis' management of or commitment to its existing exploration projects in the West Pilbara, Western Australia, and the Company will continue with its previously announced exploration programs. In conjunction with the transaction, the Company will seek to raise \$2 million to be used for general working capital and further exploration.

The ASX have advised that the investment proposed constitutes a transaction which requires re-compliance with Chapters 1 and 2 of the Listing Rules (admission requirements). Shareholder approval will be sought at a meeting to be held in accordance with the timetable set out below.

### **Investment terms**

- On execution of the Term Sheet, the Company will issue 100m fully paid ordinary shares in the capital of Artemis ("**Shares**")<sup>2</sup> to the Producer, Go2Sho ("**Producer**"), in consideration for which Artemis will have 58 Business Days exclusivity, which includes the first 15-20 business days to conduct additional due diligence and to secure an underwriter acceptable to the Producer.
- Upon completing satisfactory due diligence and securing an underwriter acceptable to the Producer, Artemis will issue of 200m Shares<sup>3</sup> to the Producer in consideration for which Artemis will have the balance of 43 Business Days' exclusivity to satisfy the conditions to the US\$7.7 million investment.
- Subject to Artemis shareholder approval and re-complying with Chapters 1 and 2 of the Listing Rules, Artemis has the right (but not obligation) to invest US\$7.7 million in a special purpose vehicle which will own the rights to the film ("**FilmCo**") in return for a 20% equity interest in FilmCo.
- The Company will have the right to appoint a nominee director to FilmCo.

The initial 300 million Share issues (together the "**Exclusivity Issues**") will be made without shareholder approval and within the Company's 15% capacity. These Shares will not be quoted until the Company either recomplies with Chapters 1 and 2, or terminates the transaction, and will be subject to escrow.

A pro forma Statement of Financial Position on the basis that Artemis undertakes this investment is as outlined below.

### **Waterfall of payments**

Proceeds generated by FilmCo shall be distributed in the following order of priority, known as a waterfall of payments:

- Firstly, by payment of agreed deferred cash amounts (known as "deferments") to acting talent in the film, and only to the extent that such deferments have been approved by Artemis;
- Secondly, by the repayment to Artemis of the principal amount of its investment in the film, plus a preferred 20% return on that principal; and
- Thirdly, the balance of all cash available for distribution shall be split between shareholders in FilmCo in proportion to their respective equity holdings. Assuming Artemis invests the full US\$8 million, it shall have a 20% equity stake in FilmCo.

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<sup>2</sup> With a deemed value of A\$0.001 per Share

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## **Equity Rights in FilmCo**

Additional sources of revenue that shall be split in accordance with the above waterfall include, but shall not limited to, online sales, video on demand, streaming, TV and cable rights, video gaming rights, TV spin off, merchandising, Tango Down app, foreign sales, studio purchase, theatrical sales (domestic north America) and VR sales and distribution.

## **Capital structure**

To facilitate re-compliance with Chapters 1 and 2 of the Listing Rules, Artemis proposes to undertake a share consolidation on a basis to be determined. The proposed capital structure following the transaction is as follows:

	Number	%
Current	182,807,908	21.66%
Exclusivity Issues	15,000,000	1.78%
Filmco Investment (at a proposed issue price of \$0.02 per Share)	546,099,291	64.71%
Capital raising (at a proposed issue price of \$0.02 per Share)	100,000,000	11.85%
Total	843,907,199	100%

The above table assumes a AUD:USD exchange rate of 1:0.75, that the Share consolidation is on a 20 to 1 basis, that the minimum amount is raised to fund the investment, and that ASX grants waivers so that the Company satisfies the re-admission requirements with a Share issue price of \$0.02.

## **Timetable**

The proposed timetable the transaction is as follows:

First Exclusivity Issue of 100m Shares (on a pre-consolidation basis)	4 April 2016
Second Exclusivity Issue of 200m Shares (on a pre-consolidation basis)	29 April 2016
Lodge prospectus and listing application	29 April 2016
Send notice of meeting to shareholders	4 May 2016
Shareholder meeting to approve capital raising and investment	3 June 2016
Close capital raising	
Complete capital raising and pay Producer	17 June 2016
Securities reinstated to trading	24 June 2016

The above timetable is indicative only and subject to change.

## Pro forma balance sheet

The proposed capital structure following the transaction is as follows:

Artemis Resources Limited Pro Forma Statement of Financial Position (\$)	31 December 2015 Reviewed	Adjustments			
		Exclusivity	Filmco Investment	Capital raise	Pro forma
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	435,923		(100,000)	2,000,000	2,335,923
Trade and other receivables	42,600				42,600
Other financial assets	15,989				15,989
<b>TOTAL CURRENT ASSETS</b>	<b>494,512</b>		<b>(100,000)</b>	<b>2,000,000</b>	<b>2,394,512</b>
<b>NON-CURRENT ASSETS</b>					
Evaluation and exploration expenditure	4,684,558				4,684,558
Investment in Filmco		300,000	10,266,667		10,566,667
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,684,558</b>	<b>300,000</b>	<b>10,266,667</b>		<b>15,251,225</b>
<b>TOTAL ASSETS</b>	<b>5,179,070</b>	<b>300,000</b>	<b>10,166,667</b>	<b>2,000,000</b>	<b>17,645,737</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	646,205				646,205
<b>TOTAL CURRENT LIABILITIES</b>	<b>646,205</b>				<b>646,205</b>
<b>TOTAL LIABILITIES</b>	<b>646,205</b>				
<b>NET ASSETS</b>	<b>4,532,865</b>	<b>300,000</b>	<b>10,166,667</b>	<b>2,000,000</b>	<b>16,999,532</b>
<b>EQUITY</b>					
Share capital					
Issued capital	32,374,443	300,000	10,266,667	2,000,000	44,941,110
Reserves	125,000				125,000
Accumulated losses	(27,966,578)		(100,000)		(28,066,578)
<b>TOTAL EQUITY</b>	<b>4,532,865</b>	<b>300,000</b>	<b>10,166,667</b>	<b>2,000,000</b>	<b>16,999,532</b>

### For further information

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**Forward Looking Statements**

*This report contains forecasts, projections and forward looking information. Such forecasts, projections and information are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of Artemis' control. Actual results and developments will almost certainly differ materially from those expressed or implied. Artemis has not audited or investigated the accuracy or completeness of the information, statements and opinions contained in this presentation. To the maximum extent permitted by applicable laws, Artemis makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for (1) the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this report and (2) without prejudice to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this report.*