

## ARTEMIS JUNE 2017 QUARTERLY REPORT

### *Highlights – Quarter ending 30 June 2017 and recent highlights:*

#### ***Purdy's Reward Gold Project, Karratha, WA:***

- Memorandum of Agreement (MOA) signed with Novo Resources Corp on 25 May 2017 by which Novo will be required, upon satisfaction of the conditions precedent, to spend \$2m on exploration and mining activities in order to earn a 50% interest in the Gold Rights on the tenements held by Artemis within 100km of Karratha (excluding Mt Oscar). Any Gold Rights are limited to gold that is hosted in conglomerate and paleo placer style gold mineralisations.
- Gold-bearing conglomerates, similar to those in the Witwatersrand basin in South Africa, have now been identified over 8 km at Artemis's new Purdy's Reward gold discovery and Novo's adjacent Comet Well gold discovery.
- Following the commencement date of the MOA, Novo plans to undertake full-scale, systematic trench bulk sampling along the strike of the conglomerate package at Purdy's Reward. Plans are also being made to test the use of large diameter reverse circulation drilling on down-dip projections of identified conglomerates.

#### ***Carlow Castle Cobalt Project, Karratha, WA:***

- New cobalt targets identified over a 3.5km trend.
- Electromagnetic targets tie in with latest drilling.
- Multiple large potential sulphide targets identified.
- Major expansion of resource definition drilling planned.
- 6.5% Cobalt returned from recent drilling.
- Best RC drill intercepts of;
  - 6m at 1.9% Co, 3.4 g/t Au and 1.4% Cu from 52m (ARC006)
  - 6m at 1.8% Co, 13.9 g/t Au and 5.9% Cu from 41m (ARC033a)
- Artemis's Radio Hill processing plant is 35km by public roads.
- Plans submitted to Government to trench and drill.

#### ***Radio Hill Project, Karratha, WA:***

- Completed the acquisition of the Radio Hill Nickel/Copper/Cobalt plant completed.
- The acquisition includes the 495 km<sup>2</sup> tenement package in the Pilbara and acquisition of significant JORC compliant nickel, copper, cobalt, zinc and iron ore deposits.

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#### **Directors:**

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David Lenigas

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Ed Mead  
Alex Duncan-Kemp

**Company Secretary:**  
Guy Robertson

**Corporate Information**  
ASX Code: ARV



### ***Whundo Copper Project, Karratha, WA:***

- Copper ore sales commence which are expected to generate \$100,000 per month in net revenue.
- Drilling confirms high grade copper intersections at Whundo.
- Significant copper intercepts:
  - 7 metres at 4.45% Copper from 13 metres in (AWRC001).
  - 13 metres at 3.03% Copper from 5 metres in (AWRC002).
  - 7 metres at 3.62% Copper from 18 metres in (AWRC007).
  - 2 metres at 5.61% Copper from 24 metres in (AWRC008).

### ***Nickol River, Karratha, WA:***

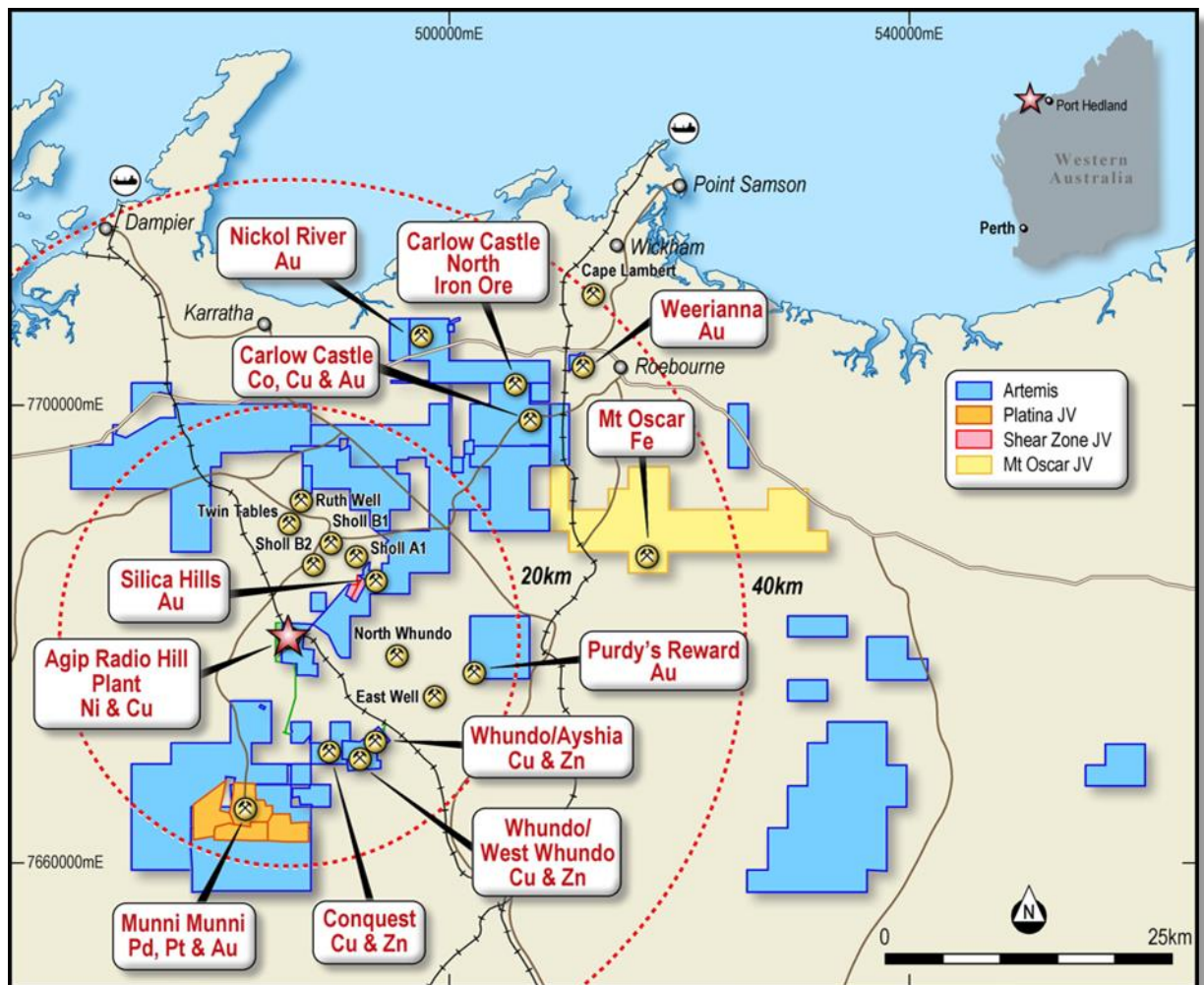
- Gold sales commence.
- Gravity gold plant successfully commissioned.
- Initial approvals received for commencement of limited mining operations.
- Operations temporarily scaled back in July awaiting formal approvals from the Government to access key mining blocks and to increase tonnages available for mining.

### ***Mt Clement-Paulsens Gold Project, Ashburton Region, WA:***

- Joint Venture Agreement with Blackrock Metals signed to conduct a scoping study to develop the Mt Clement – Paulsens gold and silver project as a heap leach open cut operation.
  - Heap leach testwork results show better than 90% gold recovery.
  - Results of the study are due in 3 Qtr 2017.
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Artemis Resources Limited (“Artemis” or “the Company”) (ASX: ARV) is pleased to announce details of the June 2017 Quarterly Report and significant events to 31 July 2017.

**Figure 1: Artemis Resources Projects in Karratha Area.**



**Purdy’s Reward Gold Project:**

During the quarter Artemis signed a binding Memorandum of Agreement with Canadian listed gold explorer Novo Resources Corp. (“Novo”).<sup>1</sup> Pursuant to the terms of the Agreement, Novo will spend A\$2m over a 2 year period on any tenements within 100km of Karratha that are subject to an interest held by Artemis (or its subsidiaries) in order to earn an interest in the conglomerate and paleo placer style gold mineralisation on those tenements. All conditions precedent for the MOA must be satisfied by 23 August 2017, including the requirement for Artemis to obtain affected third party consents on certain tenements.

Artemis and Novo believe that a new style of conglomerate/paleo placer 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.

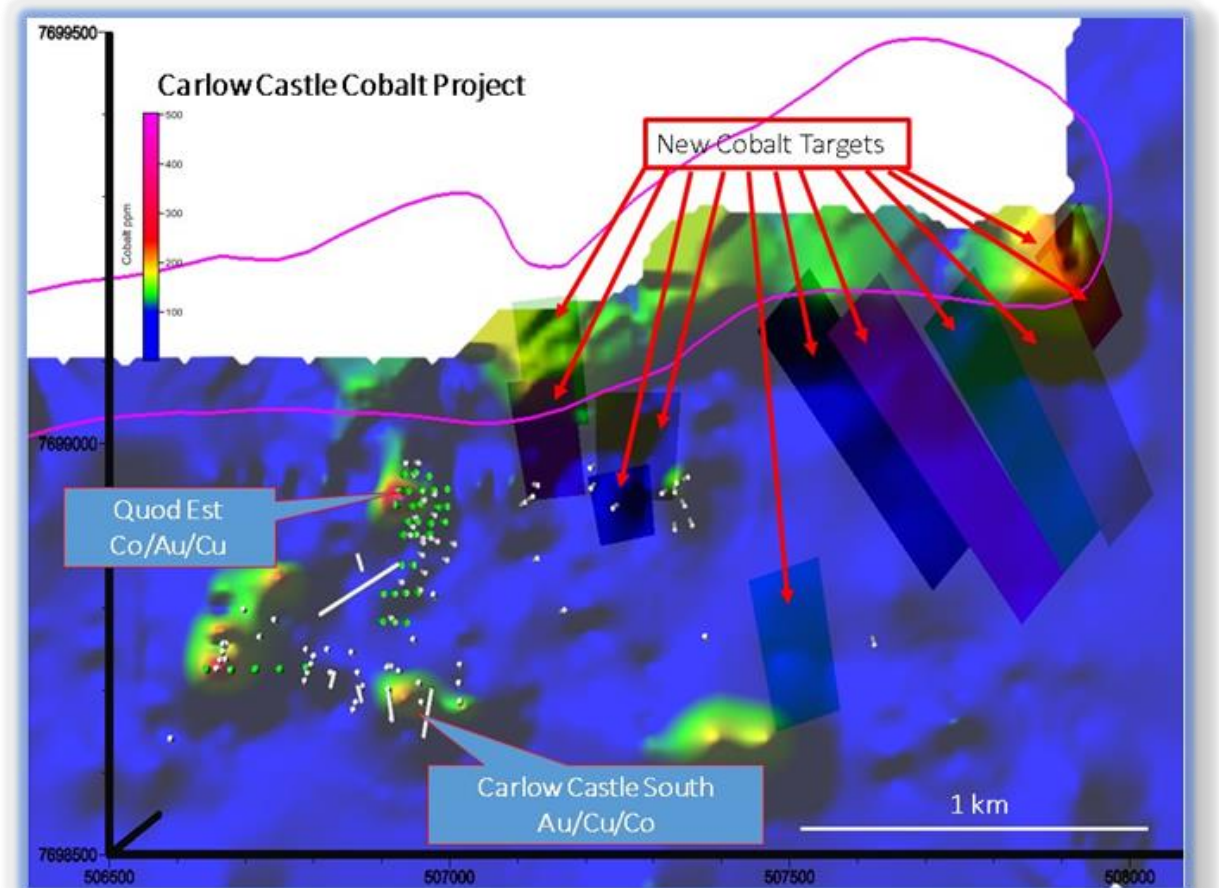
Artemis has already identified the presence of significant gold mineralisation at its Purdy’s Reward Gold Project where the conglomerate horizons at the base of the Fortescue Group vary in thickness of

between 80-100 metres. 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.

**Carlow Castle Cobalt Project:**

During the quarter the number of potential cobalt targets to be drilled on its 100% owned Carlow Castle Project 10km South east of Roebourne in the Pilbara Region of Western Australia (Figure 1), has increased significantly after completing an exhaustive shallow RAB drilling programme and processing of the overlying VTEM (Versatile Time Domain Electromagnetics) data on the project (Figure 3).

**Figure 3: New Cobalt Targets identified from VTEM and drilling.**



(Note: Figure 3 shows all drilling at Carlow Castle with Cobalt Geochemistry from the recent RAB programme, the newly identified EM conductors and the outline (magenta) of the Chert ridge to the north of known mineralisation.)

The new Electromagnetic (EM) anomalies are in a trend not previously explored and only recently identified by Artemis with RAB drilling<sup>1</sup>. Processing of the overlying VTEM data was initiated based on the positive RAB drilling results, and has now shown multiple Electromagnetic (EM) anomalies (Figure 3) within the Carlow Castle area. The trend of VTEM anomalies extends over a length of 3.5 km.

The EM anomalies are thought to be sulphide related with large potential due to known mineralisation at Carlow Castle South and Quod Est and being within the newly identified 3.5km mineralisation trend.

The EM anomalies add to the potential of the Carlow Castle Cobalt Project to define resources to restart the Radio Hill sulphides processing plant, which is 20 km by public roads.

Artemis intends on trenching the upper surface projection of the EM conductor plates and drilling the new targets as soon as all approvals are in place. An amended Programme of Work (POW) has been

<sup>1</sup> As per ASX announcement dated 20 June 2017



submitted to the Department of Mines, Industry, Regulation and Safety (DMIRS). The amended POW includes Reverse Circulation (RC) drill holes targeting the new EM anomalies and diamond drilling at Quod Est and Carlow Castle South. The diamond drilling has been designed to build on positive metallurgical results as announced on the 20 June 2017. The diamond core will also provide geotechnical and structural information.

At Carlow Castle South a JORC (2012) Inferred Mineral Resource has been reported of **418,000 tonnes at 3.0 g/t Au and 0.6% Cu**, for total contained metal of **40,000 ounces of Au and 2,500 tonnes of Cu<sup>2</sup>**. The current gold copper resource also contains cobalt mineralisation, which has not been included in the resource estimation. Due to sporadic assaying of cobalt, Artemis will need to undertake infill drilling to generate a cobalt resource.

At Quod Est, no resource has been calculated. However, the results from the first round of RC drilling were outstanding with grades of cobalt commonly above 1% and up to 6.54%.

Best RC drill intercepts of;

- **6m at 1.9% Co, 3.4 g/t Au and 1.4% Cu from 52m (ARC006)**
- **6m at 1.8% Co, 13.9 g/t Au and 5.9% Cu from 41m (ARC033a)**

With positive EM results, RAB drilling, RC drilling and metallurgical testwork, Artemis is looking to advance the Carlow Castle Cobalt project towards a maiden JORC cobalt resource, with a major expansion in resource definition drilling planned.

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

The acquisition of the Radio Hill Nickel / Copper / Cobalt plant was completed during April 2017. The acquisition was funded through the issue of 28 million Artemis shares and the assumption of approximately \$920,000 in creditors. To settle the creditors and to provide adequate funds to facilitate work on recommissioning the plant the Company arranged a US\$2million (~A\$2.66million) Funding Agreement by way of the issue of Convertible Securities with an aggregate face value of US\$2,000,000 with a consortium of investors.

Preliminary work has commenced for recommissioning with all technical and engineering documentation held by the previous owners being collated and reviewed.

#### **Whundo Copper Project:**

A total of 20 angled (dip -60 degrees) drill holes have been 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.

The remaining holes were to explore several interpreted copper ore positions where continuations of the oxide mineralisation may occur. The high grade intercepts occur to the southeast and west of the old Whundo copper open pit operated by Westfield Minerals in 1974.

The results will assist Artemis in looking for a commercial outcome for the oxide copper ores, either by treatment at the Radio Hill mine site, or through further sales to Blackrock at the Whim Creek SX-EW plant. Artemis has also identified potential oxide copper material within the existing waste storage facilities at Whundo and will continue to investigate the viability of recovering the material from the dumps for treatment.

During the quarter, Blackrock Metals received approvals to commence the treatment of the oxide copper ore from Whundo at their Whim Creek operations. The minegate sales of the material

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<sup>2</sup> As per ASX announcement dated 30 June 2014

commenced during June with Blackrock commencing the haulage of the oxide copper ore from Whundo to Whim Creek.

Haulage of the oxide copper ore ramped up during June with the haulage to continue during the next quarter. Artemis expects to generate \$100,000 pf net revenue per month from selling Whundo copper ore to Blackrock from the estimated output of 16,000 tonnes of ore per month.

**Nickol River Gold Project:**

During the quarter the wet gravity separation plant was established and commissioned with the operation expected to commence full scale operations following the receipt of outstanding approvals, which are expected by late July.

Additional flora and fauna surveys and heritage surveys have been completed across the tenement holdings to allow the preparation of a Mining Proposal to cover all the lease holdings available to Artemis. Work is continuing on the delineation of potential ore zones across the available lease areas to provide feed to the plant once all outstanding approvals have been received.

A Section 18 application has been prepared under the Department of Planning, Lands and Heritage to disturb a registered aboriginal site on M47/421. The outcome of this submission is expected during July.

Total production for the quarter to 30 June 2017 was 99.953 fine ounces of gold and 7.701 fine ounces of silver.

**Mt Clement Paulsens Gold Project:**

The Mt Clement-Paulsens Gold/Silver Project, is 80% owned by Artemis and 20% by Northern Star Resources Limited. It is located 165 km west of Paraburdoo and 90 km east of Nanutarra in the Ashburton area of Western Australia (Figure 3). It is also conveniently located only 35 km by road from Northern Star's Paulsens operating mine and gold plant.

Mt Clement-Paulsens hosts a JORC (2004) compliant Inferred Mineral Resource of 1Mt at 1.7 g/t gold and 17 grams per tonne silver for a contained 64,400 ounces gold and 618,500 ounces silver<sup>3</sup>. The current resource outcrops at surface and remains open at depth and along strike.

Both Artemis and Blackrock, a specialist operator with significant experience and skill in operating heap leaching and processing facilities for the recovery of base and precious metals, intend to fast track this study (September 2017 completion) with the view of putting Mt Clement-Paulsens in to production as soon as practicable.

Artemis and Blackrock will fund the costs of the study on a 50/50 basis with Blackrock managing the study process.

On completion of the study, Artemis and Blackrock intend to proceed to a formal 50/50 joint venture to jointly fund and develop Mt Clement-Paulsens.

**Corporate:**

***Board Changes***

Mr Campbell Baird resigned as a Director on 8 June 2017.

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<sup>3</sup> Mt Clement Inferred Resource previously reported in ASX Announcement dated 26 July 2011

### **Capital Raising**

On the 28 April 2017, and in order to fund the purchase of the Radio Hill plant, mine and associated assets, in the least dilutive way for shareholders at this point in time, the Company entered into an US\$2million (~A\$2.66million) Funding Agreement by way of the issue of Convertible Securities with an aggregate face value of US\$2,000,000 with a consortium of investors arranged by London based institution Riverfort Global Capital Ltd (the “Investors”). The Loan Agreement has been entered into in order to secure the acquisition and provide working capital for a significant long-term asset for the Company and to provide additional working capital to assist in the continued growth of the business of the Company.

The US\$2million (“Principal Amount”) has a maturity date of sixteen months, with a Commitment and Implementation Fee totalling 9%. The Convertible Securities have a fixed conversion price of A\$0.12 per fully paid ordinary share and, subject to certain conditions in the Funding Agreement and compliance with the ASX Listing Rules, at the funder’s election. There will be no repayments required by Artemis during the first two months, and if the Artemis share price is below A\$0.12 per share for any month for the loan period from month 3 to month 16, Artemis could elect to make the repayment for any month in cash at 115% of the monthly redemption amount. If Artemis elects, it can pay the monthly repayment in Artemis shares calculated as the lower of the A\$0.12 fixed conversion price or at 93% of the lowest daily VWAP during the 10 trading days immediately prior to the monthly conversion notice date. **The first repayment was made by way of a cash payment at the Company’s election.** Where required Artemis will seek shareholder ratification or approval for the conversion and issue of shares under the Funding Agreement.

The Company also issued the Investors 4,400,000 options at an exercise price of A\$0.15 (with an expiry date 3 years from grant) and 4,000,000 Artemis shares as share collateral to secure Artemis’ obligations under the Funding Agreement. These securities were issued under the Company’s existing 15% capacity under Listing Rule 7.1 and shareholder approval was not sought for the issue.

Subsequent to quarter end, as announced on 17 July 2017, the Company raised \$1.5 million, before costs, through the issue of 20,000,000 shares at \$0.075 per share to one London based institutional investor.

### **Corporate Share Structure:**

As at 31 July 2017, the Company had;

- 343,286,391 Ordinary Shares (ARV) listed on the ASX.
- 28,000,000 Ordinary Shares (ARV) restricted until 29 August 2017 (not included above)
- 68,550,452 Listed Options (ARVO) on the ASX. Exercisable at 2 cents per share before 30 September 2017.
- 4,400,000 exercisable at 15 cents expiry 30 April 2020.

## 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 Oscar</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 (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 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.



**BACKGROUND INFORMATION ON ARTEMIS RESOURCES:**

Artemis Resources Limited is a resources exploration and development company with a focus on its prospective Pilbara (gold, cobalt, base metals, platinum, platinum group elements and iron ore) and the Mt Clement-Paulsens (gold) project in Western Australia. Artemis owns the fully permitted 425,000tpa Radio Hill nickel and copper operations, processing plant and associated mining and exploration tenements with significant existing JORC 2004 compliant resources of Nickel, Copper and Zinc situated within a 15 km radius of the Radio Hill plant. The Radio Hill Plant is located 35 km south of Karratha in the Pilbara Region of Western Australia.

**CONTACTS:**

For further information on this update or the Company generally, please visit our website at [www.artemisresources.com.au](http://www.artemisresources.com.au) or contact:

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**COMPETENT PERSONS STATEMENT:**

The information in this document that relates to Exploration Results and Exploration Targets 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 Doraleta Pty Ltd. Mr Mead has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mead consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE:**

This report contains forecasts, projections and forward looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations, estimates and projections and information provided by the Company 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.

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