ARTEMIS RESOURCES LIMITED
ACN 107 051 749

CONSOLIDATED INTERIM FINANCIAL REPORT

For the Half Year Ended

31 December 2019

Corporate Directory

Directors

Mark Potter (Non-Executive Chairman)
Edward Mead (Executive Director)
Alastair Clayton (Executive Director)
Daniel Smith (Non-Executive Director)

Company Secretary

Guy Robertson

Principal Registered Office

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West Perth WA 6005

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Securities Exchange Listing

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

Share Registry

Automic Registry Service
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664
Web: www.automicgroup.com.au

Bankers

Westpac Limited
Royal Exchange
Corner Pitt & Bridge Streets
Sydney NSW 2000

Auditors

HLB Mann Judd (WA) Partnership
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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 2019. 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:

Mark Potter	Non-Executive Chairman (appointed 24 February 2020)
Alastair Clayton	Executive Director (appointed 29 January 2020)
Edward Mead	Executive Director
Daniel Smith	Non-Executive Director
Sheikh Maktoum Hasher al Maktoum	Non-Executive Chairman (resigned 24 February 2020)

Review of operations

CARLOW CASTLE GOLD AND COPPER PROJECT RESOURCE SUMMARY

The Carlow Castle gold and copper project is located in the West Pilbara region of Western Australia, ~45 km by road east of the city of Karratha (Figure 2). Access is via the Northwest Coastal Highway and then by the unsealed Cheratta public road, which passes through the Project area. Carlow Castle is on the granted exploration license E47/1797 and is ~35 km from Artemis' 100% owned Radio Hill Processing Plant.

The current Carlow Castle Mineral Resource covers a strike length of 1.2 km, and was successfully identified using SAM (Sub Audio Magnetics) exploration in early 2018. In conjunction with geochemical anomalies, SAM targeting drove the Carlow Castle drilling program in 2018 that increased the maiden resource by 71% in February 2019, and subsequent SAM survey which has identified 21 new targets to the west of the current resource (Figure 1).

Recent structural mapping, evaluation of diamond core and trenching through the top of the resource area, has led to a significant increase in the confidence levels of the project, and culminated in the new Mineral Resource estimate (MRE) announced to the ASX on 20 November 2019. A summary of the Carlow Castle MRE is tabulated in Table 1. The new MRE has increased metal content by 60% for gold, 25% for copper and 15% for cobalt. The structural mapping programs and MRE have been carried out by independent Mining Industry Consultants, CSA Global.

Table 1: Carlow Castle Inferred Resource[1], reported at 0.3% Cu cut-off (numbers have been rounded to nearest 100 kt).

	Inferred	Total						
Type	**Tonnes**	**Cu**	**Au**	**Co**	**Tonnes**	**Cu**	**Au**	**Co**
	kt	**%**	**ppm**	**%**	**kt**	**kt**	**koz**	**kt**
Fresh	**5,100**	**0.6**	**2.1**	**0.10**	**5,100**	**32**	**353**	**5**
Oxide	**2,800**	**0.6**	**0.7**	**0.05**	**2,800**	**17**	**65**	**2**
Total	**8,000**	**0.6**	**1.6**	**0.08**	**8,000**	**48**	**418**	**7**

[1]The Company notes that it has materially updated its Mineral Resource during the December Quarter, since the last estimate provided to the market on 6 March 2019. The upgrade its based on newly acquired structural mapping of trenches and structural logging of diamond core.

DIRECTORS' REPORT (CONTINUED)

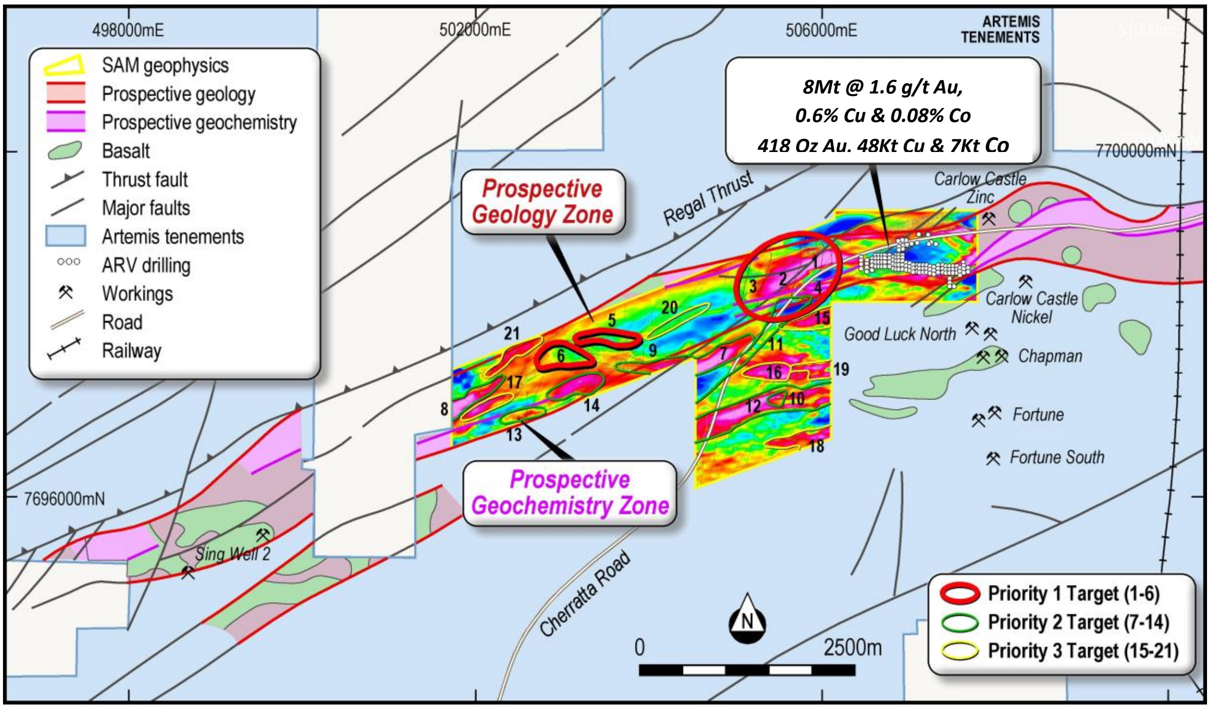

Figure 1: Carlow Castle Geology, SAM survey results with 21 anomalies, drilling and resource area to date, which indicates mineralisation is open to the west and east. The planned RC drill program will target anomalies 1-4, immediately to the west of the current resource. Anomalies 1-4 are over a strike of ~1km.

CARLOW CASTLE SAM SURVEY

On 1 July 2019 the Company announced that it had commenced a Sub-Audio Magnetics (SAM) survey to explore for additional gold-copper-cobalt at Carlow Castle to the west of the current resource area.

SAM surveying has previously been successfully utilised at Carlow Castle, providing an additional vector to go with geochemical sampling and geological interpretation.

The SAM survey (ASX release 16 September 2019) identified a total of twenty-one targets (Figure 2), producing three datasets; **TMI** (magnetics), **MMC** (magneto-metric conductivity) and **TFEM** (Total Field Electromagnetics).

TMI data are measured passively as a function of the Earth's magnetic field distorted by magnetic minerals in the rocks, **MMC** data is measured while current is flowing through the ground (during 'on-time'), and **TFEM** data are measured as that current is switched off and there is a 'decay' of potential.

TARGETS IDENTIFIED FROM SAM SURVEY

Twenty-one target areas have been identified and ranked from the SAM results and interpretation. These are shown in Figure 1 - 4 and summarised in Table 2.

DIRECTORS' REPORT (CONTINUED)

Six **Priority 1** targets have been identified, **CC01** to **CC06**. **CC01** and **CC03** are north-south structural trends similar to Quod Est. **CC02** and **CC04** are extensions of previously identified east-west trending conductive features related to known gold, copper and cobalt anomalies. **CC05** and **CC06** both relate to the strong magnetic high that appears to be folded, with **CC05** targeting a possible alteration or intrusive feature and targeting a low magnetic zone within the apex of the fold.

Eight **Priority 2** targets (**CC07** to **CC14**) have been identified **CC06**. **CC07**, **CC09**, **CC12** and **CC13** are all MMC highs or features coincident with magnetic highs. **CC08** is an MMC high on the margin of strongly magnetic unit. **CC10** and **CC14** are MMC highs with structural complexity. **CC11** is targeting a possibly shear zone or major fault.

Seven **Priority 3** targets (**CC15** to **CC21**) have been identified. **CC15**, **CC16**, **CC17** and **CC18** are all MMC highs or features coincident with magnetic highs. **CC19** targets an MMC high with structural complexity. **CC20** targets a weakly conductive trending feature associated with major structure. **CC21** targets a moderate MMC high with structural complexity.

In Figure 2, the plane shows that the initial survey where the current resource is located, appears to be a consistent geophysical feature with the current SAM survey. The Company views this as a positive correlation to a possible continuous mineralisation structure.

The interpreted priority targets show this same correlation to the interpreted geology (Figure 3) and the geochemical and geological corridors in Figure 4.

Priority targets 1 to 4 will be the focus for the Company as these are adjacent to the current identified resources at Carlow Castle.

LOOKING FORWARD

SAM surveying has successfully delineated coherent trends in the project area which correlate with previously identified mineralisation/anomalism, and provides follow up targets for initial exploratory shallow testing. Overall the results highlight that the SAM technique is an effective exploration tool for this project area.

The company based on the results has completed a structural reinterpretation and a new Mineral Resource Estimation. Drilling of SAM Targets 1-4 is to be undertaken in March 2020.

All targets will be re-assessed and reviewed as new geological and drilling data becomes available.

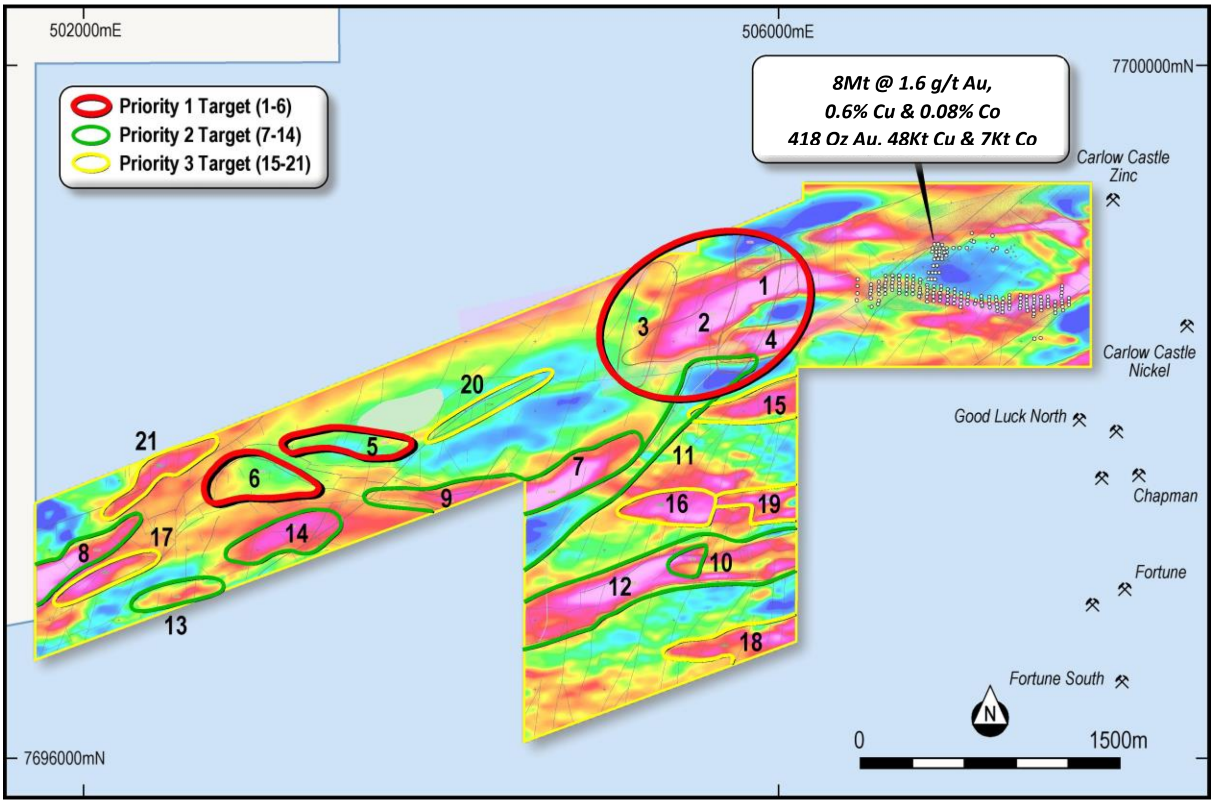

Figure 2: Carlow Castle targets shown in red (Priority 1), yellow (Priority 2) and green (Priority 3) outlines, over MMC image non-linear. Black lines show interpreted structure.

DIRECTORS' REPORT (CONTINUED)

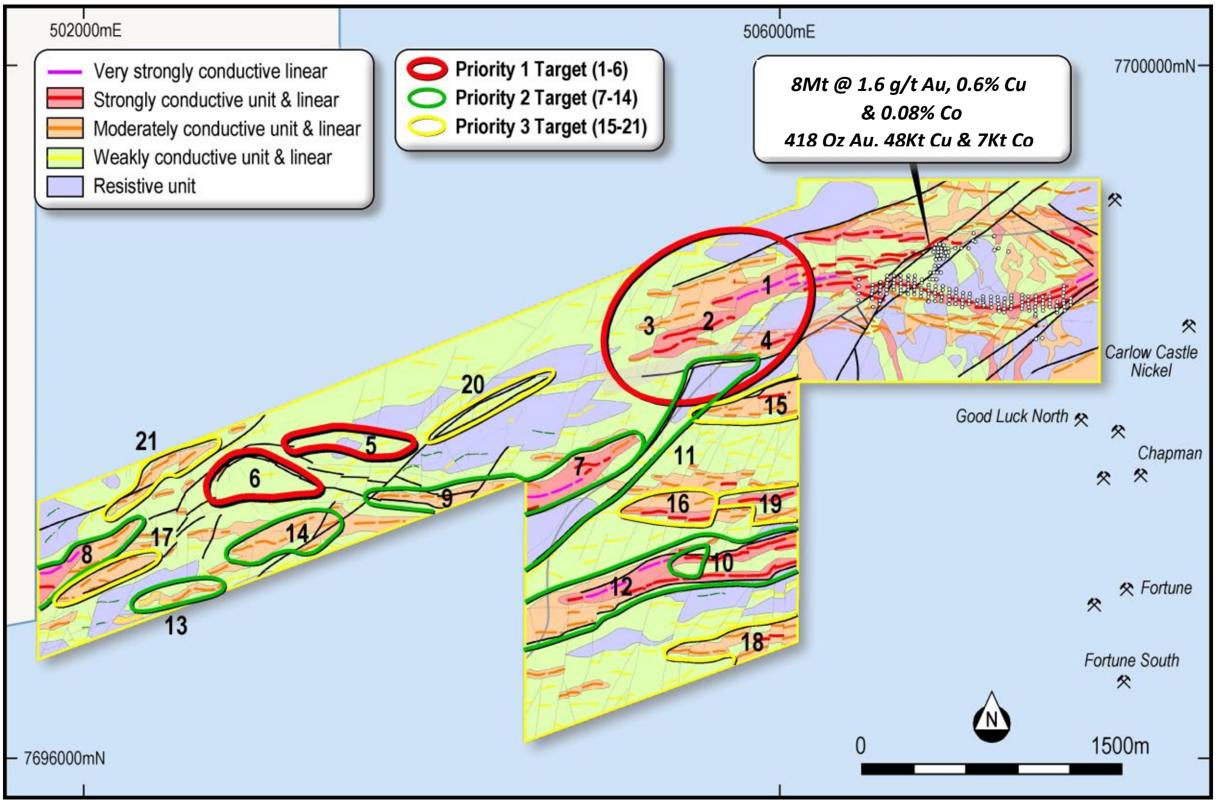

Figure 3: Carlow Castle targets shown in red (Priority 1), yellow (Priority 2) and green (Priority 3) outlines, over interpreted geology.

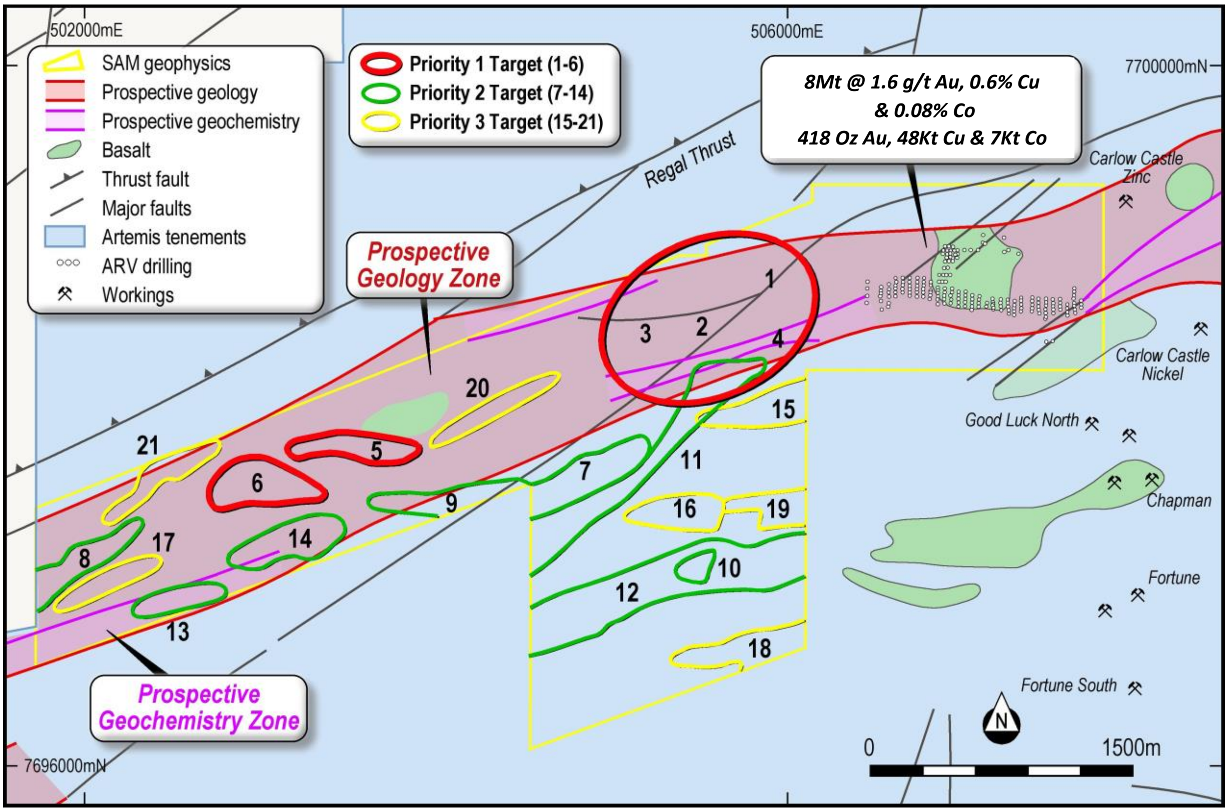

Figure 4: Carlow Castle targets shown in red (Priority 1), yellow (Priority 2) and green (Priority 3) outlines, over prospective geochemical surveys and geological interpretations.

DIRECTORS' REPORT (CONTINUED)

Table 2: Exploration targets at Carlow Castle based on the SAM data.

Target ID	Priority	Description
CC01	1	North-south structural trend similar to Quod Est. Overlaps known gold copper and cobalt anomalism.
CC02	1	Western extension of previously identified target. MMC high with structural complexity. Possible step-over bend inferred by MMC units/ faults.
CC03	1	North-south structural trend similar to Quod Est. Sharply faulted termination of prospective MMC high from target CC02.
CC04	1	Repetition of previously identified target. MMC high truncated by faulting at western end, cut by cross faults and bounded on the south side by a major domain fault.
CC05	1	Elongate magnetic high, possibly demagnetised at its' western end. Possible stratigraphic repetition (thrusting?), or anomalous alteration or intrusive feature. Disrupted by faults and flexures.
CC06	1	Subcircular to elongate low magnetic zone within apex of folded magnetic stratigraphy (anti/ synclinal?). Cut by multiple faults, and with possible over-step and displacement (thrusting?).
CC07	2	Strongly conductive east-northeast trending MMC high coincident, also marked by magnetic stratigraphy. Bounded on south side by major fault, and cross cut by multiple NNE trending faults.
CC08	2	Strongly conductive MMC feature within relatively demagnetised area of stratigraphy.
CC09	2	Likely continuation of CC07. Conductive MMC high underlain by strongly magnetic units. Bounded by major faults with cross cutting trends.
CC10	2	Area of structural complexity associated with MMC high. Stratigraphy appears faulted and offset by E-W and NNE trending faults. Possible thrust repetition.
CC11	2	Interesting low conductivity (and low magnetic) area bounded on either side by major structure. Possible shear zone or major fault?
CC12	2	Strongly conductive east-northeast trending feature associated with major structure. Magnetic amplitude diminished along eastern half (alteration?) and conductivity channelled around the centre, suggests change to stratigraphy or an alteration zone.
CC13	2	Coincident MMC and magnetic high cut by cross faults. Anomalous sub-circular magnetics suggests possible intrusive/ or alteration.
CC14	2	MMC high adjacent to major structure cut by major structure and its splays.
CC15	3	MMC high coincident with magnetic stratigraphy containing several cross cutting faults and adjacent to possible shear zone.
CC16	3	MMC high coincident with magnetic anomaly (elongate to sub-circular magnetic features with possible low magnetic halo) and containing several cross cutting faults.
CC17	3	MMC high coincident overlapping magnetic stratigraphy and bound by major structure.
CC18	3	MMC high coincident overlapping moderately magnetic structure and cross cut by several faults.

DIRECTORS' REPORT (CONTINUED)

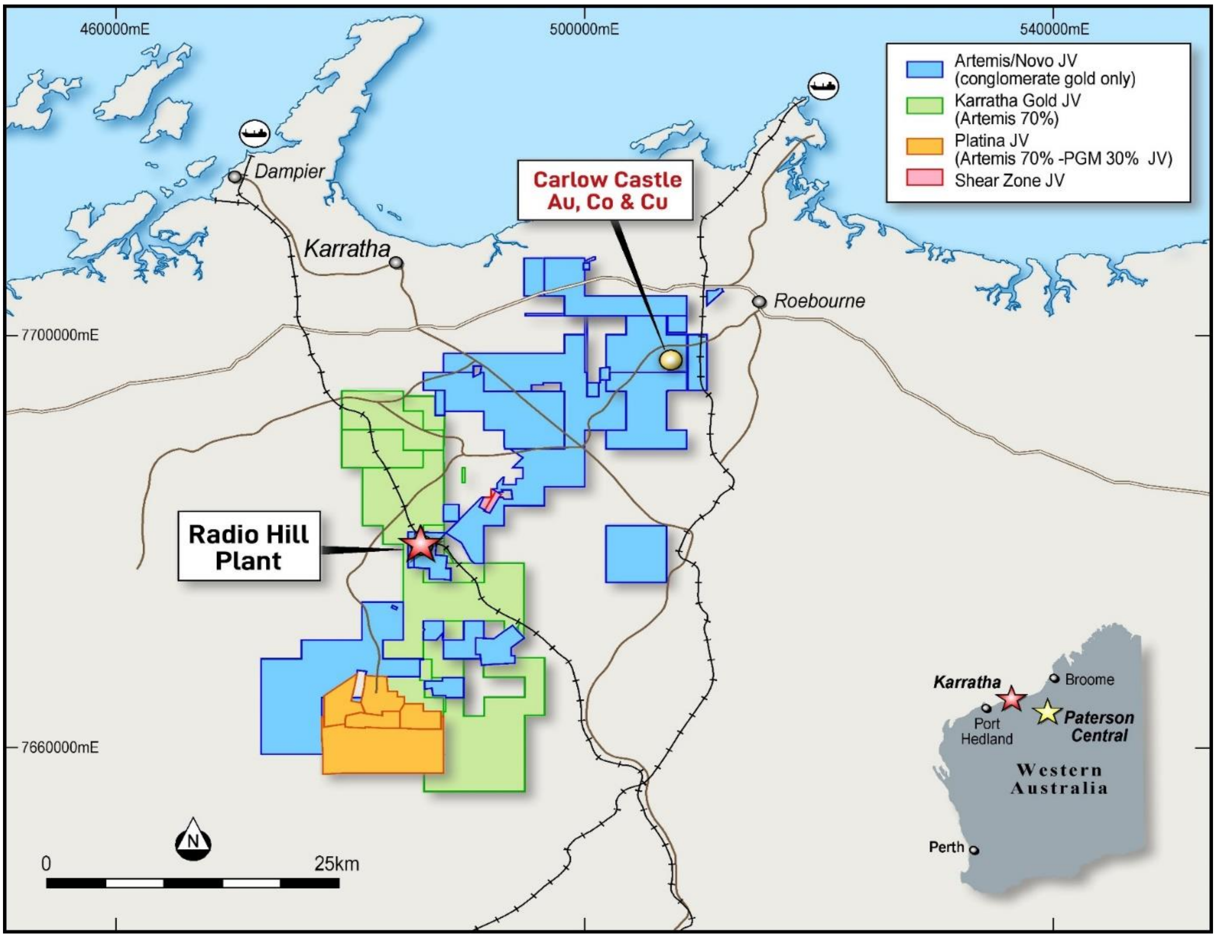

Figure 5: Artemis Resources' tenements in the West Pilbara Blue shaded tenements are within the Conglomerate JV with Novo Resources Corp, but Artemis retains 100% of all other styles of mineralisation and commodities.

PATERSON RANGE EXPLORATION

Western Australian DMIRS (Department of Mines Industry Regulation and Safety) as announced on the 23 September 2019, has approved a Program Of Work (POW) for ground disturbing activities (which includes drilling) at Artemis's 100% owned 600 km^2 Armada Project (E45/5276), in the Paterson Range area of Western Australia, which surrounds the Greatland Gold Havieron gold/copper discovery on three sides (Figures 6 and 7).

This Government approval will allow for the drilling at 7 targets identified by Artemis's recent gravity and magnetic surveys on the Armada Project as shown in Figures 6. A Heritage survey is required before ground disturbing activities take place and planning is in progress.

Seismic line 1987 NC87-13 (Moodoo Seismic Line) transects our tenement and has been reprocessed to look at the areas around Havieron.

DIRECTORS' REPORT (CONTINUED)

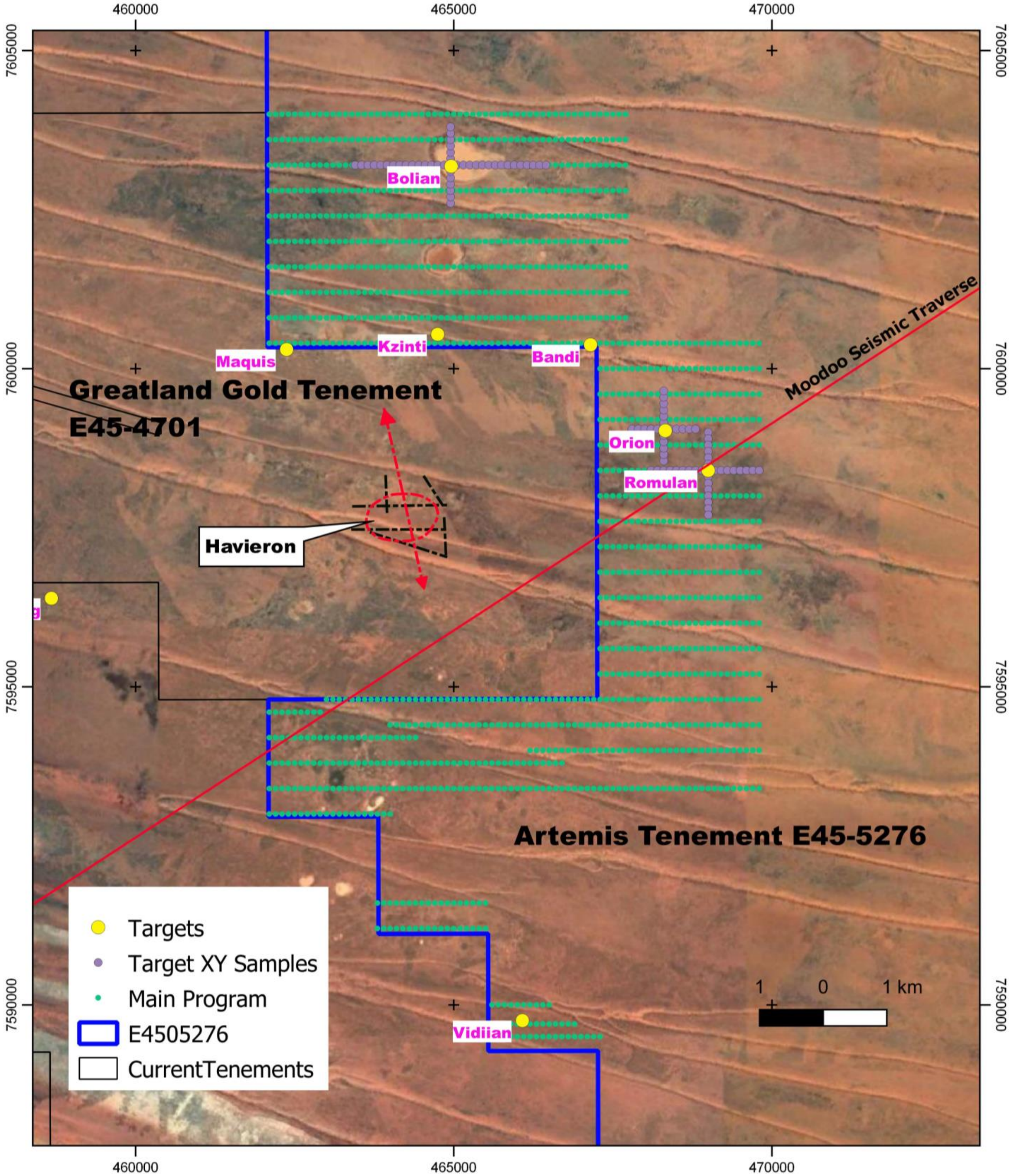

Figure 6: Artemis Resources' Paterson Central tenement E45/5276 (formerly called Armada) that surrounds the Havieron Discovery on 3 sides. 3 Targets (Kzinti, Bandi and Bolian) are immediately north. Ranking of targets will change as more exploration information comes to hand.

DIRECTORS' REPORT (CONTINUED)

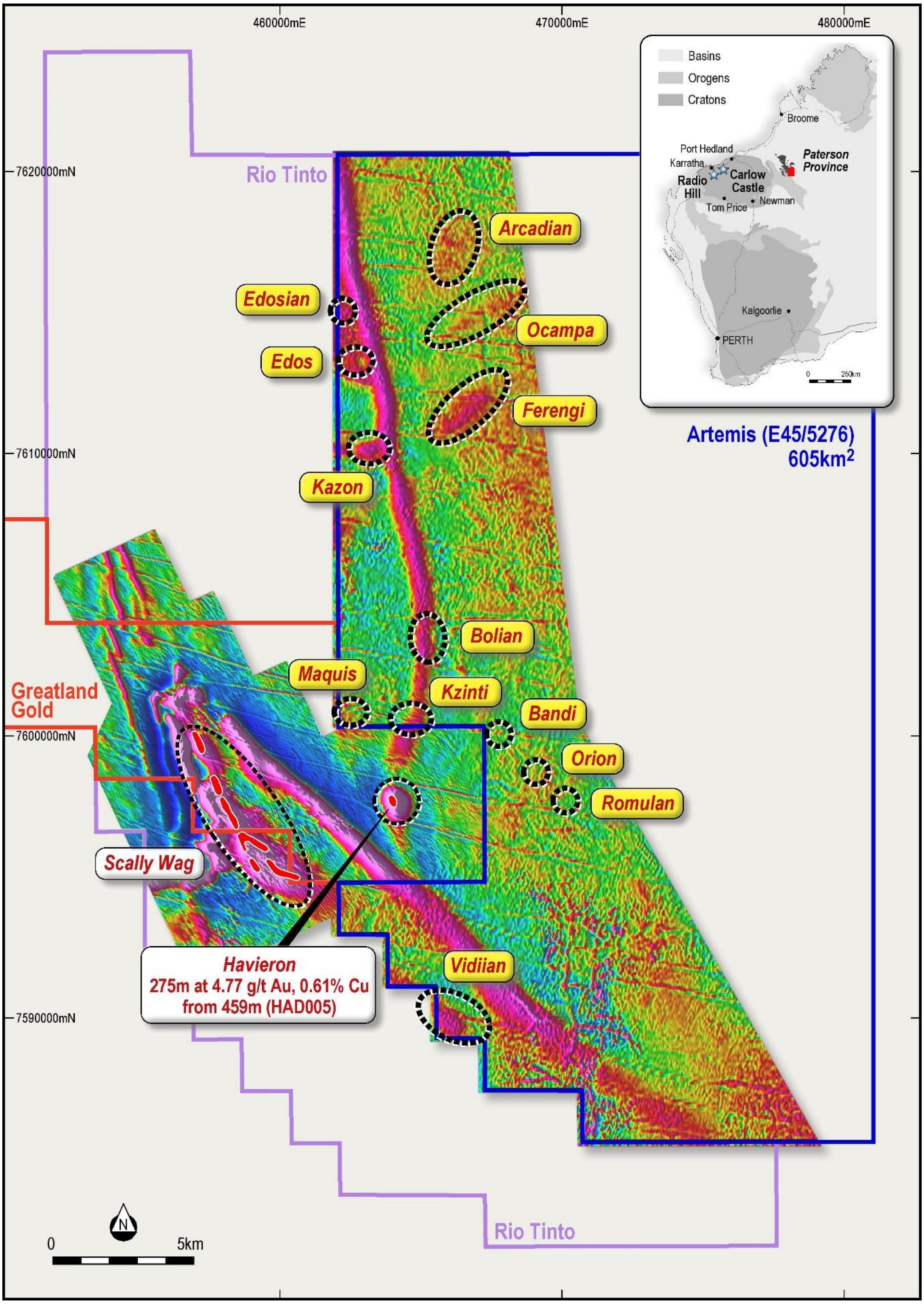

Figure 7: Artemis aeromagnetic and gravity surveys over the western half of the tenement, showing up to 13 targets, with data merged with the Greatland Gold Plc magnetic data – hence we are able to show anomalies off our tenement.

DIRECTORS' REPORT (CONTINUED)

MOODOO SEISMIC LINE

This seismic line was surveyed in 1987, processed and initially interpreted to determine the hydrocarbon prospectively of the Mesozoic sediments overlying the Proterozoic Paterson Province geology. Since then there have been significant advances and improvements made in processing techniques which appreciably enhance and improve resolution of stratigraphy and more importantly structures. Interpretation of thickness of cover which can be integrated with the gravity data to improve modelling of targets. This seismic line passes approximately 2.5km southeast of Greatland Gold's Havieron Prospect, which coincidently is over the Company's Patersons Central tenement, which provides an advantage to Artemis over nearby companies.

The NC87-13 line transects the Rio Tinto tenement, then Artemis tenement, then over Greatland Gold, then back over Artemis' Patersons Central tenement. The processed results (as released to the ASX on 12 December 2019) are shown in Figure 8, which shows depth of cover and structural complexity within the basement. The NC87-13 line transects Rio Tinto (CDP: 607-966), Artemis (966-1659), Greatland Gold (1659-2608) and Artemis (2608-5831).

Results from reprocessing (Figure 4) are encouraging as they indicate folding within the basement that could be a site for trapping mineralised hydrothermal fluids.

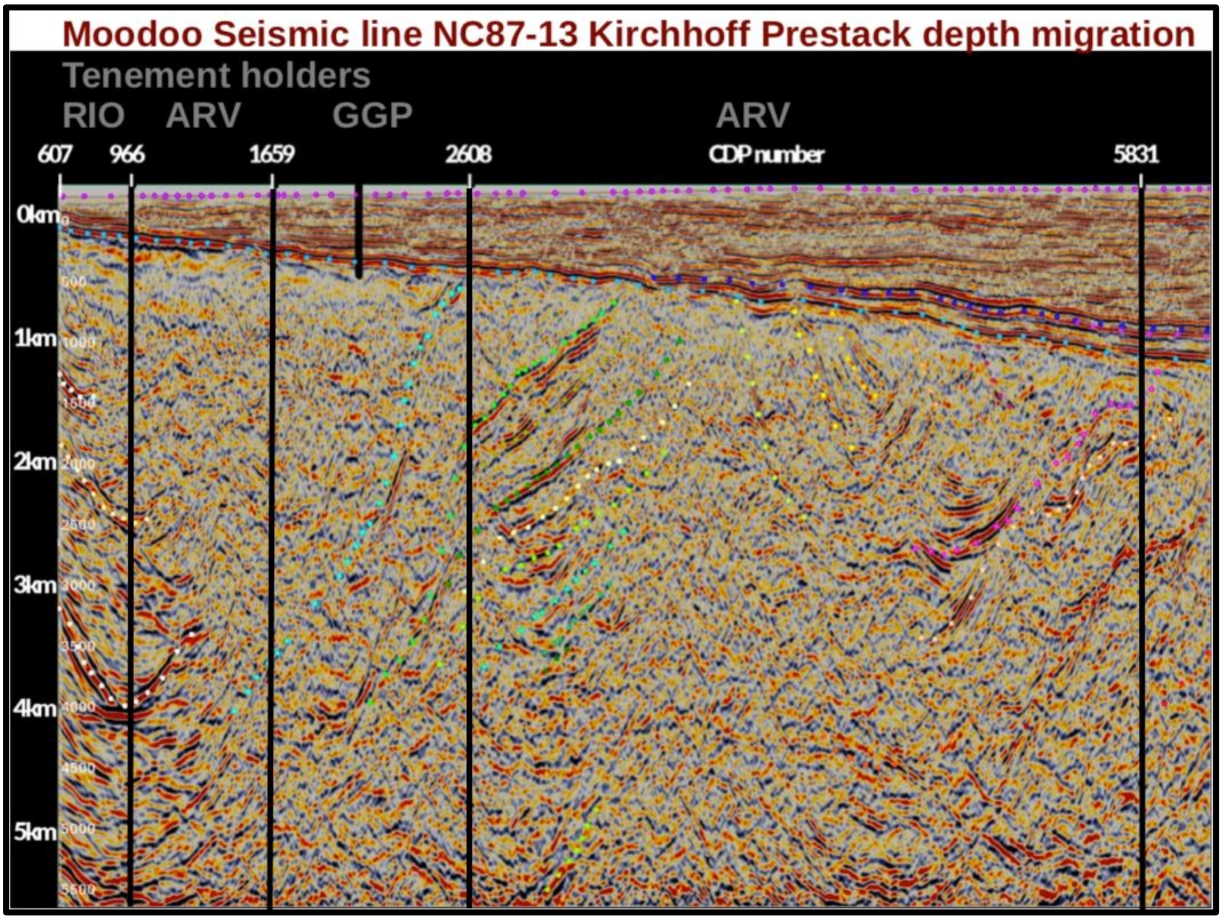

Figure 8: Reprocessed Moodoo Seismic line NC87-13 across Artemis' 100% owned Patersons Central Project. The Seismic data indicates folding within the basement and clearly defines the depth of Permian sediments.

DIRECTORS' REPORT (CONTINUED)

COMPETENT PERSONS STATEMENT:

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Edward Mead, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mead is a Director of Artemis Resources Limited and is a consultant to the Company, and is employed by Doraleda Pty Ltd. Mr Mead has sufficient experience that 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.

CORPORATE

Share Purchase Plan

Artemis launched a Share Purchase Plan (SPP) during the period to raise $1.5m to fund Carlow Castle development, exploration at Armada and for debt reduction. This SPP was led and underwritten by Patersons Securities Limited ("Patersons"), with Artemis Chairman Sheikh Maktoum Hasher al Maktoum a sub-underwriter to the SPP in the amount of $750,000. The SPP which closed on 23 July 2019 raised $2,707,495 (before costs).

Capital Raise and Debt Repayment

The Company completed a capital raise of $5.9 million issuing 184,375,000 shares at 3.2 cents each on 23 October 2019.

The funds were used to retire the Riverfort debt in the amount of US $3,463,645 and for working capital.

Events subsequent to reporting date

On 5 February 2020 the Company completed a capital raising issuing 85,112,500 shares at 2.5 cents per share to raise $2,127,812, before costs.

On 24 February 2020, Mark Potter was appointed Non-Executive Chairman, following the resignation of Sheikh Maktoum Hasher al Maktoum.

Mr Alastair Clayton was appointed an executive director on 29 January 2020.

On 13 March 2020 the Company announced the sale of its 50% interest in 47 Patch (tenement E47/1745) and its 70% interest in the Karratha Gold Joint Venture at Purdy's (being its interest in tenement E47/3443) to Novo Resources Corporation for ~A$4.8 million.

Other than as outlined above, there are no events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2019.

Auditor's independence declaration

The auditor's independence declaration is set out on page 13 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, 13 March 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2019, 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
13 March 2020

B G McVeigh
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

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

Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
For the Half Year Ended 31 December 2019

	Notes	Consolidated 31 December 2019 $	31 December 2018 $
Revenue	3	9,268	15,346
Personnel costs		(119,590)	(387,136)
Occupancy costs		(3,038)	(62,186)
Legal fees		(20,184)	(126,742)
Consultancy costs		(753,276)	(242,232)
Compliance and regulatory expenses		(100,139)	(159,529)
Directors' fees		(214,169)	(390,000)
Travel		(57,013)	(170,910)
Borrowing costs		(697,086)	(1,519,402)
Project and exploration expenditure write off	5	(5,003,471)	(304,197)
Net fair value loss on financial instruments designated as fair value through profit or loss	7	(155,519)	(493,554)
Share based payments		(439,062)	(1,896,567)
Marketing expenses		(201,300)	(154,357)
Depreciation and amortisation		(88,838)	(18,322)
Interest expense		(3,828)	-
Unrealised foreign exchange gain		1,372	226,124
Other expenses		(205,235)	(342,573)
LOSS BEFORE INCOME TAX		(8,051,108)	(6,026,237)
Income tax expense/benefit		-	-
LOSS FOR THE PERIOD		(8,051,108)	(6,026,237)
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(8,051,108)	(6,026,237)
Basic loss per share - cents	4	(1.00)	(0.94)
Diluted loss per share - cents	4	(1.00)	(0.94)

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

Condensed Consolidated Statement of Financial Position
As at 31 December 2019

		Consolidated	
	Notes	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		283,759	821,481
Trade and other receivables		404,607	254,255
Inventories		460,202	460,202
TOTAL CURRENT ASSETS		1,148,568	1,535,938
NON-CURRENT ASSETS			
Plant and equipment		135,632	159,784
Intangible assets		90,493	109,414
Right-of-use assets		122,933	-
Exploration and evaluation expenditure	5	33,200,547	37,027,656
Development expenditure	6	23,381,981	23,353,620
TOTAL NON-CURRENT ASSETS		56,931,586	60,650,474
TOTAL ASSETS		58,080,154	62,186,412
CURRENT LIABILITIES			
Trade and other payables	8	2,315,001	1,516,278
Employee benefits obligation		10,133	44,861
Lease liabilities		116,641	-
Financial liabilities	7	40,267	5,792,078
TOTAL CURRENT LIABILITIES		2,482,042	7,353,217
NON-CURRENT LIABILITIES			
Lease liabilities		11,404	-
Provisions		1,413,123	1,413,123
TOTAL NON-CURRENT LIABILITIES		1,424,527	1,413,123
TOTAL LIABILITIES		3,906,569	8,766,340
NET ASSETS		**54,173,585**	**53,420,072**
EQUITY			
Share capital	9	89,701,897	81,438,336
Reserves	10	2,080,065	2,571,003
Accumulated losses		(37,608,377)	(30,589,267)
Parent interests		54,173,585	53,420,072
TOTAL EQUITY		**54,173,585**	**53,420,072**

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

Condensed Consolidated Statement of Changes in Equity
As at 31 December 2019

Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
Balance at 1 July 2019	81,438,337	(30,589,268)	2,571,003	53,420,072
Loss for the period	-	(8,051,108)	-	(8,051,108)
Total comprehensive loss for the period	-	(8,051,108)	-	(8,051,108)
Issue of capital	8,121,810	-	-	8,121,810
Lapse of performance rights	-	1,031,999	(1,031,999)	-
Share based payments	141,750	-	541,061	682,811
Balance at 31 December 2019	89,701,897	(37,608,377)	2,080,065	54,173,585

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

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

Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2019

	Consolidated	
	31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,000	75,432
Payments to suppliers and employees	(971,903)	(1,886,667)
Interest paid	(3,828)	-
Interest received	3,132	4,936
Financing cost	(114,543)	(331,516)
NET CASH USED IN OPERATING ACTIVITIES	(1,081,142)	(2,137,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(1,286,464)	(8,294,506)
Proceeds from sale of property, plant and equipment	20,270	-
Payment for development expenditure	(46,178)	(13,786,210)
NET CASH USED IN INVESTING ACTIVITIES	(1,312,372)	(22,080,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7,548,630	-
Cost of share issue	(461,990)	-
Exercise of options	-	202,485
Proceeds from convertible note, net of costs	-	5,039,479
Repayment of convertible note	(5,162,725)	(2,210,113)
Repayment of lease	(68,123)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,855,792	3,031,851
Net decrease in cash held	**(537,722)**	**(21,186,680)**
Cash at the beginning of the period	821,481	27,048,303
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	226,124
CASH AT THE END OF THE PERIOD	**283,759**	**6,087,747**

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 2019 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 13 March 2020.

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 that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019. The Group has applied for the first time AASB 16 "Leases", the impact of which is described below.

AASB 16 Leases

The Group leases office space for its corporate office and Karratha office.

Impact of application of AASB 16 Leases ("AASB 16")

AASB 16 provides a model for the identification and treatment of lease arrangements in the financial statements. AASB 16 superseded the lease guidance including AASB 117 Leases and the related Interpretations, when it became effective for the Group for the accounting period beginning 1 July 2019.

The Group has chosen the modified retrospective application of AASB 16. Consequently, the Group has not restated the comparative information.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group has applied the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019. The Directors have determined that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Operating leases

AASB 16 has changed how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, for all leases (except as noted below), the Group has:

(a) Recognised Right-of-Use assets ("ROU Assets") and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognised depreciation of ROU Assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16 lease incentives (e.g. rent-free period) are recognised as part of the measurement of the ROU Assets and lease liabilities. Previously lease incentives resulted in the recognition of a lease liability incentive amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, ROU Assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group recognised ROU Assets with a net book value of $188,969 and corresponding lease liabilities of $188,969 at 1 July 2019. After accounting for depreciation and lease principal payments during the half-year the balances as at 31 December 2019 were ROU Assets with a net book value of $122,933 and lease liabilities of $128,045.

The impact on the consolidated statement of profit or loss (increase/(decrease)) for the period is:

Expense	*$*	*Notes*
Tenancy and operating	52,272	Rent expense on previously recognised operating lease
Depreciation expense	(66,036)	Depreciation of lease asset recognised under AASB 16
Finance costs	(3,828)	Interest on lease recognised under AASB 16
Net impact on loss for the period	(17,592)	

Under AASB 117, lease payments from operating leases were included in cash flows from operating activities. Under AASB 16 lease repayments are included in cash flows from financing activities. The impact on cash flows for the period from adopting AASB 16 is to increase cash flows from investing activities by $55,311 to reduce cash flows from operating activities by $55,311.

There is no impact on other comprehensive income and the basic and diluted EPS.

Determination of whether variable payments are in-substance fixed

For lease agreements subject to lease payments with fixed increases, the Group factored in the fixed increases into the calculation of the lease liability. The Group has no lease agreements subject to lease payments based on a variable index.

Determination of the appropriate rate to discount the lease payments

The Group estimated the incremental borrowing rate applicable to its lease as the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security the funds necessary to obtain an asset of a similar value to the ROU Asset. The estimate was based on a risk adjusted rate and considered the materiality of the impacts of applying a range of interest rates. The incremental borrowing rate applied is 5%.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

	$
Operating lease commitments disclosed at 30 June 2019	198,915
Less: discount applied using incremental borrowing rate	(9,946)
Lease liability recognised at 1 July 2019	188,969
Right-of-Use asset (value determined solely with reference to the lease liability value)	188,969

The recognised ROU Asset relates to office premises.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Future Accounting Standards or Interpretations

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

For the half-year ended 31 December 2019 the Group recorded a loss of $8,051,108 (31 December 2018: a loss of $6,026,237) and had net cash outflows from operating activities of $1,081,142 (31 December 2018: $2,137,815) and has a net working capital deficit of $1,333,474 as at 31 December 2019 (30 June 2019: a net deficit of $5,817,279).

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 $283,759 and net assets of $54,173,585 as at 31 December 2019;
- The Company raised $2,127,812, before costs, after period end;
- 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.

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.

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.

2. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Board:

	Exploration Activities			Development Activities	Unallocated	Total
	Mt Clement	West Pilbara	Others	Radio Hill	Corporate	
	$	$	$	$	$	$
31 December 2019						
Segment revenue	-	-	-	-	9,268	9,268
Segment expenses	-	(4,900,000)	-	-	(3,160,376)	(8,060,376)
Reportable segment loss	-	(4,900,000)	-	-	(3,151,108)	(8,051,108)
Reportable segment assets	205,772	32,910,032	84,743	23,381,981	1,497,626	58,080,154
Reportable segment liabilities	-	-	-	-	3,906,570	3,906,570

	Exploration Activities			Development Activities	Unallocated	Total
	Mt Clement	West Pilbara	Others	Radio Hill	Corporate	
	$	$	$	$	$	$
31 December 2018						
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

3. REVENUE

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Revenue		
Other income	6,136	7,516
	6,136	7,516
Other revenue		
Profit on sale of PP&E	-	2,894
Interest received	3,132	4,936
	3,132	7,830
	9,268	15,346

4. LOSS PER SHARE

The calculation of basic loss and diluted earnings per share at 31 December 2019 was based on the loss attributable to shareholders of the parent company of $8,051,108 (2018: $6,026,237):

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Basic loss per share	(1.00)	(0.94)
Diluted loss per share	(1.00)	(0.94)
	No of Shares	**No of Shares**
Weighted average number of ordinary shares:		
Ordinary shares	804,286,287	639,791,030
Ordinary shares fully diluted	804,286,287	675,962,496

5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
Exploration and evaluation expenditure	33,200,547	37,027,656

5. EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

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 2019 $	**30 June 2019 $**
Opening balance	37,027,656	28,761,826
Expenditure capitalised in current period	1,176,362	8,975,094
Exploration expenditure written off	(5,003,471)	(701,261)
Cost of product sold written off	-	(8,003)
Closing balance	33,200,547	37,027,656

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.

6. DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
Development expenditure	23,381,981	23,353,620

Reconciliation of movement during the period:

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
Opening balance	23,353,620	11,713,066
Additions	28,361	11,640,554
Closing balance	23,381,981	23,353,620

6. DEVELOPMENT EXPENDITURE (CONTINUED)

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.

7. FINANCIAL LIABILITIES

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
Convertible note at fair value (Level 2)	-	5,595,206
Short term loan at amortised cost	40,271	196,872
	40,271	5,792,078

Reconciliation of movement during the period:

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
Convertible note		
Opening balance	5,595,206	3,914,024
Add: Additional convertible note	-	5,519,267
	5,595,206	9,433,291
Less: Conversion to equity[2]	(588,000)	(783,770)
Less: Cash repayment on convertible note[2]	(5,162,725)	(3,433,870)
Fair value movement	155,519	379,555
Closing balance	-	5,595,206
Short term loan		
Opening balance	196,872	-
Add: Short term loan[1]	-	196,872
Less: Cash repayment	(156,601)	-
Closing balance	40,271	196,872
Total	40,271	5,792,078

[1] The short term loan is premium funding of annual insurance costs.

[2] The convertible notes issued by the Company is treated as financial liabilities designated as at fair value through profit or loss. The Convertible Loan Note in the amount of US$3,463,645 was repaid during the period, with US$400,000 being issued to the noteholders through the issue of 18,437,500 shares at 3.2 cents each, and a further US$3,063,645 being settled in cash.

8. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2019 $	30 June 2019 $
Trade and other payables	2,315,001	1,516,278

9. SHARE CAPITAL

	Consolidated		Consolidated	
	31 December 2019 No. of Shares	30 June 2019 No. of Shares	31 December 2019 $	30 June 2019 $
Issued and Paid-up Capital				
Ordinary shares, fully paid	938,754,600	661,991,065	89,701,897	81,438,337

Reconciliation of movement during the period:

	Shares	$
Opening balance	661,991,065	81,438,337
Shares issued to investors for Share Purchase Plan	87,338,535	2,707,495
Shares issued to investors for Placement	157,609,375	5,043,500
Shares issued in retirement of debt and settlement of creditors	26,765,625	856,500
Shares issued as part of employee remuneration	5,050,000	116,550
Cost of raising capital	-	(460,485)
Closing balance	938,754,600	89,701,897

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 2019 No. of options/rights	30 June 2019 No. of options/rights	31 December 2019 $	30 June 2019 $
Share based payments				
Options	75,163,462	38,663,462	2,086,065	1,539,004
Performance rights	-	15,000,000	-	1,031,999
			2,086,065	2,571,003

During the half-year 15,000,000 performance rights previously issued to directors and executives of the Company lapsed unexercised.

The unlisted options issued during the half year were valued using the Black-Scholes model. The options outstanding as at 31 December 2019 were determined on the date of grant using the following assumptions:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date	30/11/2017	31/1/2018	30/11/2018	31/7/2019	24/5/2019	22/7/2019
Exercise price ($)	0.44	0.4538	0.21	0.08	0.08	0.08
Expected volatility (%)	143	100	95	100	100	100
Risk-free interest rate (%)	1.8	2	2	1.13	1.13	0.935
Expected life (years)	2.58	3	3	3	3	3
Share price at this date ($)	0.315	0.215	0.145	0.036	0.036	0.029
Fair value per option ($)	0.03	0.01	0.080	0.0165	0.0165	0.0121
Number of options	6,000,000	5,439,858	8,571,429	16,500,000	18,652,175	20,000,000

Director options, series 1 and series 4 were cancelled subsequent to year end.

For the half-year ended 31 December 2019, the Group has recognised $299,062 of share-based payment expense, and $242,000 of consulting fees in the income statement in relation to share options and performance rights issued (2018: $1,896,567).

11. FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of current receivables and current payables (except for Note 7. Financial liabilities) are a reasonable approximation of their fair values.

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. EVENTS SUBSEQUENT TO 31 DECEMBER 2019

On 5 February 2020 the Company completed a capital raising issuing 85,112,500 shares at 2.5 cents per share to raise $2,127,812, before costs.

On 24 February 2020, Mark Potter was appointed Non-Executive Chairman, following the resignation of Sheikh Maktoum Hasher al Maktoum.

Mr Alastair Clayton was appointed an executive director on 29 January 2020.

On 13 March 2020 the Company announced the sale of its 50% interest in 47 Patch (tenement E47/1745) and its 70% interest in the Karratha Gold Joint Venture at Purdy's (being its interest in tenement E47/3443) to Novo Resources Corporation for ~A$4.8 million.

Other than as outlined above, there are no events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2019.

Directors Declaration

The directors declare that:

(a) the financial statements and notes, set out on pages 14 to 30, are in accordance with the *Corporations Act 200*1, 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 2019 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
13 March 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 half-year financial report of Artemis Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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 Group 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 Group's financial position as at 31 December 2019 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 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 half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 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 a half-year 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
13 March 2020