



26 May 2011

Dear Shareholder,

NEWS UPDATE

Please find enclosed a newsletter which outlines the status of the Company's major gold projects at Mt Clement and Yandal and our plans for the remainder of 2011.

Our long term objective is to build a gold inventory to 1 million ounces. We are encouraged by the results of the drilling programmes at Mt Clement in 2010 and at Yandal in 2011. The resource at Mount Clement and a number of prospects at Yandal are open at depth and along strike, and we believe additional drilling campaigns in 2011 will move the company further towards its goal.

The Company is also actively reviewing strategic acquisition targets which should accelerate achievement of the objective and add to shareholder wealth.

Artemis has been reviewing and will continue to review non-core assets with a view to divestment, provided this is in accordance with the Company's strategy and enhances the value of the business.

I look forward to your ongoing support as a shareholder in Artemis Resources Limited.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Graham Libbesson".

Graham Libbesson
Non-Executive Chairman



Artemis pinpoints prospects for drilling at Mt Clement

Artemis recently completed Phase 2 of its drilling program at its exciting Mt Clement gold project, 75km from the regional iron ore centre of Paraburdoo, WA, significantly increasing the potential of the newly-discovered high grade gold-silver zone.

The project shows potential to host a large gold-silver deposit. Historical data, 2010 Artemis drill results and new resource calculations, all confirm that high grade gold-silver mineralisation is open at depth and of a style (Carlin) that could be the tip of a large gold system.

A review has highlighted a number of new target areas on the project with potential for high grade gold-silver mineralisation.

Extension drilling by Artemis in 2010 around the Mt Clement resource defined a new high grade gold system adjacent and below the existing lower grade oxide gold system. The new discovery contains high gold and silver grades.

The next stage of exploration plans to target the conductive sulphide-rich zone containing gold and silver.

“The significance of the Mt Clement project is its close proximity to Northern Star’s gold mine.”

Gavin Wendt, Mining Analyst,
Minelife Resource Report 11 May 2011

The target area covers the mining leases and a large portion of the surrounding exploration lease, including a new gold-silver zone uncovered by Artemis 150m west of the existing resource during the 2010 program. At Eastern Hills, approximately 3km from the Mt Clement resource, historic rock-chips collected by BHP in 1979 returned the following significant results:

- **94g/t Au, 10300g/t Ag, 12.20% Cu, 2.55% Sb, and 0.44% Pb (EHG108)**
- **17.5g/t Au, 2100g/t Ag, 30.5% Cu, 0.12% Sb, and 0.17% Pb (EHG109)**

QUICK FACTS

Mt Clement Project

Artemis (80%) is manager of the Mt Clement JV with Northern Star Resources Ltd (ASX Code: NST) (20%). The project is in the Ashburton province of WA host to the Mt Olympus Gold Mine (1m oz) Paulsen Gold Mine (500,000 oz).



Three granted Mining Leases

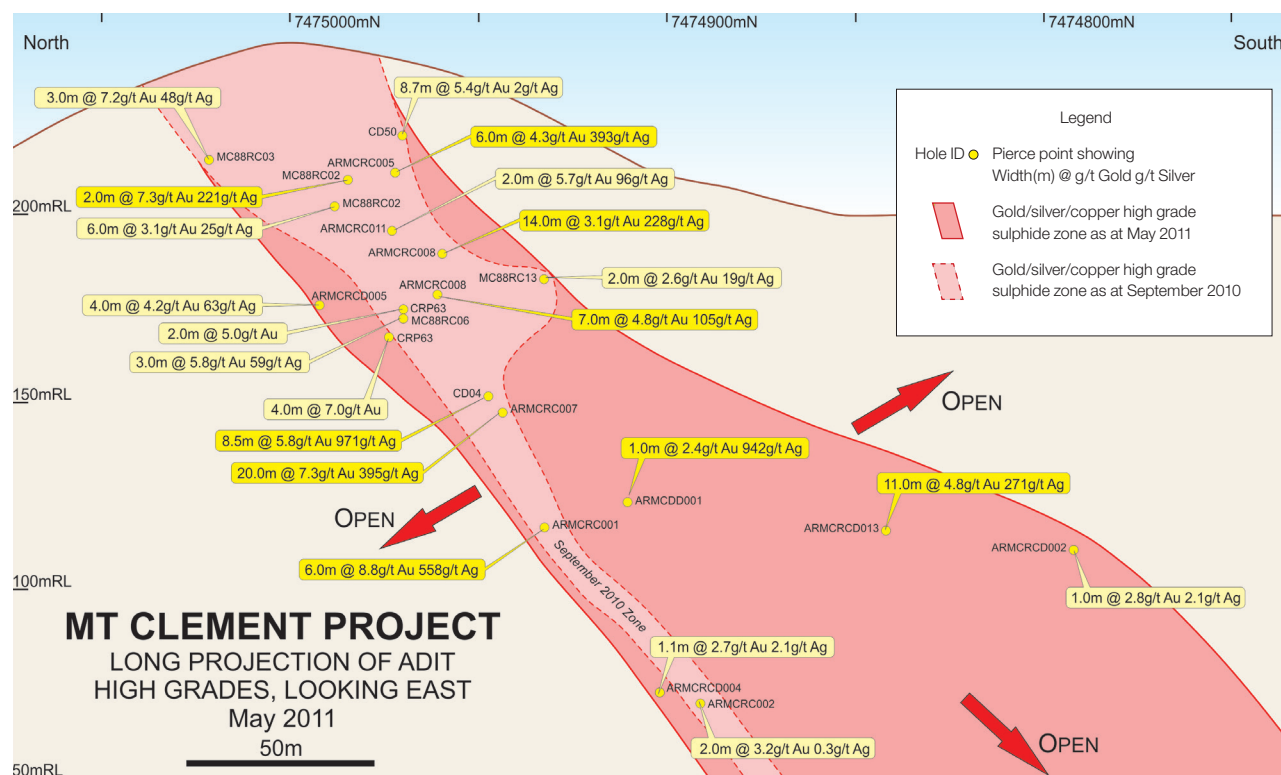
Northern Star (20% JV Partner) owns Paulsen CIP gold plant 30km away

High grade gold-silver zone discovered 2010

High grade zone open in a number of directions

Potential for large high grade gold/silver deposit. Carlin style of mineralisation

High Grade Zone – Intersections
6m @ 8.8g/t gold, 558g/t silver
20m @ 7.3g/t gold, 395g/t silver
35m @ 2.9g/t gold, 119g/t silver
2m @ 3.22g/t gold



Impressive results from latest Yandal drilling

First pass drilling completed in May 2011 at the Yandal gold project in the gold rich Yandal-Bronzewing greenstone belt in Western Australia has intersected very promising high-grade gold at the Forked Stick prospect.

It also identified a new south-eastern extension of the historic Lowlands resource.

The recent drilling program of 16 holes totalling 2330m covered four of the 10 gold deposits/prospects on our tenements that contain exciting historical gold intersections. The Artemis tenements cover a zone of the Yandal belt just 30km north of the 4 million oz Bronzewing mine and CIP plant.

Results gained from the latest drilling campaign were excellent, with 13 of the 16 holes yielding intersections of gold above 0.5g/t gold. The best results came from drilling at Forked Stick where Artemis hole 15 intersected a new high-grade zone: 9.0m @ 7.15g/t Au from 72m, a good 60m below the previous historic drilling (BRC029, 7m @ 11.44g/t Au from 17-24m, EOH 35m). The new mineralisation is open at depth and along strike. Follow-up drilling is planned to commence in June to further investigate the Forked Stick gold intersections.

At Lowlands, mineralisation has been intersected some 60m south-east of the previous JORC gold envelope of 23,560 oz gold, defining a southern extension.

A deep vertical hole at Lowlands also discovered mineralisation at 225m, well below the existing resource. Hole 3 was designed to test for stacked gold lenses below Lowlands and returned 5.0m at 1.6g/t from 225m including 2.0m @ 3.63g/t. Follow up drilling is also planned to investigate these results.

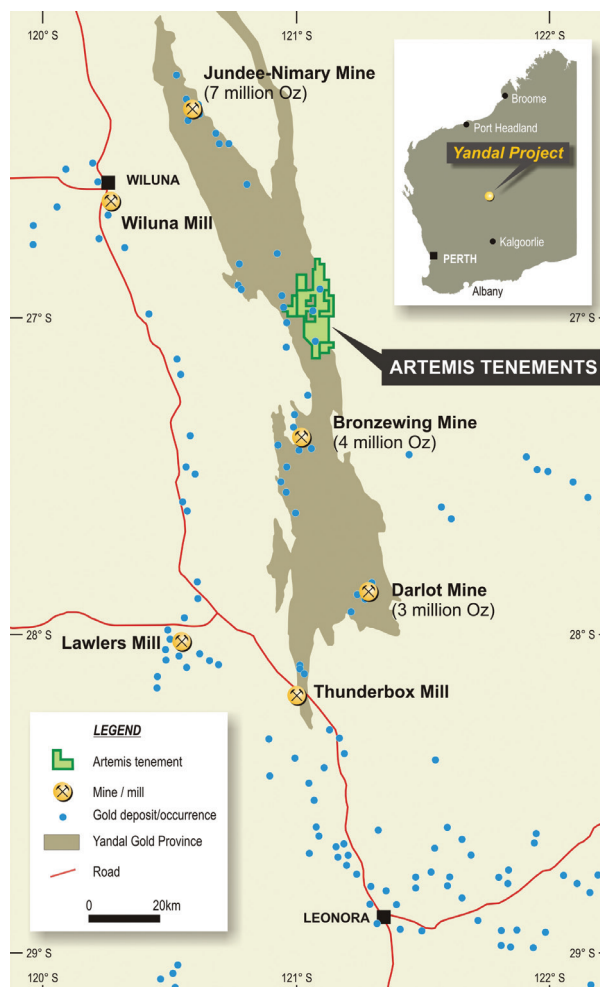
"This indicates the potential for another gold zone below the historic Lowlands resource. I'm pleased to say the Yandal results are highly encouraging and have succeeded in fulfilling the company's exploration objectives."

Gavin Wendt, Mining Analyst, Minelife

During the next phase of drilling Artemis also plans to target extensions of the historic Slav Well inferred resource of 8,237 oz gold and drill beneath the International and 6 Mile Well prospects, where historic results have been significant:

- *International Prospect:* Historic BRC043 returned 2m @ 4.15g/t Au from 51-53m depth
- *6 Mile Well Prospect:* Historic BRC037 returned 2m @ 3.75g/t Au from 46-48m depth.

Our goal at Yandal, at a time of record gold prices, is designed to confirm high grade mineralisation and test for major extensions to this mineralisation. With further exploration, the Yandal project has the potential to deliver a Bronzewing-sized deposit to Artemis.



QUICK FACTS

Artemis Resources Limited

ARV is a gold-focused exploration company with two potentially outstanding gold projects in Western Australia, both in world-class gold belts. Artemis aims to build a gold inventory of 1 million+ oz. It is focused on discovering large high grade gold systems at Yandal, while also expanding the Mt Clement high grade gold/silver mineralisation discovered last year. It will test new blind targets at Mt Clement defined from aeromagnetic surveys. ARV is also actively pursuing an acquisition strategy to add other gold projects that complement the existing portfolio.

Artemis
RESOURCES

Shares: 325m (ASX:ARV)

Options: 107m (exp 30-6-11 @ 5 cents)

Current share price: 0.047 cents
(11-5-11)

Market cap: \$15 million

Cash position: \$3 million (31 March)

Disclaimer: The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Johnstone, who is a Member of the Australian Institute of Geoscientists. Andrew Johnstone 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andrew Johnstone, who is an officer of the Company, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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