



## **Artemis Resources Limited and its controlled entities**

### **Interim financial report for the 6 months ended 31 December 2011**



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The Directors present their report together with the financial report of Artemis Resources Limited ("the Company") for the half year ended 31 December 2011 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

Guy Robertson (Executive Director, appointed 28 September 2011)  
Frans Voermans (Non-Executive Director)  
Shannon Coates (Non-Executive Director, appointed 28 September 2011)  
Graham Libbesson (Non-Executive Chairman, resigned 27 September 2011)  
John Miles (Non-Executive Director, resigned 28 September 2011)  
George Frangeskides (Non-Executive Director, resigned 28 September 2011)

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## RESULT AND REVIEW OF OPERATIONS

### OVERVIEW

During the half year the Company completed a thorough review of the geological setting, geophysics and drilling data from its Yandal project, with the objective of locating targets with potential for +1Moz gold. This review resulted in a substantial field work program undertaken between December 2011 and February 2012 which has identified and prioritised a number of exciting targets.

The Company announced a new JORC compliant resource at Mount Clement in July 2011, and is currently reviewing all of the project data prior to determining a go forward strategy for this project.

The Company reached an agreement with Resmetco Pty Limited for a joint venture in relation to the Buchanan's Creek project, whereby Resmetco will pay Artemis \$75,000 plus spend \$400,000 over four years to earn a 51% interest and a further \$400,000 to earn a further 24% interest.

At the half year end Artemis has \$3.9 million available in cash, receivables and securities.

### YANDAL

During the period Artemis completed a thorough review of the geological setting, geophysics and drilling data from its Yandal project, with the objective of locating targets with potential for +1Moz gold. The Yandal belt hosts over 12Moz of gold.

This review identified a number of new target areas that have not previously been tested. Using the Bronzewing and Jundee gold deposits (which contained 3.4Moz and 3.3Moz respectively) and their geological setting as the models, the following areas were identified:

- A linear north-south striking magnetic feature immediately east of Lowlands which is interpreted to be an Archaean mafic sill (possibly dolerite), an excellent host for gold mineralisation,
- A highly altered ultramafic unit striking northwards from Lowlands, and a second ultramafic unit east of Lowlands,
- Several areas of extensive palaeochannel development and deep weathering, where north-west and north-east striking brittle structures are interpreted to intersect favourable host rocks such as mafic volcanics,
- The area immediately to the north and east of Lowlands, where extensions to north-south striking high grade auriferous quartz veins have not yet been drill tested,

- The occurrence of potentially nickeliferous gossans near Sandalwood prospect has been known since 2007. A TEM survey over the area (May 2011) found four conductors. Detailed geological mapping near Sandalwood has detected further gossan occurrences. RC drill testing of these gossans and EM conductors is planned.

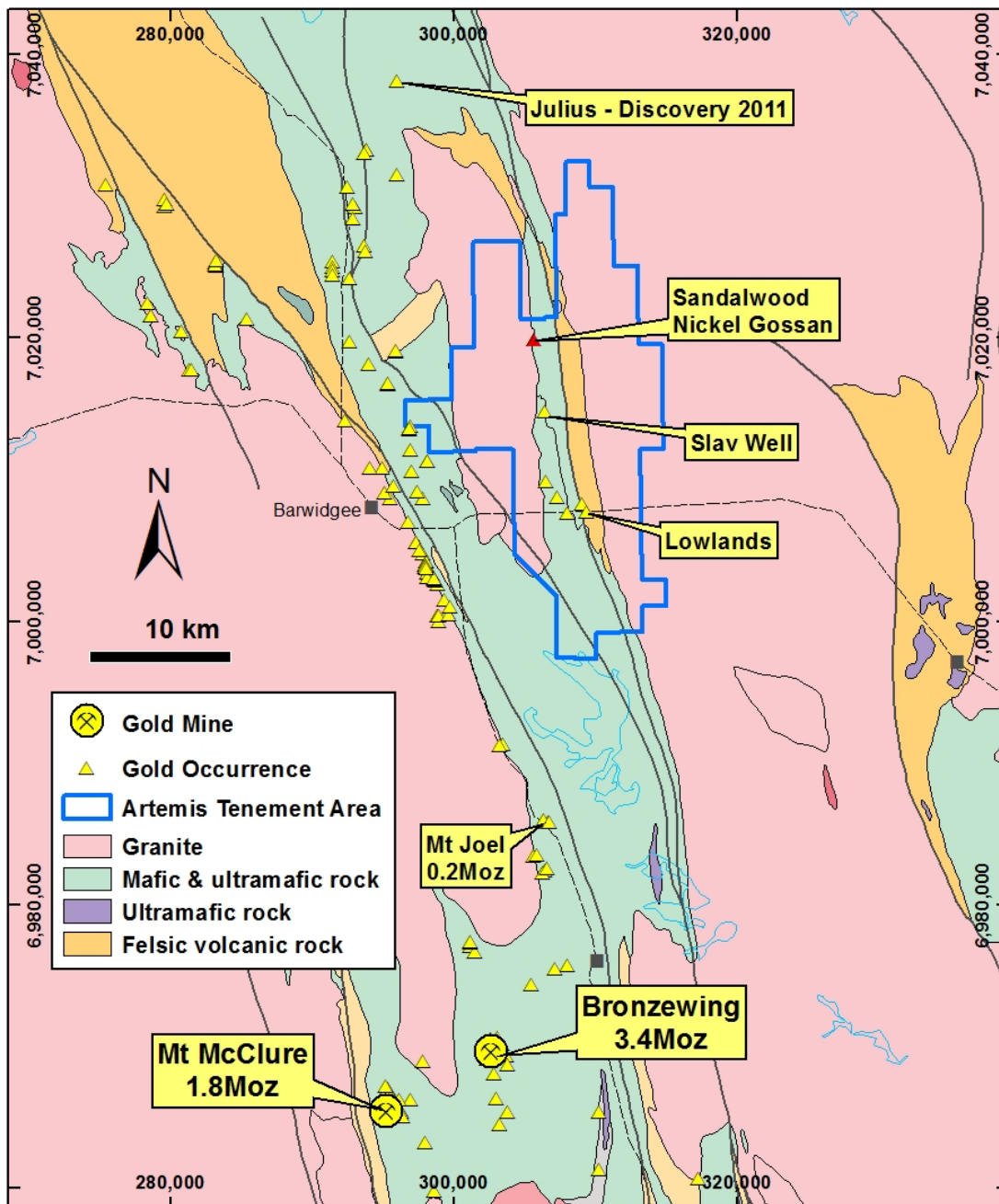
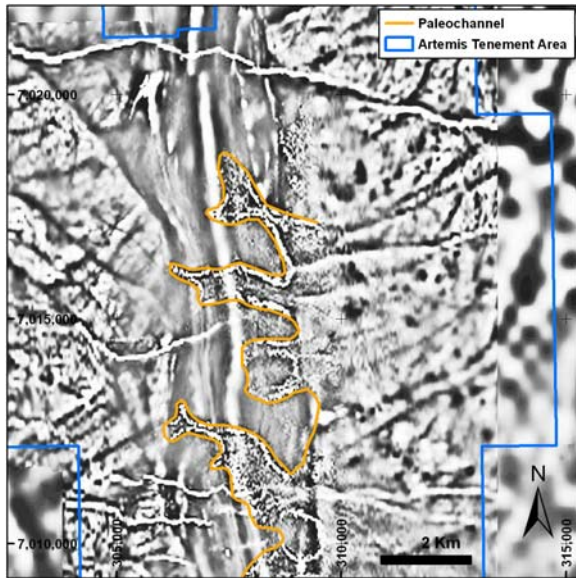


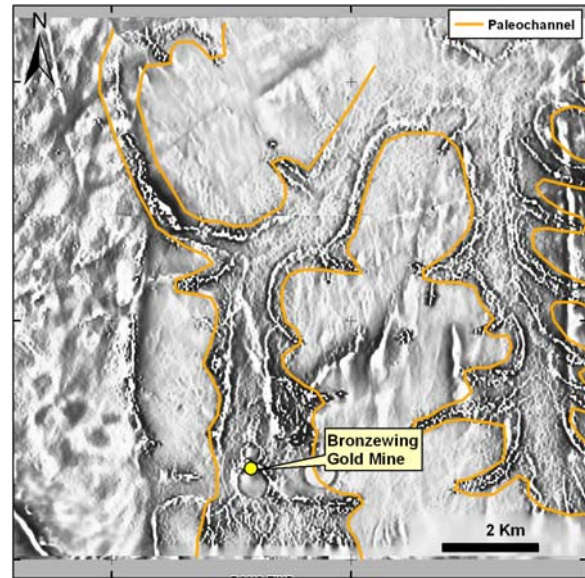
Figure 1. Artemis Yandal Project, Location Plan

Artemis followed up the review outlined above with Induced Polarisation (IP) surveys over 33km.

The IP surveys have successfully defined anomalies within favourable greenstone host rocks and/or structures. The anomalies identified by the Artemis exploration team are interpreted to be quite large bodies of disseminated sulphide, with potential to host deposits of +1Moz gold, similar to the Bronzewing and Jundee gold projects, which lie on the Yandal Greenstone Belt.



**Figure 2. Lowlands Magnetic Image with Palaeochannels Highlighted**



**Figure 3. Bronzewing Magnetic Image with Palaeochannels Highlighted**

At Lowlands, the Induced Polarisation (IP) anomalism coincides with the location of steep north-south high grade structures interpreted from shallow drilling and recent mapping. The IP indicates these structures are open to the north, south, and at depth. IP is a geophysical imaging technique used to identify subsurface materials cost effectively.

IP anomalism has also been detected coincident with a linear north-south striking magnetic feature, immediately east of Lowlands, which is interpreted to be an Archaean dolerite sill.

Several IP anomalies were also detected below the palaeo-channels north of Forked Stick and Slav Well prospects. These may reflect structurally controlled sulphide mineralisation associated with gold, below areas of deep weathering. The areas covered by palaeo-channels have received no effective drilling to date. RC drill testing of all of the above targets is planned to commence in Q2 2012.

Artemis' Yandal Project overlies a narrow 3-5km wide, northerly striking sequence of Archaean greenstones flanked on either side by granitoid rocks. A number of major regional linear features pass through the area. Outcrop is poor over much of the area but limited exposures and examination of drill cuttings suggest the dominant lithologies from west to east across the belt are: granite, talc-chlorite-carbonate schist (after ultramafic), ultramafics, felsic volcanics and metasediments with some basalt flows and dolerite intrusives. Much of the area is covered by shallow Quaternary colluvial to alluvial material, typically around 20-40m thick, with palaeo-channels to 80-120m deep.

Between December 2011 and February 2012, Fugro Ground Geophysics Pty Ltd undertook 33 line kilometres of dipole-dipole IP surveys within the Yandal Project area. The locations of the IP lines are shown in Figure 4 below, over a grey scale magnetic image.

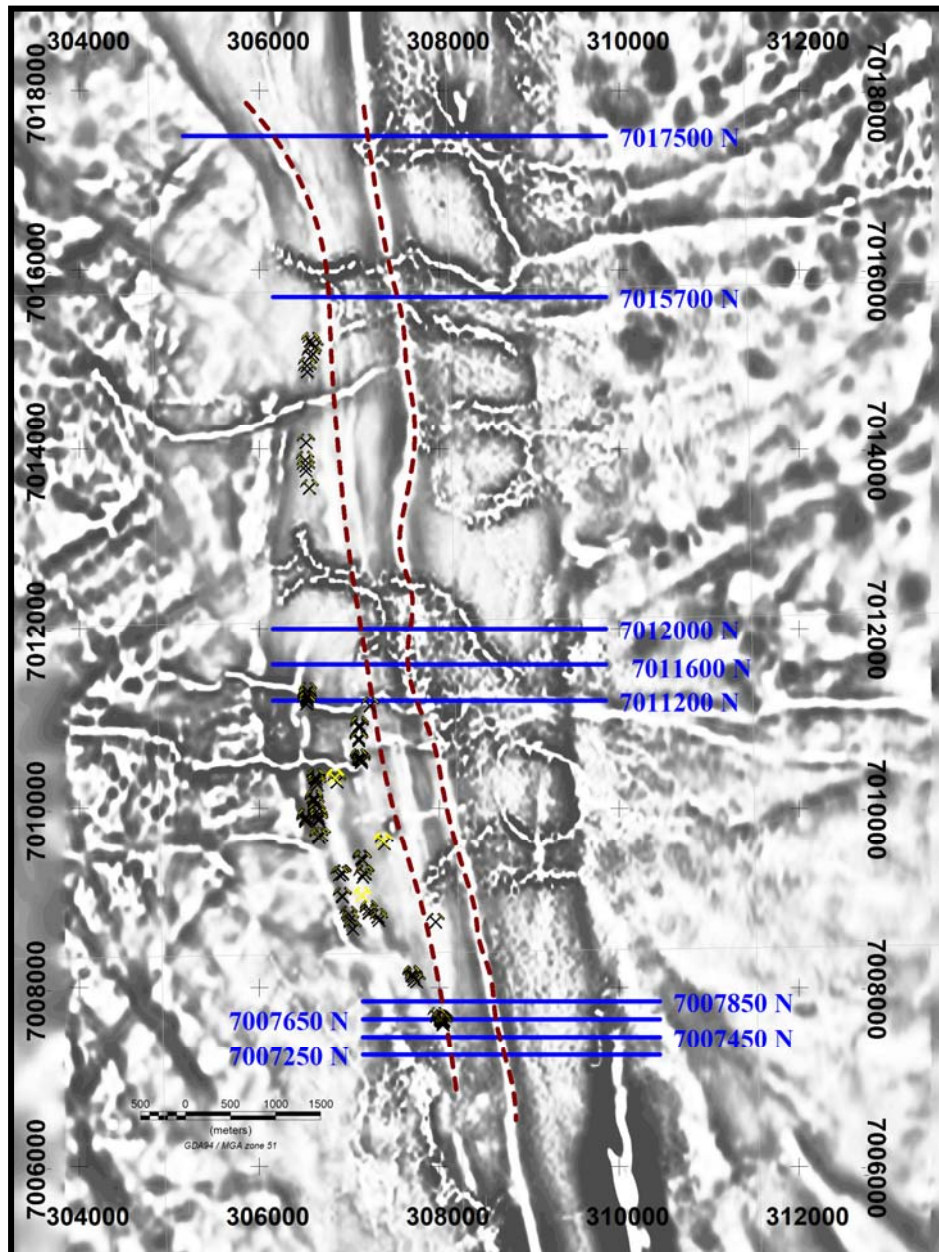


Figure 4. Location of IP Lines over Magnetic Image – Yandal Gold Project

#### IP SUMMARY RESULTS

The IP survey has highlighted two very promising potentially mineralised corridors. The western corridor, Lowlands Corridor **Target A** and the central Dolerite Corridor **Target B** (See Figure 5). The Lowlands Corridor Target A coincides with a northerly trending magnetic signature and hosts the Lowlands Au mineralisation. The Dolerite Corridor Target B coincides with a northerly trending magnetic unit. The strongest basement IP anomalies are located on these two corridors and these IP anomalies are associated with preferential weathering.

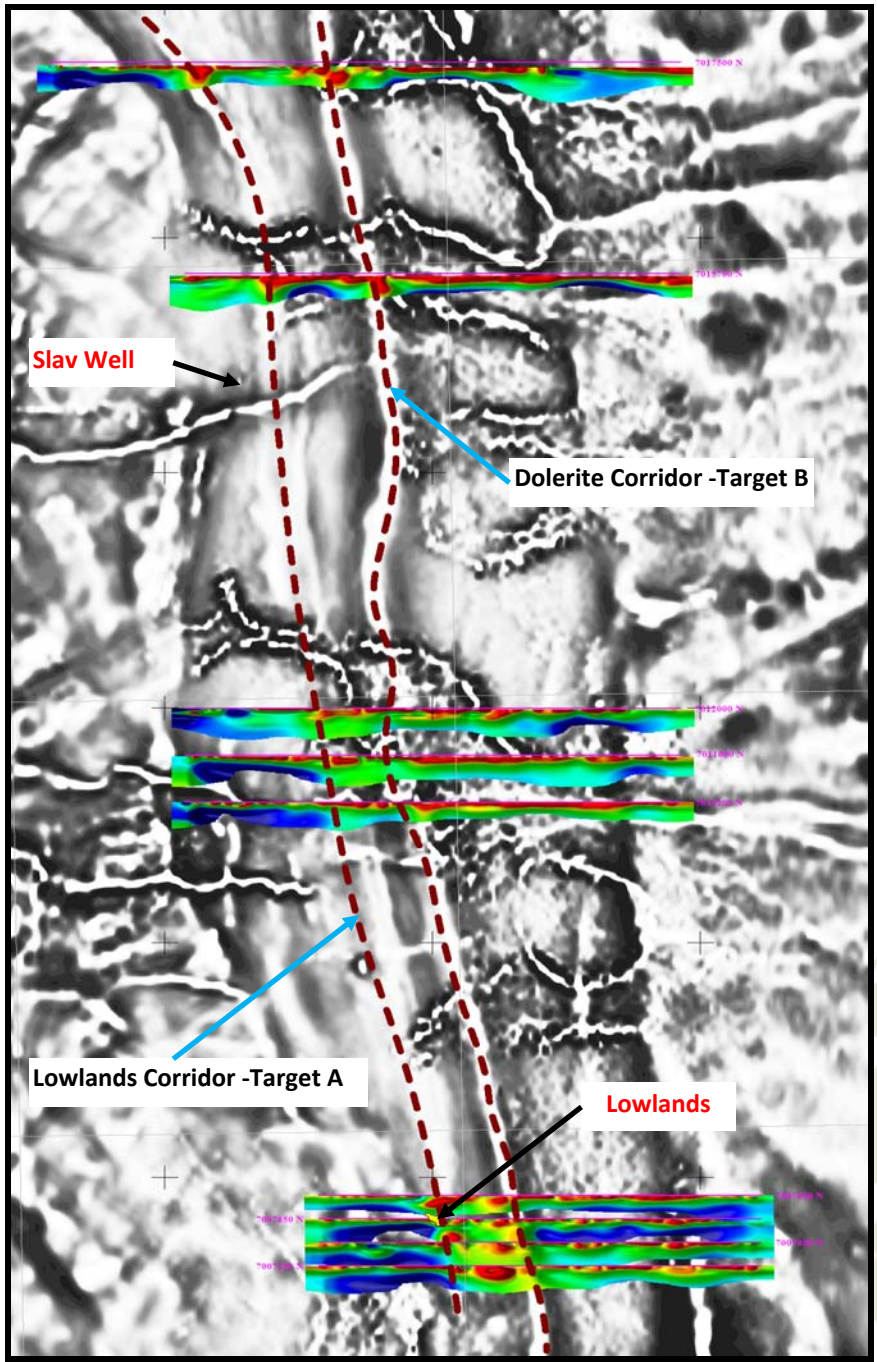


Figure 5. Palaeo-channel Areas, Stacked Inversion Resistivity Sections – Yandal Gold Project

The resistivity data clearly shows that nearly all the drilling within the Yandal Project area has not reached basement and therefore all prospect areas need to be re-evaluated.

## A. Lowlands Area

The four east-west IP lines at Lowlands were designed to test below and to the east of the known oxide gold mineralisation, to test a linear magnetic feature to the east of Lowlands, and to test the sheared contacts between the greenstone sequence and the bounding granites.

At Lowlands itself, the IP anomalism coincides with the location of steep north-south high grade structures interpreted from shallow drilling and recent mapping. The IP indicates these structures are open to the north, south, and at depth. The IP responses are also coincident with a weak linear magnetic unit interpreted to be comprised of ultramafic rock now altered to talc-chlorite-carbonate schist. All four IP lines show a conductive cover of variable depth (25-125m). There appears to be deeper weathering associated with the known oxide gold mineralisation.

East of Lowlands, two parallel basement IP responses suggest additional parallel mineralised structures, one of which is associated with a linear magnetic anomaly (possible a dolerite). The second IP response has no magnetic signature. The eastern portion of the project area has received little to no drilling to date.

Figure 4 below shows the location of the 4 Lowlands IP lines in plan over a magnetic image. The red, green and blue stars represent strong, moderate and weaker IP anomalies respectively. The yellow area marked "Lowlands" shows the location of the shallow oxide gold resource already defined by Artemis.

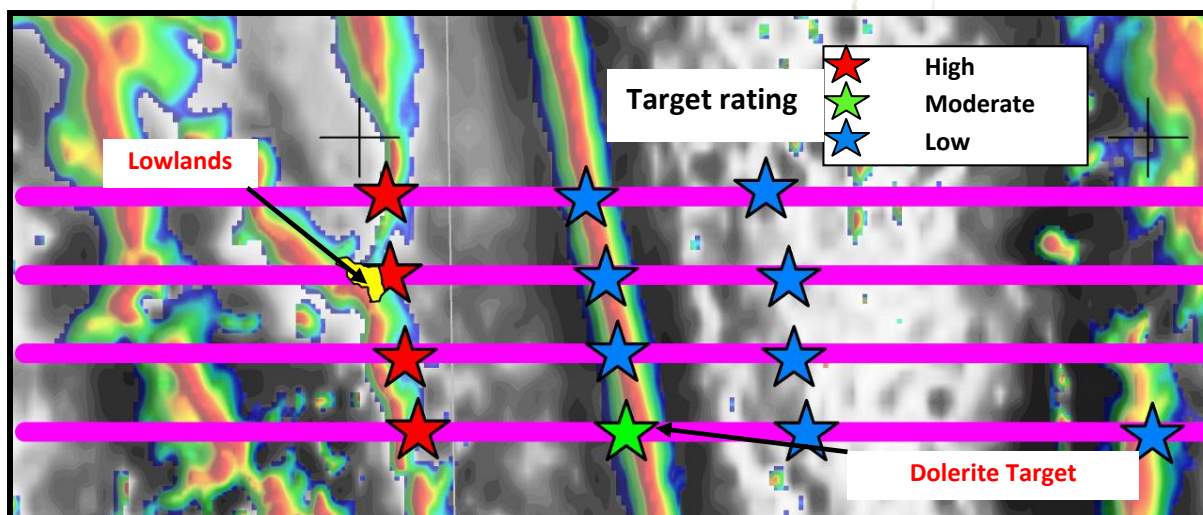


Figure 6. Lowlands IP Lines over Magnetic Image

Stacked Inversion Chargeability Sections for Lowlands are shown below in Figure 7, and an enlargement of the Chargeability anomaly "A" at below the oxide gold mineralisation is shown in Figure 8.

In 2011, Artemis drilling intersected gold mineralisation at or near the anomaly "A" (Figure 8) intercepting 2m @ 3.64 g/t. Planned drilling will target the "A" area for gold.

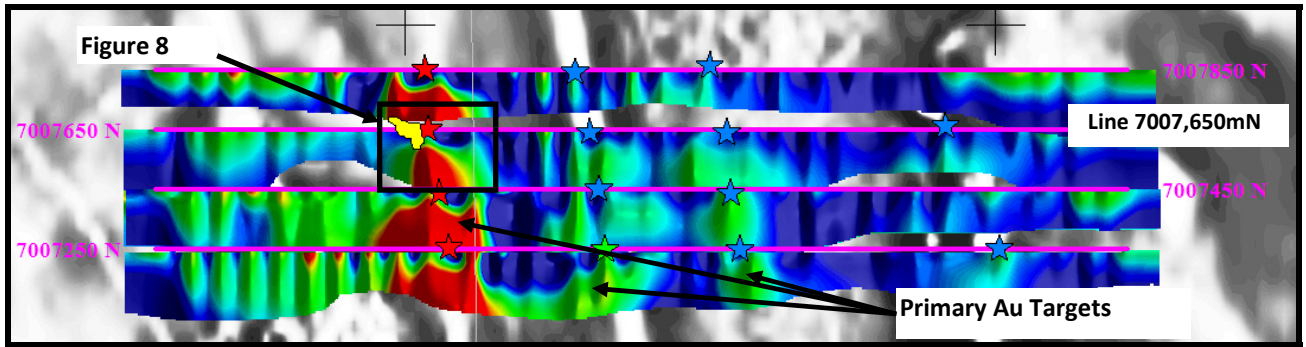


Figure 7. Lowlands Stacked Inversion Chargeability Sections

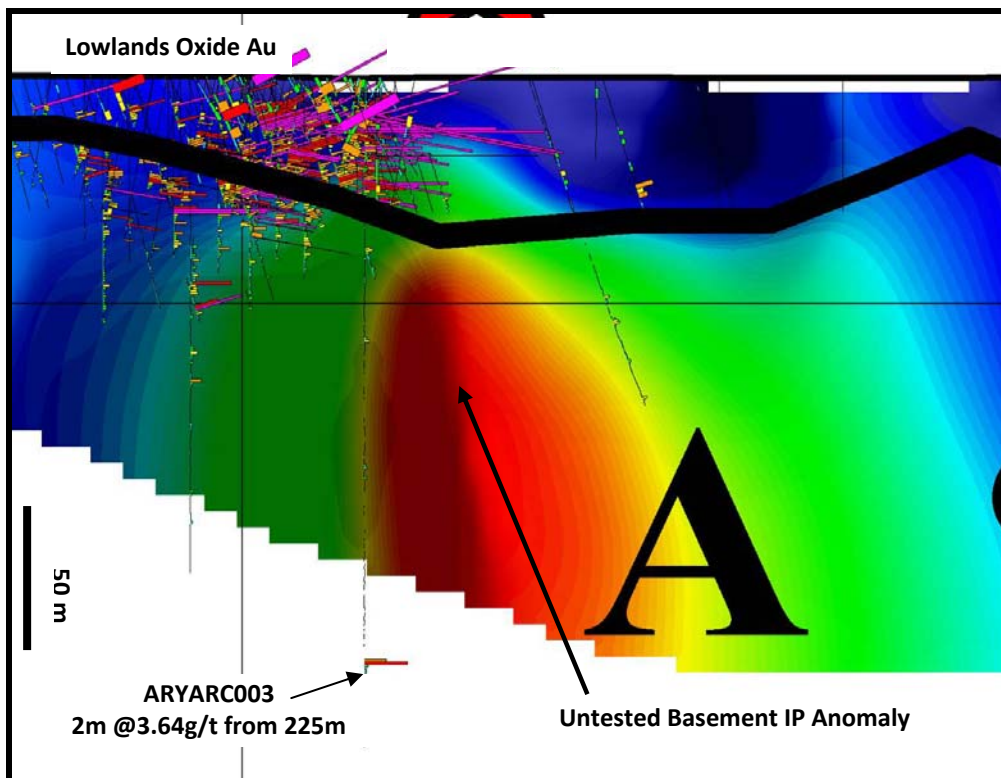


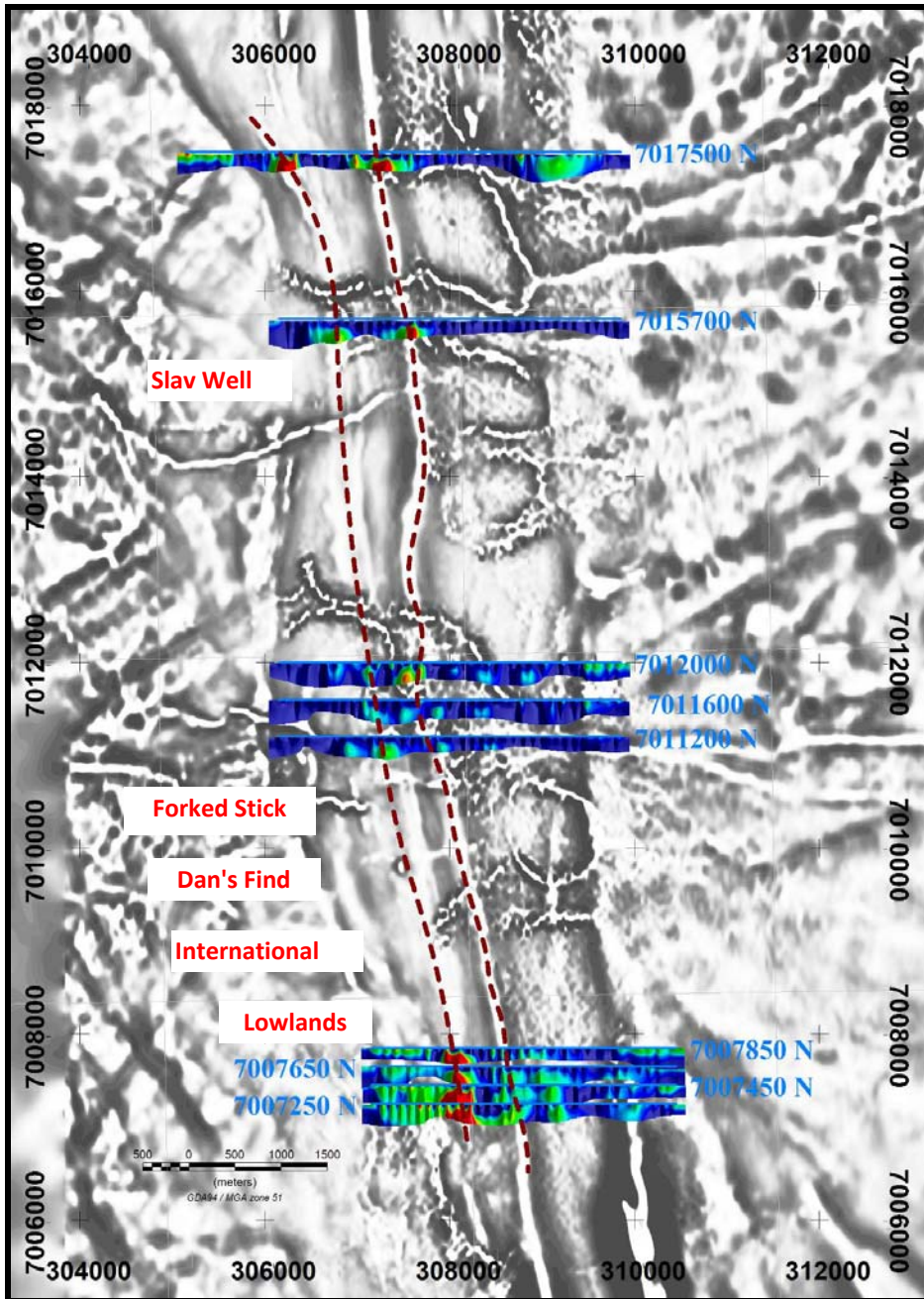
Figure 8. Lowlands Cross Section - Line 7007,650mN – IP Target

The top left hand corner of Figure 8 shows the extent of Artemis’ previous shallow drilling identifying Oxide Au. Figure 8 shows the extent of IP at stepped bottom and previous ARV hole which hit 3.64 g/t (ARYARC003) and just skirted the untested basement IP Anomaly “A”.

**B. Palaeochannel Areas**

At two locations, north of Forked Stick and north of Slav Well, five orientation IP lines were completed to test beneath palaeochannels which are considered to have developed over intersecting basement structures. Several IP anomalies were detected below the palaeochannels, and these may reflect structurally controlled sulphide mineralisation associated with gold. The areas covered by palaeochannels have received little to no drilling to date.

The pale blue, green and red areas on the IP Cross Sections in Figure 9 represent increasing zones of chargeability, and therefore are targets for sulphide associated gold mineralisation.



**Figure 9. Palaeo-channel Areas, with Stacked Inversion Chargeability Sections**

The IP surveys completed between December 2011 and February 2012 have successfully defined major anomalies within favourable host rocks and/or structures. These anomalies are interpreted to be quite large bodies of disseminated sulphide, with potential to host world class gold deposits.

To date, limited shallow drilling has not tested any of these exciting targets. Artemis intends to undertake detailed modelling and target definition with a view to commencing a comprehensive RC drilling programme in Quarter 2 of 2012 to test these primary gold targets.

## Sandalwood Nickel Gossans

The occurrence of potentially nickeliferous gossans outcropping some 500 metres north of the Sandalwood prospect has been known since 2007. (Refer Figure 10) The gossans were partially sampled late in May 2011, returning values in the range 369-3,670 ppm Ni and 200-496 ppm Cu. A TEM survey conducted earlier in the year found four conductors.

Recent detailed geological mapping has detected further gossan occurrences. RC drill testing of these gossans and EM conductors is planned in Q2 2012.

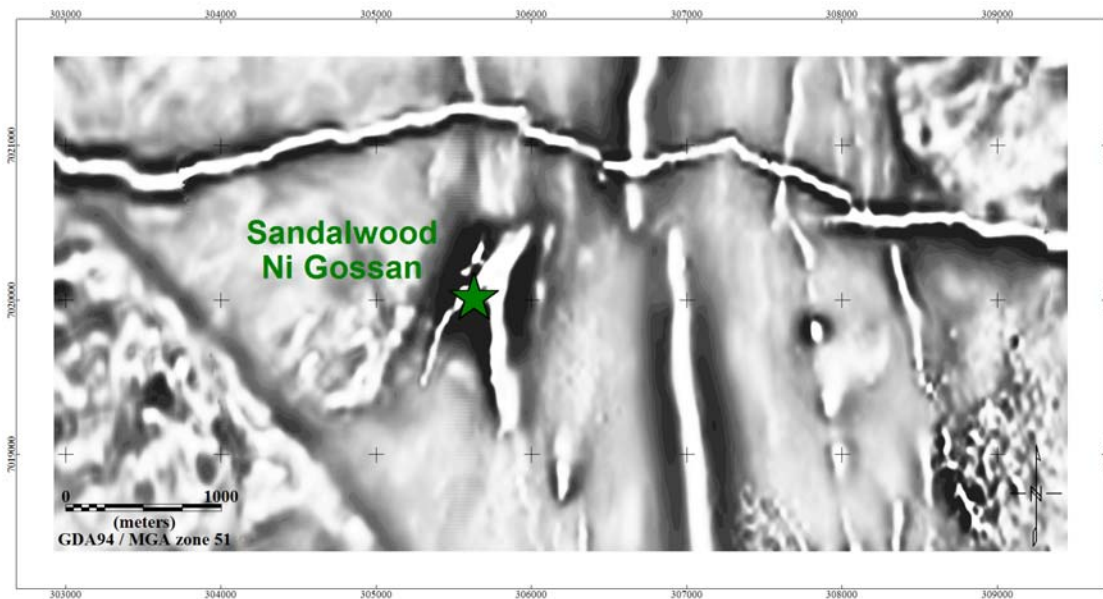


Figure 10. Sandalwood Magnetic Image Showing Magnetic Komatiite and Location of Nickel Gossans

## MOUNT CLEMENT

### MT CLEMENT GOLD/SILVER PROJECT

Artemis Resources: 100% of Exploration Licences E08/1841 and E08/1606. Artemis Resources: 80%; Northern Star Resources Limited: (ASX:NST) 20% of Mining Leases M08/191, M08/192 & M08/193.

The Mt Clement Project comprises three granted Mining Leases (valid until 2020) and two granted Exploration Licences that cover a total area of 14.55km<sup>2</sup> in the Ashburton area of Western Australia. The project lies roughly 30km southeast of the operating Paulsen's Gold Mine owned by Northern Star Resources Limited.

In July 2011 the Company announced a new JORC-compliant resource estimate prepared by independent consultants Apex Geoscience Limited. The estimate indicates a total Inferred Resource of 1,131,600 tonnes at 1.77g/tAu and 17.0g/tAg containing almost 64,400 ounces of gold and 620,000 ounces of silver, for a total of 80,000 ounces gold equivalent at current commodity prices. This represents a 58% increase in contained gold over the historical resource estimate for the project, and a doubling of the precious metal (gold and silver) content.



Figure 11: Mount Clement project location

Artemis has identified four targets within the immediate resource area that have the potential to increase the resource and that warrant further exploration. Artemis is in the process of reviewing all geophysics and drilling data for this project with a view to determining a strategy to extract maximum value from this asset.

### MUNDONG WELL URANIUM PROJECT

Mundong Well is located in the Ashburton region of Western Australia, 300km south-west of Karratha, the Mundong Well uranium project covers 169 square kilometres and includes the Mundong West, Cambridge Creek and Bali Hi tenements. The project hosts a variety of uranium styles of mineralisation including vein type, palaeochannel and calcrete uranium occurrences.

After being discovered in the early 1970s, a number of companies explored Mundong Well with encouraging results including a 1.5 metre wide channel sample with values of 6.0% Cu, 2.85% Pb and 3.9% U<sub>3</sub>O<sub>8</sub>. Later drilling intersected 6m of 0.25% U<sub>3</sub>O<sub>8</sub> from 37m and 4m of 0.1% U<sub>3</sub>O<sub>8</sub> from 42m depth. Since this time, little work has been completed until recently.

Extensive palaeochannel uranium mineralisation is known to occur at Mundong Well and historical diamond drilling confirmed a channel thickness of between 75 and 80m thick, with uranium readings up to 64,000cps and a best drill result of 539ppm U<sub>3</sub>O<sub>8</sub>. The recent reprocessed and interpreted remote sensing data has helped to distinguish the morphology and extent of the palaeochannel distribution.

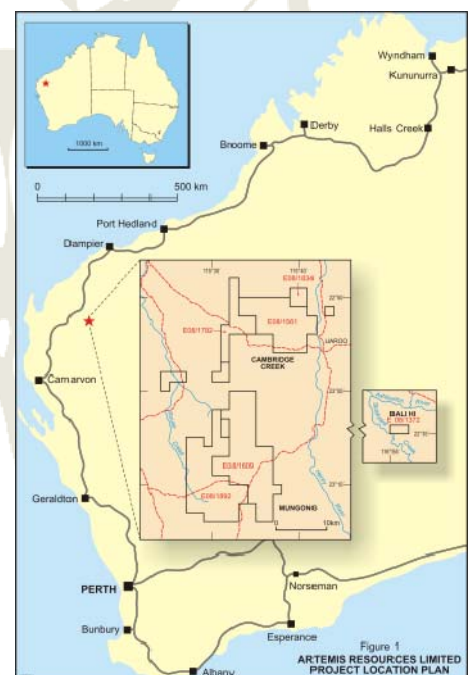


Figure 12: Mundong Well Project location

## **YANGIBANA**

As at 31 December 2011, Artemis has received a \$1 million cash payment on the sale of its 60% interest in the Yangibana rare earths project to Hastings Rare Metals Limited (ASX:HAS). As announced previously, during the period, the Company agreed to defer repayment of the further \$1 million originally due from HAS on 31 December 2011 and has elected to settle the outstanding amount as follows: 3,000,000 HAS shares and \$750,000 receivable by 31 December 2012.

Artemis retains a free carried 10% interest in the Yangibana project.

## **BUCHANAN'S CREEK FARM-IN AGREEMENT**

Artemis currently holds 100% of the Buchanan's Creek Project, southwest of Georgetown in central Queensland. The tenements comprise Mining Leases 3311, 30123 and 30208, as well as an Exploration Permit for Minerals (EPM 14988). The Grant's Gully area (EPM 13694) and application area, EPMA 18490 (Mosquito Creek) also form part of the Buchanan's Creek Project. The tenements are prospective for lithium, tantalum, niobium and gold.

Artemis has reached an agreement with Resmetco Limited in relation to its Buchanan's Creek project.

Resmetco has agreed to pay Artemis \$70,000 by 31 March 2012, and will earn a 51% interest after spending \$400,000 and a further 24% interest on spending a further \$400,000. Artemis will have a free carried interest until the earlier of (a) the completion of a Bankable Feasibility Study and the taking of a Decision to Mine and (b) spending a further \$1 million in exploration on the tenements.

## **COMPETENT PERSONS STATEMENT**

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Frans Voermans, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Voermans 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'. Mr Voermans, who is a non-executive Director 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.

**Tenement Schedule**

**Yandal Project 100% Artemis**

E53/1026	3 Blocks
E53/1213	70 Blocks
E53/1214	6 Blocks
E53/1574	5 Blocks
E53/1575	8 Blocks
E53/1626	6 Blocks
E53/1627	7 Blocks
ELA53/1662	6 Blocks

**Niger 49% Artemis\***

Tagaza II  
Tagaza IV

**Mundong Well**

E 08/1609 (100%)  
E08/1892 (100%)  
E08/2273 (100%)

**Bali Hi**

E 08/1372	80%
E09/2129	100%

**Mount Clement 100% Artemis**

E08/1841	22 Blocks
E08/1606	1 Blocks

**Mount Clement 80% Artemis/20% Northern Star**

M08/191**	225.25Ha
M08/192**	300.68Ha
M08/193**	292.00Ha

**Buchanan’s Creek – Grants Gully and Mosquito Creek**

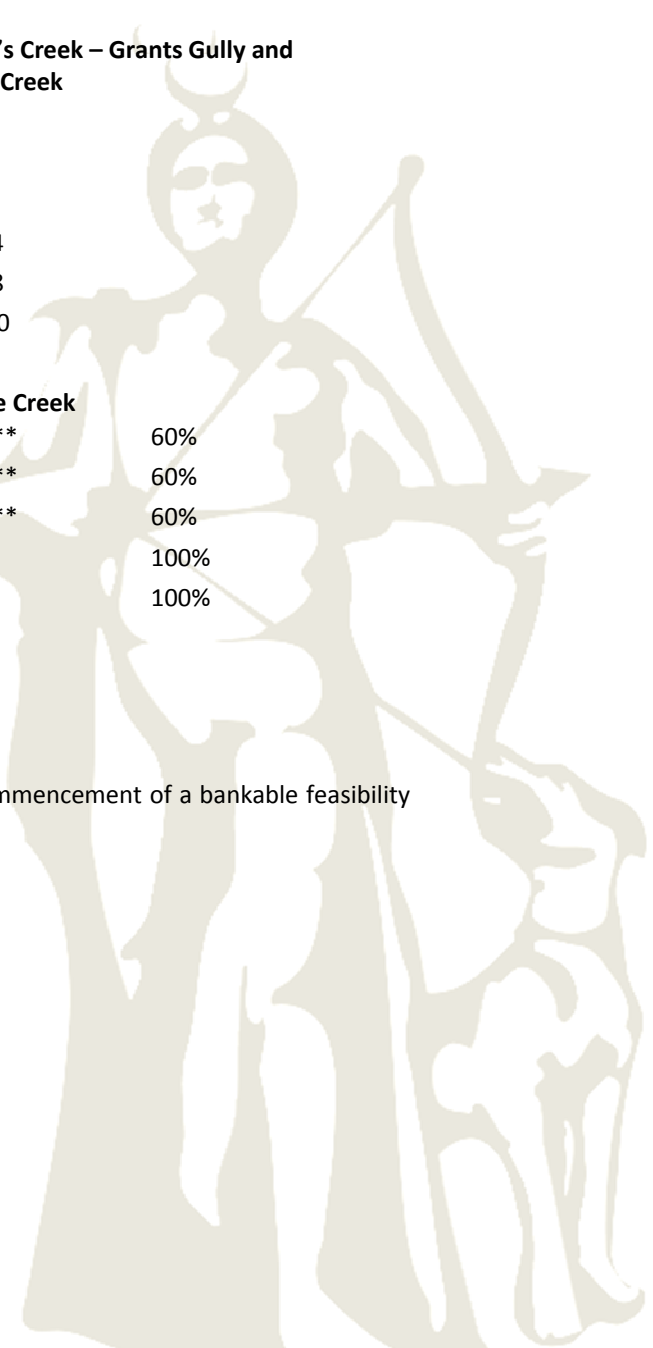
ML3311  
ML30123  
ML30208  
EPM13694  
EPM14988  
EPM 18490

**Cambridge Creek**

E08/1561**	60%
E08/1792**	60%
E08/1834**	60%
E08/2104	100%
E08/2105	100%

\* Funding is joint to the extent of interest held

\*\* Artemis is funding 100% of the exploration costs until commencement of a bankable feasibility study.



## OPERATING RESULTS

With this background, the loss after income tax for the period amounted to \$904,471 (December 2010, Loss \$4,420,770).

## ANNOUNCEMENTS

The Company has made the following announcements since the close of the financial period:

- 18 January 2012 – Artemis Targets Major Gold Zone at Yandal
- 23 January 2012 – Quarterly Cash Flow Report
- 23 January 2012 – Quarterly Activities Report
- 17 February 2012 – Appendix 3B
- 17 February 2012 – Change in Substantial Holding
- 23 February 2012 – Field Work Identifies Major Gold Targets at Yandal

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## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than the matters covered above in this report and the accounts and notes attached thereto, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review.

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## DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

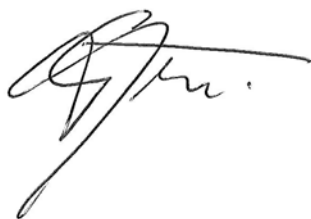
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## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 12 and forms part of the Directors' Report for the half year ended 31 December 2011.

Signed in accordance with a resolution of the Directors

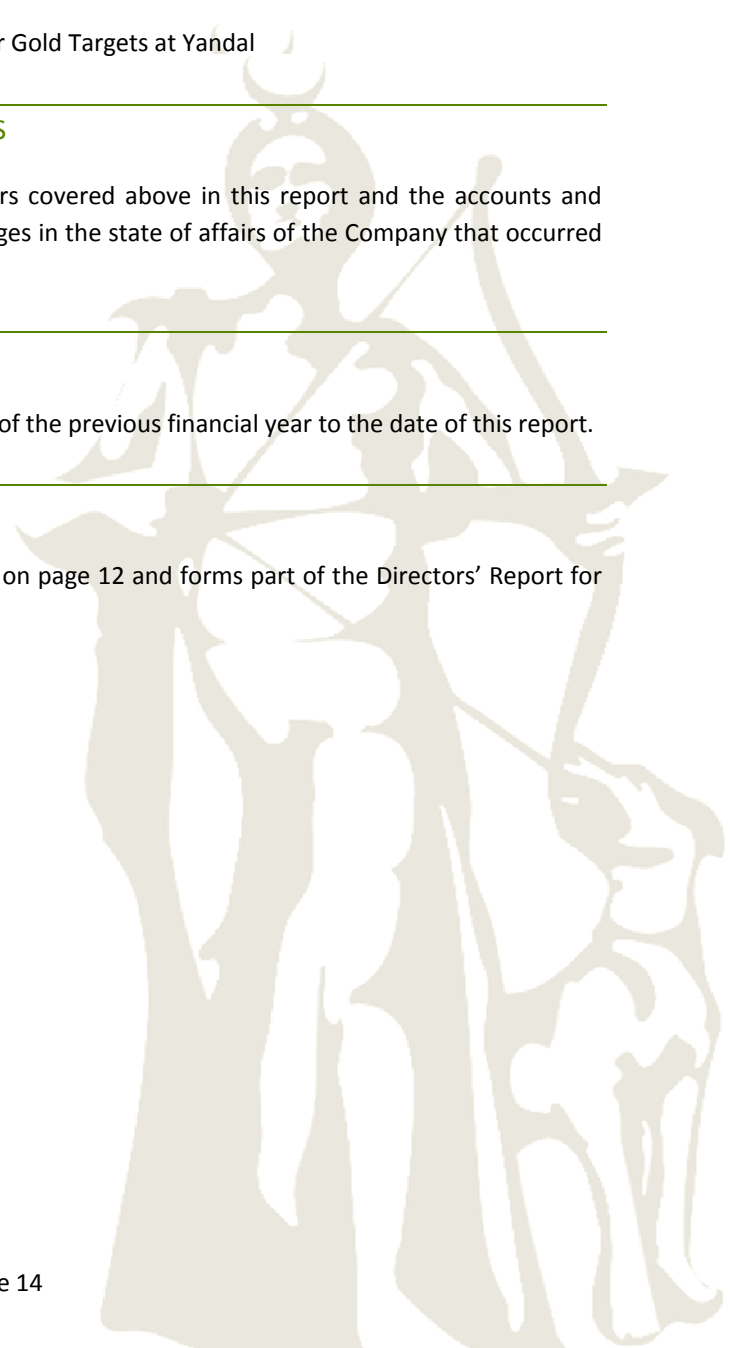
Guy Robertson



**Executive Director**

Dated at Sydney

14 March 2012



**RSM Bird Cameron Partners**  
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GPO Box 5138 Sydney NSW 2001  
T +61 2 9233 8933 F +61 2 9233 8521

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Metal Bank Limited for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



**RSM BIRD CAMERON PARTNERS**  
Chartered Accountants



**C J HUME**  
Partner

Sydney, NSW  
Dated: 14 March 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	<b>31-DEC-2011</b>	<b>31-DEC-2010</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
Revenue from continuing operations	167,902	240,917
Expenses from continuing operations		
Administration expenses	(108,798)	(296,347)
Occupancy costs	(8,990)	(54,713)
Legal fees	(93,003)	(40,905)
Consultancy costs	(318,858)	(880,001)
Compliance and regulatory expenses	(56,440)	(68,139)
Depreciation	(9,264)	(24,286)
Directors' fees	(60,483)	(83,343)
Exploration expenditure written off	(46,294)	(39,799)
Impairment of exploration expenditure	(359,940)	(3,002,403)
Employee benefit expense	-	(32,783)
Share based payments	(10,726)	(217,636)
	<hr/>	<hr/>
<b>(LOSS) BEFORE INCOME TAX</b>	(904,894)	(4,499,438)
Income tax	-	-
<b>(LOSS) FOR THE PERIOD</b>	<hr/>	<hr/>
	(904,894)	(4,499,438)
	<hr/>	<hr/>
<b>OTHER COMPREHENSIVE (LOSS)</b>		
Loss on available for sale investments	(35,000)	(125,000)
Income tax relating to components of other comprehensive income	10,500	37,500
	<hr/>	<hr/>
	(24,500)	(87,500)
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<hr/>	<hr/>
	(929,394)	(4,586,938)
	<hr/>	<hr/>
<b>(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the parent	(904,471)	(4,420,770)
Non-Controlling interest	(423)	(78,668)
	<hr/>	<hr/>
	(904,894)	(4,499,438)
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the parent	(928,971)	(4,508,270)
Non-Controlling interest	(423)	(78,668)
	<hr/>	<hr/>
	(929,394)	(4,586,938)
	<hr/>	<hr/>
Basic and diluted (loss) per share	(0.34) cents	(1.72) cents

The consolidated statement of comprehensive income is to be read in conjunction with the attached notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Non - Controlling Interest \$</b>	<b>Total Equity \$</b>
Balance at 1 July 2010	18,789,072	(11,620,044)	1,112,964	(318,066)	7,963,926
Loss for the period	-	(4,420,770)	-	(78,668)	(4,499,438)
Change in fair value of financial assets (net of tax)	-	-	(87,500)	-	(87,500)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(4,420,770)</b>	<b>(87,500)</b>	<b>(78,668)</b>	<b>(4,586,938)</b>
Issue of share capital	6,858,785	-	-	-	6,858,785
Costs of share capital	(590,198)	-	-	-	(590,198)
Share based payments	-	-	217,636	-	217,636
Balance at 31 Dec 2010	<u>25,057,659</u>	<u>(16,040,814)</u>	<u>1,243,100</u>	<u>(396,734)</u>	<u>9,863,211</u>

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Non - Controlling Interest \$</b>	<b>Total Equity \$</b>
Balance at 1 July 2011	25,120,128	(16,590,931)	1,076,063	(458,381)	9,146,879
Loss for the period	-	(904,471)	-	(423)	(904,894)
Change in fair value of financial assets (net of tax)	-	-	(24,500)	-	(24,500)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(904,471)</b>	<b>(24,500)</b>	<b>(423)</b>	<b>(929,394)</b>
Expiry of options	-	95,327)	(95,327)	-	-
Share based payments	-	-	10,726	-	10,726
Balance at 31 Dec 2011	<u>25,120,128</u>	<u>(17,400,075)</u>	<u>966,962</u>	<u>(458,804)</u>	<u>8,228,211</u>

The consolidated statement of changes in equity is to be read in conjunction  
with the attached notes to the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Note	31-DEC-2011 \$	30-JUN-2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,737,294	3,940,243
Trade and other receivables	3	1,169,823	1,146,815
<b>TOTAL CURRENT ASSETS</b>		<u>3,907,117</u>	<u>5,087,058</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4	240,000	275,000
Plant and equipment		61,559	70,823
Exploration and evaluation expenditure	5	4,404,074	4,407,895
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,705,633</u>	<u>4,753,718</u>
<b>TOTAL ASSETS</b>		<u>8,612,750</u>	<u>9,840,776</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		314,036	612,897
<b>TOTAL CURRENT LIABILITIES</b>		<u>314,036</u>	<u>612,897</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		70,500	81,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>70,500</u>	<u>81,000</u>
<b>TOTAL LIABILITIES</b>		<u>384,536</u>	<u>693,897</u>
<b>NET ASSETS</b>		<u>8,228,211</u>	<u>9,146,879</u>
<b>EQUITY</b>			
Issued capital	6	25,120,128	25,120,128
Reserves		966,962	1,076,063
Accumulated losses		(17,400,075)	(16,590,931)
Parent interests		8,687,015	9,605,260
Non-controlling interest		(458,804)	(458,381)
<b>TOTAL EQUITY</b>		<u>8,228,211</u>	<u>9,146,879</u>

The condensed consolidated statement of financial position is to be read in conjunction  
with the attached notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	<b>31-DEC-2011</b>	<b>31-DEC-2010</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	6,969	120,000
Payments to suppliers and employees	(829,902)	(1,214,762)
Interest received	160,933	50,292
	<u>(662,000)</u>	<u>(1,044,470)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for projects, exploration and evaluation	(533,988)	(1,502,309)
Payments for plant and equipment	(6,961)	(6,427)
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>	<u>(540,949)</u>	<u>(1,508,736)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	-	6,757,374
Costs of issue of shares and options	-	(488,787)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>6,268,587</u>
Net increase/(decrease) in cash held	(1,202,949)	3,715,381
Cash at the beginning of the financial period	3,940,243	1,064,093
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>2,737,294</u></u>	<u><u>4,779,474</u></u>

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Artemis Resources Limited ('the Company' or 'parent') is a company domiciled in Australia. This interim financial report includes the consolidated financial statements of Artemis Resources Limited and controlled entities ('Consolidated Group' or 'Group'). The interim financial report for the Group is for the six months ended 31 December 2011.

The condensed interim financial statements were approved by the Board of Directors on 14 March 2012.

### BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The consolidated half year financial report does not include all of the information required for a full 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 2011. This report must also be read in conjunction with any public announcements made by Artemis Resources Limited and its controlled entities during the half year.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The accounting policies adopted in the preparation of this financial report are, unless otherwise stated, consistent with those presented in the most recent annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

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

### GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$904,894 and had net cash outflows from operating activities of \$662,000 for the period year ended 31 December 2011.

The Directors believe that it is reasonably foreseeable that the consolidated entity 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 consolidated entity has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001;
- The consolidated entity has a cash balance of \$2,737,294, working capital of \$3,593,081 and net assets of \$8,228,211 as at period end;
- As disclosed in the Appendix 3B referred to in Note 8 of the half year report, the consolidated entity issued 10,000,000 shares at \$0.04c per share on 17 February 2012 raising an additional \$400,000 share capital;

• STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The ability of the consolidated entity to further scale back certain parts of its activities that are non essential so as to conserve cash;
- The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets; and;
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

**USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires management to make judgments, 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.

*Recovery of Capitalised Exploration and Evaluation Expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related site itself, or if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

**2. EARNINGS PER SHARE**

The calculation of basic earnings and diluted earnings per share at 31 December 2011 was based on the loss attributable to shareholders of the parent company of \$904,471 (2010: Loss \$4,420,770) and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2011 of 325,390,396 (2010: 262,023,786), calculated as follows:

	<b>31-DEC-2011</b> <b>Cents</b>	<b>31-DEC-2010</b> <b>Cents</b>
Basic and diluted (loss)/earnings per share	<u>(0.278)</u>	<u>(1.72)</u>
	<b>31-DEC-2011</b> <b>No of Shares</b>	<b>31-DEC-2010</b> <b>No of Shares</b>
<b>Weighted average number of ordinary shares:</b>		
Ordinary shares	<u>325,390,396</u>	<u>262,023,786</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 3. TRADE AND OTHER RECEIVABLES

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
Trade and other receivables	1,169,823	1,146,815

Included in other receivables is a balance owed to the company from Hastings Rare Metals Limited for the sale of Gascoyne Metals Pty Limited that occurred in the previous financial year. This relates to the sale of the Yangibana project, with \$ 1 million being received on the earlier of at least a \$1 million capital raise by the purchaser or 31 October 2011, which date had been subsequently extended to 31 January 2012 by agreement. Prior to this date a further agreement was entered into for payment as follows:

- i). \$300,000 to be paid via the issue of 3M shares in Hastings Rare Metals on or around 11 April 2012, subject to approval at a Hastings Rare Metals Extraordinary General Meeting.
- ii). The balance will be paid in installments prior to 31 December 2012.

The receivables also include an amount of \$15,000 being the fair value of the deferred contingent consideration.

### 4. FINANCIAL ASSETS

	<b>31-DEC-2011</b>	<b>30-JUN-2011</b>
	\$	\$
<b>Non-current</b>		
<b>Available for sale financial assets</b>		
Shares in listed equity securities – at fair value	240,000	275,000

### 5. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	<b>31 DEC 2011</b>	<b>30 JUNE 2011</b>
	\$	\$
Exploration and evaluation phase costs carried forward at cost:	4,404,074	4,407,895

#### (a) 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.

#### (b) Reconciliation of movement during the period

	<b>31 DEC 2011</b>
	\$
Opening balance	4,407,895
Add: Exploration and evaluation expenditure capitalised	367,290
Less: Exploration expenditure written off	(11,170)
Less: Impairment of exploration and evaluation expenditure	(359,940)
Closing balance	4,404,075

6. SHARE CAPITAL

	31 DEC 2011 \$	30 JUNE 2011 \$
<b>ISSUED CAPITAL DETAILS</b>		
325,390,396 (30 June 2011: 325,390,396) ordinary shares:	25,120,128	25,120,128

**Reconciliation of movement during the period:**

	Shares	\$
Opening balance	325,390,396	25,120,128
Movements	-	-
Closing balance	325,390,396	25,120,128

**Terms 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.

**SHARE OPTIONS**

No options were issued during the period. 5,500,000 options expired during the period. The Company currently has the following outstanding options:

	Number issued	Number listed on ASX	Exercise Price	Expiry Date
Ordinary Options	10,000,000	-	4 cents	14/12/2014
Ordinary Options	3,562,500	-	15 cents	30/6/2012
Ordinary Options	250,000	-	10 cents	30/6/2012
Ordinary Options	1,350,000	-	7 cents	30/6/2012
Ordinary Options	1,000,000	-	7 cents	30/6/2013
Ordinary Options	3,500,000	-	10 cents	29/1/2012
Ordinary Options	3,100,000	-	7 cents	30/9/2013
Ordinary Options	833,333	-	8 cents	30/9/2013
	<b>23,595,833</b>	-		

**Reconciliation of movement during the period:**

	Number of Options	Options Reserve \$
Opening balance 1 July 2011	29,095,833	887,063
Options expired	(5,500,000)	(95,327)
Share based payment expense	-	10,726
Closing balance 31 December 2011	23,595,833	802,462

7. SEGMENT INFORMATION

The consolidated entity operates in Australia. The entity has two major projects, Yandal and Mount Clement. Management reporting identifies these two segments and groups other exploration activities under Other Projects.

	Exploration Activities	Exploration - Activities	Exploration - Activities	Unallocated	Total
	Yandal	Mt Clement	Other Projects		
	\$	\$	\$	\$	\$
<b>31 December 2011</b>					
Segment revenue	-	-	-	-	-
Segment expenses	-	-	-	-	-
Segment result	-	-	-	-	-
Unallocated revenues	-	-	-	167,902	167,902
Unallocated expenses	-	-	(359,940)	(712,856)	(1,072,796)
Results from operating activities	-	-	(359,940)	(544,954)	(904,894)
Segment assets	1,113,457	1,921,976	1,368,641	4,208,676	8,612,750
Segment liabilities	-	-	-	384,536	384,536
<b>31 December 2010</b>					
Segment revenue	-	-	-	-	-
Segment expenses	-	-	-	-	-
Segment result	-	-	-	-	-
Unallocated revenues	-	-	-	240,917	240,917
Unallocated expenses	-	-	(3,042,203)	(1,698,152)	(4,740,355)
Results from operating activities	-	-	(3,042,203)	(1,457,235)	(4,499,438)
Segment assets	516,177	1,796,030	2,855,187	5,654,213	10,821,607
Segment liabilities	-	-	-	958,396	958,396

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8. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets.

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9. EVENTS SUBSEQUENT TO 31 DECEMBER 2011

The Company has made the following announcements since the close of the financial period:

- 23 February 2012 - Field Work Identifies Major Gold Targets at Yandal
- 17 February 2012 - Change in substantial holding
- 17 February 2012 - Appendix 3B
- 23 January 2012 - Quarterly Activities Report
- 23 January 2012 - Quarterly Cash Flow Report
- 18 January 2012 - Artemis Targets Major Gold Zone at Yandal

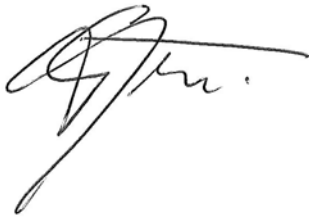
There have been no events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2011.

**In the opinion of the Directors of Artemis Resources Limited:**

- (a) the financial statements and notes, set out on pages 13 to 25, are in accordance with the *Corporations Act 2001*, and:
  - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 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.

Dated at Sydney this 14 March 2012.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Guy Robertson', with a long horizontal flourish extending to the right.

**Guy Robertson**  
Executive Director

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**METAL BANK LIMITED**

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

We have reviewed the accompanying half-year financial report of Metal Bank Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the disclosing entity 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 Metal Bank Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metal Bank Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

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 Metal Bank Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**RSM BIRD CAMERON PARTNERS**

Chartered Accountants



**C J HUME**

Partner

Sydney, NSW

Dated: 14 March 2012

**DIRECTORS**

Guy Robertson (Executive Director)  
Frans Voermans (Non-Executive Director)  
Shannon Coates (Non-Executive Director)

**SENIOR MANAGEMENT**

Andy Border (Technical Director)  
Guy Robertson (Company Secretary)

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**SOLICITORS**

DLA Phillips Fox

**AUDITORS**

RSM Bird Cameron Partners

**BANKERS**

St George Bank Limited

**WEBSITE**

[www.artemisresources.com.au](http://www.artemisresources.com.au)