



Artemis Resources Limited
Annual Report 2012

Contents

Review Of Operations	1
Corporate Governance	7
Directors' Report	12
Auditor's Independence Declaration	19
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24
Directors' Declaration	54
Independent Auditor's Report	55
Additional Information for Listed Companies	57
Corporate Directory	60

Artemis Resources Limited is a maturing exploration company focused on gold. The company also has rare element and uranium projects.



Review Of Operations

Dear Shareholder,

On behalf of the directors of Artemis Resources Limited ("Artemis"), it gives me pleasure to advise you of your Company's progress for the financial year ending 30 June 2012.

The operations of the consolidated entity during the year are as described below.

Exploration Report

The Company has interests in the following exploration projects with a focus on gold:

- Yandal
- West Pilbara
- Mt Clement

Yandal – Gold Project

Artemis Resources 100%

The Yandal Gold Project covers a total area of 238 km² and is located 95 km southeast of the township of Wiluna (figure 1). The project area lies in the highly-productive Yandal Greenstone Belt in the northern part of the Eastern Goldfields Province of Western Australia which has produced more than 12 million ounces of gold to date. The project lies 30km north of the 2mtpa Bronzewing Gold Mine, and adjacent to Echo Resources Limited's Julius discovery.

The Yandal Gold Project is host to the Lowlands, Slav Well, Forked Stick, 6 Mile Well and International Gold Deposits, each of which has been drilled by previous explorers with encouraging gold intersections. These explorers include Great Central Mines, MIM, Dominion, Tectonic Resources, Sandstone Resources and Chartfield Limited. Great Central Mines (GCM) discovered the multi million ounce Bronzewing and Jundee deposits. During this period GCM did not have access to large parts of the area now comprising Artemis' Yandal Project.

Gold mineralisation has been encountered at numerous locations within Artemis' Yandal Project including Slav Well and Lowlands where historic non-JORC resources were identified by previous explorers.

Following encouraging results received from the 2011 drill programme which included:

Forked Stick 9m @ 7.15g/t Au from 72 metres
(and historical drill results of up to
7m @ 11.5g/t Au from 17m (BRC029))

Lowlands intersection of 9m @ 3.53g/t Au from
42 metres

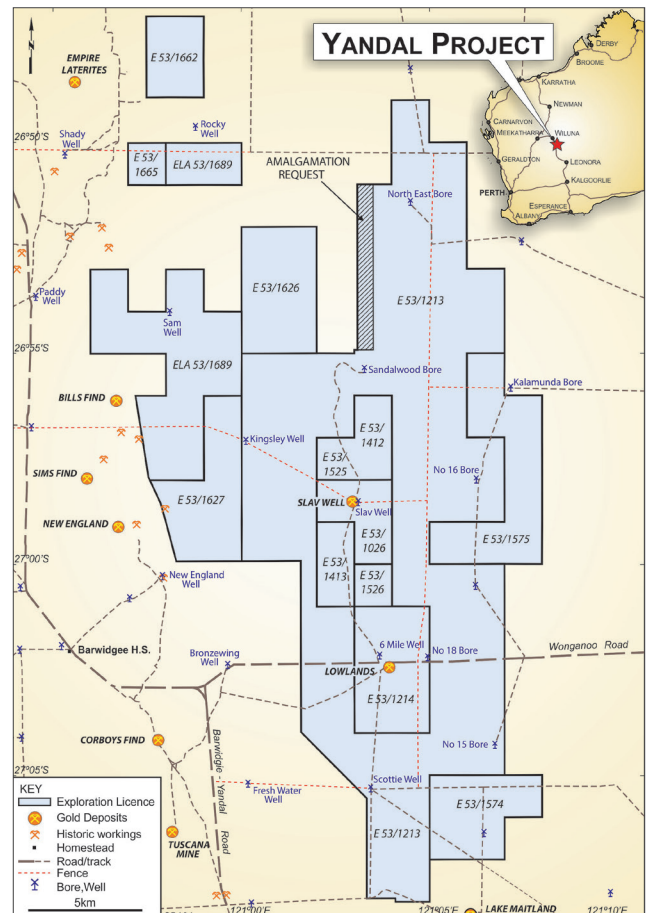


Figure 1. Yandal Project: Location and Tenure

Artemis completed a detailed review of all previous exploration within its Yandal Project and undertook an extensive programme of IP (Induced Polarisation) to confirm gold target areas. The IP programme identified a total of 47 drill targets of which the Company drilled 19 for 3,150 metres in June 2012.

The results of this drilling programme strongly indicate:

- the presence of additional gold mineralisation both down plunge to the south west beneath the historical Lowlands resource; and
- to the south where gold mineralisation was encountered some 350m away from the known resource within the southern extension of the altered magnetic basalt host rock.

Review Of Operations

The key new drill results (from 4m composite samples) were:

YARC29	40m @ 1.21 g/t Au – known Lowlands oxide zone
YARC23	8m @ 1.52 g/t Au – beneath known oxide
YARC30	12m @ 1.06 g/t Au – beneath known oxide
YARC20	12m @ 1.96 g/t Au – 350m south of Lowlands

At **Lowlands**, the drilling strongly suggests that gold mineralisation occurs in a ‘pipe’ or shoot located at the intersection of a northerly trending zone of sheared and altered magnetic basalt, (the source of the IP anomalism) and a previously known north west striking, shallow south west dipping shear zone (see Figures 2 & 3).

The new deeper RC drilling on east-west cross sections has detected gold mineralisation below and to the south of Lowlands. There are strong indications that the known Lowlands oxide resource is a south west plunging shoot extending into the primary sulphide zone.

Holes YARC029 and YARC030 intersected significant gold mineralisation: 40m@ 1.21g/t and 12m @ 1.03g/t respectively. (Refer Figure 2). The final 3 metres of hole YARC028 also returned an assay of 0.71g/t gold at a vertical depth of around 215 metres on Section 7007650mN (See Figure 3).

The recent drilling campaign has confirmed gold mineralisation below the previously known oxide zone with potential to host a large gold target.

At **Lowlands South**: Drill holes YAR022 and YARC020 intersected soil-covered gold mineralisation within and on the margins of the same sheared and altered magnetic basalt which host Lowlands.

Both holes returned significant gold intercepts. Hole YARC022 intersected 84m of low grade gold mineralisation with gold values up to 0.49g/t over 4m. The hole farthest south, YARC020, intersected a 12m interval of 1.96g/t gold. This mineralisation is open in all directions as no other drilling has been undertaken in this southern area.

In summary these drill results have provided several priority targets for further RC drilling at the Yandal Project, including;

- to pursue the down plunge and lateral extent of the Lowlands Pipe;
- targets relating to further shear zones cross cutting the north-south trending mineralised altered magnetic basalt unit; and
- infill drilling to and around the southern extension (hole YARC20 in Figure 3 above).

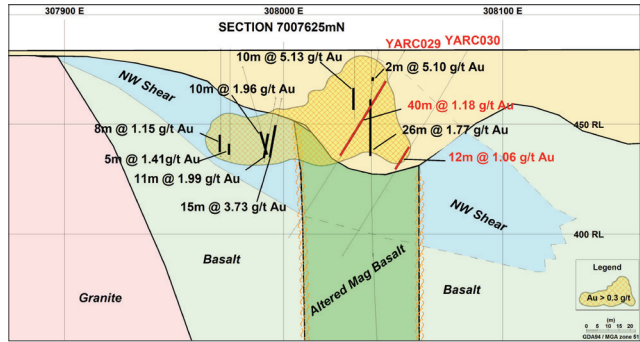


Figure 2. Simplified Cross Section 7007625N

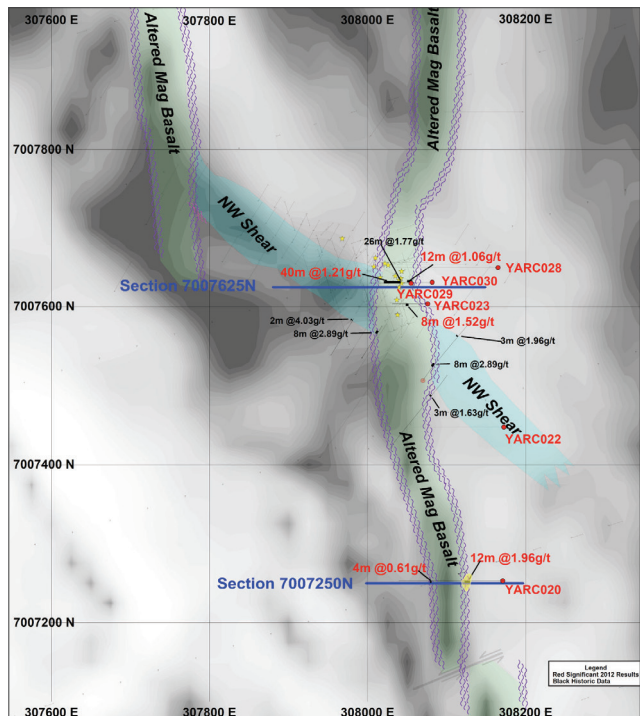


Figure 3. Plan of Lowlands Area – Magnetic Image, Showing Mineralised Lithologies, Shear Zones and Artemis RC Holes

Nickel & Other IP Anomalies

Drilling at the Sandalwood Nickel prospect encountered only sub-economic enrichment of nickel and associated chromium. Maximum nickel assay returned was 4m @ 0.24% Ni.

Only a limited number of IP anomalies associated with palaeo-channels were drill tested and results were not conclusive.

West Pilbara – Gold/Base Metals

In June 2012 Artemis acquired Karratha Metals Limited a company with interests in a strategic package of 45 tenements in the West Pilbara and Yandal Greenstone Belts in Western Australia. This package included the West Pilbara assets of Legend Mining Limited.

The portfolio which covers over 700 km² is prospective for gold, base metals and iron mineralisation, and is in close proximity to Karratha, the economic hub of the West Pilbara.

Artemis has commenced work to identify priority targets on this West Pilbara ground which hosts various under explored gold, iron and other base metal assets including the widespread gold/copper mineralisation in the Carlow Castle area (see Figure 4).

The West Pilbara acquisition is comprised of six distinct projects (see Figure 5) which can be summarised as follows:

Carlow Castle – gold & copper

The project contains a JORC inferred mineral resource of 91,000 tonnes at an average grade of 10 g/t gold (Au) and 1.4% copper. The area is underexplored with potential to increase the size of the current mineral resource.

Mt Sholl – gold and iron mineralisation

Mt Sholl contains two principal areas of known mineralisation – Golden Reef (substantial quantities of alluvial gold since 1987) and Orpheus Shear Zone (a copper-lead-zinc discovery by Dragon in 1995), which are largely untested. In addition the Cleaverville Formation is present in the Mt Sholl, Carlow Castle and Mt Marie Projects. BIF units of this formation have the potential to host a significant tonnage of iron mineralisation.

Nickel River – gold

The project has had historical gold production from four localities, Tozer's, Boiler, Nickol South and Lydia. There remains considerable potential for discovery of additional gold mineralisation in areas below and along strike of shallow workings.

Mt Marie – gold and iron mineralisation

(Joint Venture with Fox Resources – holding 40% (earning to 70%))

The Mt Marie project hosts BIF units of the Cleaverville formation, a potential source of iron mineralisation. In addition the project has potential for gold, copper, zinc, silver and nickel.

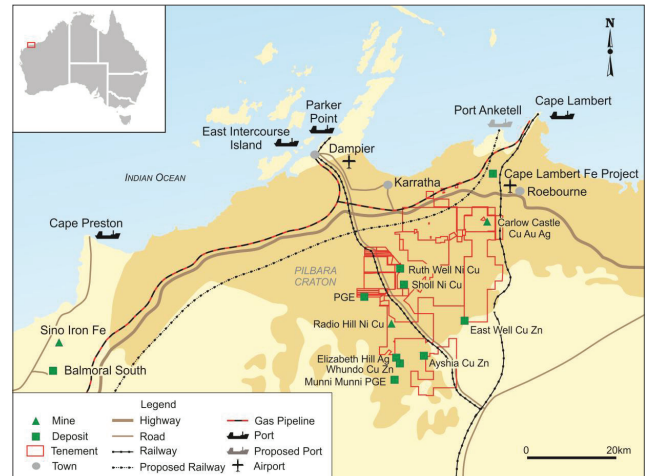


Figure 4: Karratha Pilbara Tenements

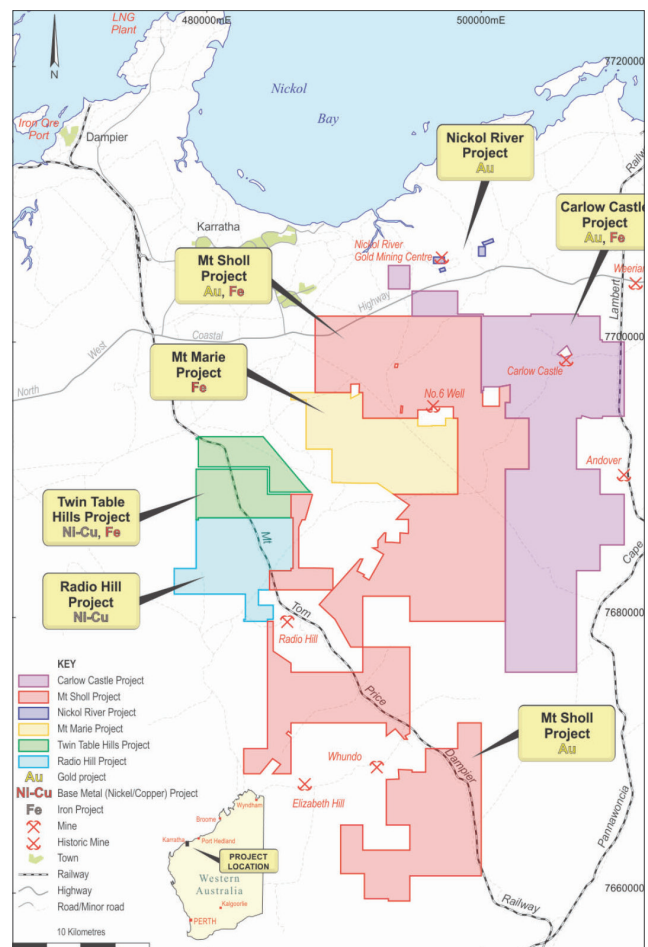


Figure 5: Karratha Metals Limited Key Projects

Review Of Operations

Twin Table Hills – base metals

The project is considered to host massive nickel-copper sulphide mineralisation similar to Radio Hill and Ruth Well. A number of high priority targets have been identified, not yet tested by drilling.

Radio Hill – base metals

The project has potential for discovery of Radio-Hill type massive sulphide mineralisation, being located immediately north of the Radio Hill Nickel mine. There is known nickel-copper mineralisation at the Little Dingo and Toorare Pool prospects to be further explored with test drilling.

Mt Clement – Gold/Silver Project

Artemis Resources 100% of E08/1841 and E08/1606

Artemis Resources 80% Northern Star Resources Limited (NST) 20% (for tenements M08/191, M08/192 & M08/193 – for which NST has free carry to bankable feasibility).

The Mt Clement Project comprises three granted Mining Leases (valid until 2020) and two granted Exploration Licences that cover a total area of 14.55km² 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 2011, following a successful drilling programme in the previous year, the Company commissioned 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.

Artemis has confirmed that four targets remain within the immediate resource area, that have potential to increase the resource and warrant further exploration:

- The first target is the extension of the high grade zone, where seven separate lodes have been identified and each remains open to the west. There is approximately 100m of strike length open until these lodes would intersect a dolerite dyke to the west. Drilling of this target has been constrained by topography but Artemis considers it to be a high priority target that warrants additional drilling.
- The second target is the down-dip extension of the high grade gold-silver zone. A potential extension of 40m has been identified in this target.

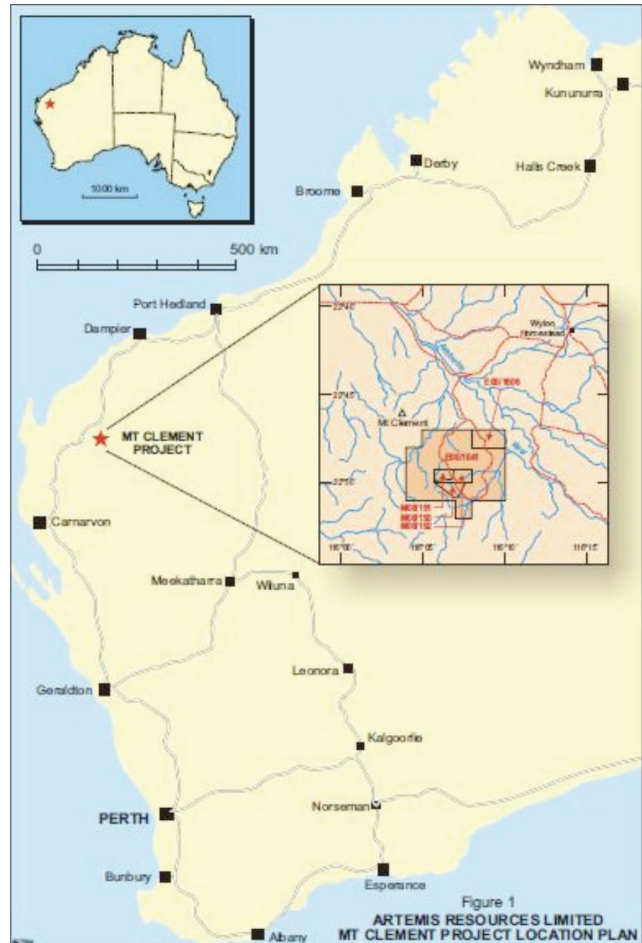


Figure 6: Mt Clement Project Location and Tenure

- The third area lies adjacent to a hole that returned 16m @ 3.04g/t Au from 37.15m and 8m @ 0.52% Cu from 41.6m. Artemis has identified this area as having potential for additional high grade zones of gold-copper mineralisation. The elevated copper might be associated with a second north-south fault structure and Artemis intends to conduct detailed surface mapping to locate this structure.
- The fourth target lies in the northeast trending fault that offsets the mineralisation at Mt Clement. It is assumed that this structure has had multiple phases of fluid flow and re-activation. Due to the proximity of high gold and silver grades to this fault, it appears possible that this was the main fluid pathway sourcing mineralisation into the deposit. As such, exploration along this fault structure might identify favourable structural/lithological trap sites that could host additional mineralisation.

Other Projects

Artemis' other projects are as follows:

Mundong Well – Uranium

Mundong Well is located in the Ashburton region of Western Australia, 300km south-west of Karratha. The 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.

Buchanan's Creek – Rare Metals

Artemis Resources holds tenements in Buchanan's Creek/ Grant's Gully containing known lithium (Li) and niobium (Nb) mineralisation. Buchanan's Creek Prospect is located south of Georgetown, North Queensland.

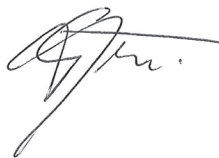
During the year Artemis entered into a farm in agreement with Resmetco Pty Limited. Under this agreement Resmetco paid Artemis \$70,000 for the right to earn a 51% beneficial interest in the tenements by spending \$400,000 over the first four years and a further 24% by spending a further \$400,000 over the following three years.

Yangibana – Rare Earths

The Company has a 10% interest in the Yangibana light rare earths project in Western Australia.

Artemis has substantial opportunity in its portfolio of 71 tenements including projects with gold, base metals, uranium and iron mineralisation. Through judicious exploration and ongoing assessment of all its projects, Artemis will deliver value to its shareholders in the year ahead.

We wish to thank our shareholders for their ongoing support.



Guy Robertson

Executive Director

Sydney 27 September 2012

The information in this Report that relates to Exploration Results is based on information compiled by Frans Voermans who is a fellow of the Australasian Institute of Mining and Metallurgy. Frans 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'. Frans Voermans, who is a consultant to the company, consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Review Of Operations

Tenement Schedule

All tenements are located in Western Australia with the exception of the Buchanan's Creek tenements which are located in Queensland.

<u>Yandal – Gold Project</u>		<u>Mundong Well – Uranium</u>		<u>West Pilbara – Gold and Base Metals</u>	
E53/1026	100%	E 08/1609	100%	PLA47/1112	100%
E53/1213	100%	E08/1892	100%	PLA47/1124	100%
E53/1214	100%	ELA08/2273	100%	PLA47/1126	100%
E53/1412	80% ¹	EL 08/2104	100%	PLA47/1127	100%
E53/1413	80% ¹	EL 08/2105	100%	PLA47/1131	100%
E53/1525	80% ¹			PLA47/1134	100%
E53/1526	80% ¹	<u>West Pilbara – Gold and Base Metals</u>		E47/1806 ⁴	40%
E53/1574	100%	E47/1178	100%	E47/1807 ⁴	40%
E53/1575	100%	E47/1745	100%	E47/1878 ⁴	40%
E53/1626	100%	E47/1746	100%	M47/177	80%
E53/1627	100%	E47/1747	100%	M47/288	80%
ELA53/1662	100%	E47/1797	100%	P47/1518	100%
PLA53/1606 – 1619	100%	P47/1360	100%	P47/1519	100%
		P47/1361	100%	PLA47/1520	100%
		P47/1362	100%	PLA47/1619	100%
		P47/1363	100%	PLA47/1620	100%
		P47/1364	100%	PLA47/1622	100%
		P47/1365	100%	PLA47/1652	100%
		P47/1366	100%	PLA47/1621	100%
		P47/1367	100%	ELA47/2645	100%
		P47/1368	100%	ELA47/2652	100%
		P47/1369	100%	ELA47/2696	100%
		P47/1370	100%	ELA47/2716	100%
		P47/1371	100%		
		P47/1372	100%		
		P47/1373	100%		
		P47/1374	100%		
		P47/1375	100%		
		P47/1380	100%		
		P47/1386	100%		
<u>Mount Clement – Gold/Silver Project</u>					
E08/1841	100%				
E08/1606	100%				
M08/191	80% ²				
M08/192	80% ²				
M08/193	80% ²				
<u>Buchanan's Creek – Rare Metals</u>					
ML3311	100%				
ML30123	100%				
ML30208	100%				
EPM13694	100%				
EPM14988	100%				
EPM18490	100%				
<u>Bali Hi – Base Metals</u>					
E 08/1372	70% ³				
E 08/2129	100%				

1 Joint Venture with Aureus Investment Pty Ltd.

2 Joint Venture with Northern Star Resources Limited.

3 Joint Venture with GTI Resources Limited.

4 Joint Venture with Fox Resources Limited.

All joint venture partners are free carried or partially free carried by Artemis.

Corporate Governance

The Artemis Resources Limited group ("Artemis"), through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Artemis. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

Artemis is currently a small cap listed company and where its processes do not fit the model of the ASX Corporate Governance Principles and Recommendations, the Board believes that there are good reasons for the different approach being adopted. Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The primary responsibilities of Artemis' board include:

- i. The establishment of long term goals of the Company and strategic plans to achieve those goals;
- ii. The review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;
- iii. The appointment of the General Manager (or equivalent);
- iv. Ensuring that the Company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- v. The approval of the annual and half-yearly statutory accounts and reports.

The Board meets on a regular basis, normally every two months, to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the General Manager (or equivalent) are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:

- i. Achieve Artemis' objectives as established by the Board from time to time;
- ii. Operate the business within the cost budget set by the Board;
- iii. Ensure that Artemis' appointees work with an appropriate Code of Conduct and Ethics; and
- iv. Ensure that Artemis appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 Companies should disclose the process for evaluating the performance of senior executives and appointees.

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the General Manager (or equivalent) is reviewed by the Chairman on an annual basis, and the performance of other senior executives is reviewed by the General Manager (or equivalent), in conjunction with the Board. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Artemis.

1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

A performance evaluation for each senior executive has taken place in the reporting period in line with the process disclosed.

A statement covering the primary responsibilities of the Board is set out in 1.1 above.

A statement covering the primary responsibilities of the senior executives is set out in 1.1 above.

The Artemis Corporate Governance Charter is available on the Artemis web site, and includes sections that provide a board charter. The Artemis board reviews its charter when it considers changes are required.

Corporate Governance

Principle 2: Structure the Board to add value

2.1 A majority of the Board should be independent directors.

During the reporting period, the Artemis Board consisted of three directors. Of these directors two are considered independent.

2.2 The Chairperson should be independent.

George Frangeskides, the current acting non-executive chairman, is independent.

2.3 Chief Executive Officer should not be the same as Chairman.

During the period under review Guy Robertson held the senior executive role, as Chief Operating Officer.

2.4 A nomination committee should be established.

As Artemis is a small cap company, the Board has decided that responsibilities of a nominations committee should be handled by the full Board.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Artemis Board has three Board members, who are in regular contact with each other as they deal with matters relating to Artemis's business. The Board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman (or acting Chairman) takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment.

The Chairman also welcomes advice from Directors relating to his own personal performance. The full Board as the Remuneration and Nomination Committee determines whether any external advice or training is required. The Board believes that this approach is most appropriate for a company of the size and market capitalisation of Artemis.

2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2

A description of the skills and experience of each director is contained in the 2012 Directors Report.

George Frangeskides (appointed on 15 August 2012) and Shannon Coates are considered to be independent. Guy Robertson, as an executive director, is not considered to be independent.

Directors are able to take independent professional advice at the expense of the Company, with the prior agreement of the Chairman.

The nomination responsibilities are handled by the full board under the guidance of the Chairman.

Given the changes in the Board structure during the period to the reporting date, an evaluation of the Board of directors has not taken place in accordance with the process described in 2.5 above, but will be undertaken before the end of the next financial year.

New directors are selected with consultation of all board members and their appointment voted by the Board. Each year, in addition to any Board members appointed to fill casual vacancies during the year, one third of directors retires by rotation and is subject to re-election by shareholders at the Annual General Meeting.

There is no Board charter for nominations. Nominees must have appropriate qualifications in either technical, financial or legal disciplines. Public company experience and previous experience in companies operating in the field of mineral exploration are also prerequisites.

Principle 3: Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Artemis' policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards. The code of conduct is contained in the Artemis Corporate Governance Charter.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

As a company with a small market capitalisation, the company has a small board. The company has no established policy at present but is aware of the principle and will be alert for opportunities when board changes are contemplated. As a result the Company appointed Shannon Coates to the Board this year. Shannon's background is included on page 14.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The company has, as yet, no established policy in relation to gender diversity. The company has a small number of employees and as a consequence the opportunity for creating a meaningful gender diversity policy are limited.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Given the small size of the company and the limited number of employees this is not a meaningful statistic at this time.

Principle 4: Safeguard integrity in financial reporting

4.1 Establish an audit committee.

The Company has an Audit Committee.

4.2 Audit Committee composition.

As Artemis is a company with a small market capitalisation, the audit committee is comprised of two members being Shannon Coates (Chairman of the Audit Committee) and George Frangeskides.

4.3 A formal charter should be established for the Audit Committee.

The Company has adopted an Audit Committee charter. It is publicly available on the Artemis website.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Audit Committee met twice during the course of the year.

The Audit Committee provides a forum for the effective communication between the board and external auditors. The committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

In conjunction with the auditors the Audit Committee monitors the term of the external audit engagement partner and ensures that the regulatory limit for such term is not exceeded. At the completion of the term, or earlier in some circumstances, the auditor nominates a replacement engagement partner.

The committee interviews the nominee to assess relevant prior experience, potential conflicts of interest and general suitability for the role. If the nominee is deemed suitable, the committee reports to the Board on its recommendation.

The Audit Committee also reviews the Artemis Corporate Governance and Risk Management processes to ensure that they are effective enough for a listed public company with a small market capitalisation.

Corporate Governance

Principle 5: Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Artemis Board and senior management are conscious of the ASX Listing Rule Continuous Disclosure requirements, which are supported by the law, and take steps to ensure compliance. The Company has a policy, which can be summarised as follows:

- the Board, with appropriate advice, determines whether an announcement is required under the Continuous Disclosure principles;
- all announcements are monitored by the Company Secretary; and
- all media comment is handled by the Chief Operating Officer.

Artemis believes that the internet is now the best way to communicate with shareholders and provides detailed announcements to the Australian Securities Exchange on a regular basis to ensure that shareholders are kept well informed on Artemis' activities.

5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.

Artemis' disclosure policy to shareholders is set out as part of the Artemis Corporate Governance charter, which is publicly available on the Artemis web site, as are Artemis' recent announcements.

Principle 6: Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Artemis provides information to its shareholders through the formal communications processes (e.g. ASX releases, general meetings, annual report, and occasional shareholder letters). This material is also available on the Artemis website (www.artemisresources.com.au).

Shareholders are encouraged to participate in general meetings and time is set aside for formal and informal questioning of the Board, senior management and the auditors. The external audit partner attends the annual general meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company's communications policy is described in 6.1 above.

Principle 7: Recognise and manage risk

7.1 Companies should establish a sound system for the oversight and management of material business risks.

The company has established policies for the oversight and management of material business risks.

The board monitors the risks and internal controls of Artemis through the Audit Committee. That committee looks to the executive management to ensure that an adequate system is in place to identify and, where possible, on a cost effective basis appropriate for a company with a small market capitalisation, to manage risks inherent in the business, and to have appropriate internal controls.

As part of the process, Artemis' management formally identifies and assesses the risks to the business, and these assessments are noted by the Audit Committee and the Board.

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has required management to design and implement the risk management and internal control system appropriate to a company with a small market capitalisation of the size of Artemis to manage the Company's material business risks and report to it on whether those risks are being managed effectively. Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board has received assurance from the Chief Operating Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control appropriate for a company with a small market capitalisation of the size of Artemis, and that the system is operating effectively in all material respects in relation to financial reporting risks.

7.4 Companies should provide information in the Guide to reporting on Principle 7.

The Board has received the report from Management under Recommendation 7.2 and the Board has received the assurances referred to under Recommendation 7.3. The Company's policies on risk oversight and management of material business risks for a small cap company the size of Artemis are not publicly available.

Principle 8: Remunerate fairly and responsibly

8.1 Establish a remuneration committee.

As it is a company with a small market capitalisation, Artemis has not established a remuneration committee. Those responsibilities are handled by the full board under the guidance of the Chairman.

8.2 The remuneration committee should be structured so that it:

- **consists of a majority of independent directors;**
- **is chaired by an independent chair; and**
- **has at least three members.**

As it is a company with a small market capitalisation, Artemis has not established a remuneration committee. Those responsibilities are handled by the full board under the guidance of the Chairman.

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The remuneration details of non-executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

Senior executives' remuneration packages are reviewed by reference to Artemis' performance, the executive director's or senior executive's performance, comparable information from industry sectors and other listed companies in similar industries, which guidance from external remuneration sources. This provides a basis to ensure that base remuneration is set to reflect the market for a comparable role.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and/or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.

The information is as outlined above.

Directors' Report

Your directors present their report on Artemis Resources Limited (Artemis or the Company) for the financial year ended 30 June 2012.

Directors

The names of directors in office at any time during or since the end of the period are:

Current Directors

Name	Particulars
Mr George Frangeskides Non-Executive Director	<p>Mr Frangeskides has a broad range of experience gained from over 15 years in the legal and corporate advisory sectors in Australia and the United Kingdom.</p> <p>Mr Frangeskides is an Executive Director at Berwick Capital, a corporate advisory firm which specialises in natural resources and which advises ASX and AIM-listed companies on projects and transactions in the mining and oil and gas sectors. Prior to establishing Berwick Capital, Mr Frangeskides practised as a lawyer focusing on corporate finance, commercial and capital market transactions.</p> <p>Mr Frangeskides was appointed a Director on 17 January 2011, resigned on 28 September 2011 and was re-appointed on 15 August 2012.</p>
Ms Shannon Coates Non-Executive Director	<p>Ms Shannon Coates is a corporate advisor to the mineral exploration sector, and has acted as a Director and Company Secretary of a number of ASX, JSE and AIM mineral exploration companies. Ms Coates has a Bachelor of Laws and a Post Graduate Diploma in Applied Corporate Governance, Chartered Secretaries of Australia.</p> <p>Ms Coates was appointed a Director on 28 September 2011.</p>
Mr Guy Robertson Executive Director	<p>Mr. Guy Robertson, is the Company's Chief Operating Officer and has been involved in the mineral exploration business for a number of years.</p> <p>Mr Robertson has over 25 years experience as a Chief Financial Officer, Company Secretary and Director of both private and ASX listed companies in both Australia and Hong Kong.</p> <p>Mr Robertson was appointed as a Director on 28 September 2011 and has a Bachelor of Commerce (Hons.) and is a Chartered Accountant.</p> <p>Mr Robertson is a director of Metal Bank Limited and was previously a director of Healthzone Limited.</p>

Former Directors

Name	Particulars
Mr Graham Libbesson	Resigned 27 September 2011
Mr Frans Voermans	Resigned 15 August 2012
Mr John Miles	Resigned 28 September 2011

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Secretary

Name	Particulars
Mr Guy Robertson B Com (Hons.) CA Company Secretary	Guy Robertson was appointed Company Secretary on 12 November 2009.

Significant changes in state of affairs

The following summary of events marks significant milestones in the state of affairs of the Company during the year:

- the completion of a successful drilling program at Yandal;
- the acquisition of Karratha Metals Limited providing the Company with a significant tenement portfolio in the West Pilbara; and
- the completion of a farm-in agreement on Buchanan's Creek with Resmetco Pty Limited.

Principal activities

The principal activity of the Company during the financial year was mineral exploration and direct and indirect investments in the mining industry. There have been no significant changes in the nature of the Company's principal activities during the financial year.

Significant after balance date events

There are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Meetings of directors

The number of directors' meetings (including committees) held during the financial period each director held office during the financial period and the number of meetings attended by each director is:

	Directors Meetings		Audit Committee Meetings	
	Meetings Attended	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend
Guy Robertson, appointed 28/9/11	4	4	1	1
Shannon Coates, appointed 28/9/11	4	4	1	1
George Frangeskides, resigned 28/9/11, reappointed 15/8/12	1	1	1	1
Frans Voermans, resigned 15/8/12	5	5	–	–
Graham Libbesson, resigned 27/9/11	1	1	1	1
John Miles, resigned 28/9/11	–	1	–	–

In addition to the directors meetings outlined above there were two circular resolutions.

Likely future developments and expected results

The primary objective of Artemis is to explore its current tenements in Australia and the Company continues to look to invest in mineral resources projects which have the potential to become mines, focusing on gold.

Performance in relation to environmental regulation

The consolidated entity will comply with its obligations in relation to environmental regulation on its projects when it undertakes exploration. The Directors are not aware of any breaches of any environmental regulations during the period covered by this report.

Operating results

The loss of the consolidated entity after providing for income tax amounted to \$1,643,389 (2011: loss of \$5,111,202).

Dividends paid or recommended

The directors do not recommend the payment of a dividend and no dividend has been paid or declared to the date of this report.

Directors' Report

Remuneration report (audited)

Remuneration Policy

The remuneration policy of Artemis has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results.

The Board of Artemis believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members and officers is as follows:

- The remuneration policy, setting the terms and conditions (where appropriate) for the executive directors and other senior staff members, was developed and approved by the Board;
- In determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices;
- The Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the Company moves from commercialisation to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance.

Given the early stage of the company's projects it is not meaningful to track executive compensation to financial results and shareholder wealth. It is also not possible to set meaningful specific objective performance criteria for directors as this stage;
- All remuneration paid to directors and officers is valued at the cost to the Company and expensed. Where appropriate, shares given to directors, executives and officers are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology; and

- The Board policy is to remunerate non-executive directors and officers at market rates for comparable companies for time, commitment and responsibilities. The Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a General Meeting, and is currently \$150,000 per annum, as approved by shareholders. Fees for non-executive directors and officers are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors and officers are encouraged to hold shares in the company.

Directors' and Executive Officers' Remuneration

(a) Details of Directors and Key Management Personnel

i. Current Directors

Guy Robertson – Executive Director
(appointed 28 September 2011)

Shannon Coates – Non-Executive Director
(appointed 28 September 2011)

George Frangeskides – Non-Executive Director
(resigned 28 September 2011 and reappointed 15 August 2012)

ii. Former Directors

Graham Libbesson – Non-Executive Director
(resigned 27 September 2011)

John Miles – Non-Executive Director
(resigned 28 September 2011)

Frans Voermans – Non-Executive Director
(resigned 15 August 2012)

iii. Company Secretary

Guy Robertson – Company Secretary

iv. Key Management Personnel

Guy Robertson – Chief Operating Officer

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (d) to the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (d) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

(b) Remuneration of Directors and Key Management Personnel

The Board of Directors, comprised primarily of non-executive directors, is responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration of Directors of the Company and consolidated entity is set out below.

	2012				2011			
	Base Salary and Fees	Fair Value of Options Granted	Post Employment Super Contributions	Total	Base Salary and Fees	Fair Value of Options Granted	Post Employment Super Contributions	Total
G. Frangeskides	11,031	–	–	11,031	16,124	–	–	16,124
G. Robertson ¹	150,000	–	–	150,000	59,583	–	–	59,583
S. Coates	27,000	–	–	27,000	–	–	–	–
F. Voermans ²	41,669	692	–	42,361	30,000	5,536	–	35,536
J. Miles	6,285	692	–	6,977	25,020	5,536	–	30,556
G. Libbesson	17,500	8,650	–	26,150	31,333	69,196	27,000	127,529
S. Chalabian	–	–	–	–	70,000	–	–	70,000
J. Robinson	–	692	–	692	22,500	5,536	–	28,036
D. Price	–	–	–	–	239,220	9,227	17,030	265,477
A. Border	–	–	–	–	130,734	–	11,766	142,500
	253,485	10,726	–	264,211	624,514	95,031	55,796	775,341

¹ Mr Robertson was paid \$75,000 of this amount through an unrelated service company Alexander Cable Pty Limited.

² Mr Voermans was paid an additional \$55,276 as Geological Consulting Fees, in the ordinary course of business, through his company Voermans Geological Services Pty Limited.

(c) Remuneration Options granted and vested during the financial year ending 30 June 2012 and the financial year ending 30 June 2011

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and Employees of a high calibre, the Company has a policy of issuing options that are exercisable in future at a certain fixed price.

No options were issued to directors during the year.

In the prior year, the Company issued 3,100,000 options to directors on 24 November 2010, of which one half vested immediately and the balance one year from issue date. The options have an exercise price of 7 cents and an expiry date of 30 September 2013. The fair value of the options was deemed to be \$85,804 (of which \$85,084 was expensed in the previous year). A further 1,000,000 options were issued to key management personnel in the previous year of which 666,667 have lapsed.

Directors' Report

(d) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Period from 1 July 2011 to 30 June 2012

Shares held by Directors and Officers

	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
G. Robertson	-	-	-	-	-
S. Coates	-	-	-	-	-
G. Frangeskides	-	-	-	-	-
F. Voermans	-	-	-	-	-
G. Libbesson ¹	249,842	-	-	(249,842)	-
J. Miles	-	-	-	-	-
	249,842	-	-	(249,842)	-

¹ Director resigned during the year, therefore no closing balance.

Period from 1 July 2010 to 30 June 2011

	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
G. Libbesson	-	-	-	249,842	249,842
S. Chalabian ¹	2,630,814	-	-	(2,630,814)	-
J. Miles	-	-	-	-	-
F. Voermans	-	-	-	-	-
G. Frangeskides	-	-	-	-	-
J. Robinson ¹	10,000	-	-	(10,000)	-
	2,640,814	-	-	(2,390,972)	249,842

¹ Directors resigned during the year, therefore no closing balance.

Options Held By Directors and Officers

Period from 1 July 2011 to 30 June 2012

	Balance beginning of year	Options Expired	Net Change Other	Balance at end of year
G. Robertson	200,000	(200,000)	–	–
S. Coates	–	–	–	–
G. Frangeskides	562,500	(562,500)	–	–
F. Voermans	200,000	–	–	200,000
G. Libbesson ¹	2,500,000	–	(2,500,000)	–
J. Miles ¹	700,000	–	(700,000)	–
	4,162,500	(762,500)	(3,200,000)	200,000

Period from 1 July 2010 to 30 June 2011

	Balance beginning of year	Received as Remuneration	Options Expired	Net Change Other	Balance at end of year
G. Libbesson	–	2,500,000	–	–	2,500,000
S. Chalabian ¹	2,000,000	–	–	(2,000,000)	–
J. Miles	750,000	200,000	–	(250,000)	700,000
F. Voermans	500,000	200,000	–	(500,000)	200,000
G. Frangeskides	–	–	–	562,500	562,500
J. Robinson ¹	5,000	200,000	–	(205,000)	–
G. Robertson	200,000	–	–	–	200,000
D. Price ¹	3,000,000	1,000,000	–	(4,000,000)	–
	6,455,000	4,100,000	–	(6,392,500)	4,162,500

¹ Directors resigned during the year, therefore no closing balance.

The fair value of options granted is included in the remuneration table above. The options are granted as a loyalty incentive.

Options issued as Part of Remuneration for the year ended 30 June 2012 and 30 June 2011

No options (2011 – 3,100,000 options) were issued to directors of the company during the year. All options on issue have vested at year end.

No options (2011 – 1,000,000 options) were issued to key management personnel during the year.

Directors' Report

Options

At the end of the financial year and as at the date of this report, there were 24,933,333 unlisted options over new ordinary shares in the Company on issue. There has been no issue of ordinary shares as a result of the exercise of options by directors and senior management during or since the end of the financial year.

Directors' holdings of shares and share options have been disclosed in the Remuneration Report.

Indemnifying officers

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company paid insurance premiums of \$14,281 in August 2012 in respect of directors' and officers' liability for the year to 30 June 2013. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

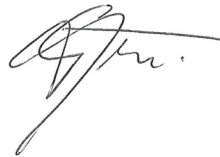
Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 21 of the financial report.

Non-audit services

No amounts were paid to the Company's auditors during the year ended 30 June 2012 for non-audit related services.

This report is made in accordance with a resolution of the directors.



Guy Robertson
Executive Director
Sydney 27 September 2012

Auditor's Independence Declaration



RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney
NSW 2000
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 audit of the financial report of Artemis Resources Limited for the year ended 30 June 2012, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J Hume
Partner

Sydney, NSW
Dated: 27th September 2012

Liability limited by a
scheme approved
under Professional
Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

Continuing Operations	Notes	30 June 2012 \$	30 June 2011 \$
Revenue	2(a)	101,000	310,000
Other Income	2(b)	289,741	1,667,347
Administration expenses		(148,060)	(387,654)
Personnel costs		(7,536)	(282,153)
Consultancy costs		(385,816)	(698,069)
Occupancy costs		(19,809)	(106,876)
Compliance and regulatory expenses		(155,509)	(139,438)
Depreciation		(18,528)	(24,465)
Payments to directors		(178,485)	(161,978)
Exploration expenditure written off		(396,409)	(4,178,676)
Consulting and technical fees		(430,000)	(660,000)
Legal fees		(173,036)	(133,059)
Travel		(57,143)	(127,242)
Share based payments		(63,799)	(188,939)
Loss before income tax		(1,643,389)	(5,111,202)
Income tax expense	3	-	-
Loss for the year		(1,643,389)	(5,111,202)
Loss attributable to members of the parent entity		(1,643,389)	(5,111,202)
Other comprehensive income/(loss)			
Net change in fair value of available for sale investments		(55,000)	(275,000)
Income tax relating to components of other comprehensive loss		16,500	82,500
		(38,500)	(192,500)
Total comprehensive loss for the year		(1,681,889)	(5,303,702)
Loss for the period attributable to:			
Owners of the parent		(1,642,061)	(4,970,887)
Non-controlling interest		(1,328)	(140,315)
		(1,643,389)	(5,111,202)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(1,680,561)	(5,163,387)
Non-controlling interest		(1,328)	(140,315)
		(1,681,889)	(5,303,702)
Earnings per share – continuing operations			
Basic loss per share (cents)	18	(0.35)	(1.75)
Diluted loss per share (cents)	18	(0.35)	(1.75)

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

Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	30 June 2012 \$	30 June 2011 \$
Current assets			
Cash and cash equivalents	4	1,993,844	3,940,243
Trade and other receivables	5	819,367	1,146,815
Other financial assets	6	520,000	275,000
Total current assets		3,333,211	5,362,058
Non-current assets			
Plant and equipment	8	52,295	70,823
Evaluation and exploration expenditure	9	7,413,797	4,407,895
Total non-current assets		7,466,092	4,478,718
Total assets		10,799,303	9,840,776
Current liabilities			
Trade and other payables	10	1,324,014	612,897
Total current liabilities		1,324,014	612,897
Non-current liabilities			
Deferred tax liability	3	64,500	81,000
Total non-current liabilities		64,500	81,000
Total liabilities		1,388,514	693,897
Net assets		9,410,789	9,146,879
Equity			
Share Capital	11	26,992,128	25,120,128
Reserves	12	728,750	1,076,063
Accumulated losses		(17,850,380)	(16,590,931)
Parent interests		9,870,498	9,605,260
Non-controlling interest		(459,709)	(458,381)
Total equity		9,410,789	9,146,879

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

Consolidated – 2012	Attributable to equity holders of parent					
	Share Capital \$	Reserves \$	Accumulated Losses \$	Total \$	Non- controlling Interest \$	Total equity \$
Balance 1 July 2011	25,120,128	1,076,063	(16,590,931)	9,605,260	(458,381)	9,146,879
Loss for the year	–	–	(1,642,061)	(1,642,061)	(1,328)	(1,643,389)
Net change in the fair value of available-for-sale financial assets	–	(38,500)	–	(38,500)	–	(38,500)
Total comprehensive income for the year	–	(38,500)	(1,642,061)	(1,680,561)	(1,328)	(1,681,889)
Issue of share capital	1,872,000	–	–	1,872,000	–	1,872,000
Expiry of options	–	(382,612)	382,612	–	–	–
Share based payments	–	73,799	–	73,799	–	73,799
Balance as at 30 June 2012	26,992,128	728,750	(17,850,380)	9,870,498	(459,709)	9,410,789

Consolidated – 2011	Attributable to equity holders of parent					
	Share Capital \$	Reserves \$	Accumulated Losses \$	Total \$	Non- controlling Interest \$	Total equity \$
Balance 1 July 2010	18,789,072	1,112,964	(11,620,044)	8,281,992	(318,066)	7,963,926
Loss for the year	–	–	(4,970,887)	(4,970,887)	(140,315)	(5,111,202)
Net change in the fair value of available-for-sale financial assets	–	(192,500)	–	(192,500)	–	(192,500)
Total comprehensive income for the year	–	(192,500)	(4,970,887)	(5,163,387)	(140,315)	(5,303,702)
Issue of share capital	6,895,781	–	–	6,895,781	–	6,895,781
Costs of share capital	(598,065)	–	–	(598,065)	–	(598,065)
Expiry of options	33,340	(33,340)	–	–	–	–
Share based payments	–	188,939	–	188,939	–	188,939
Balance as at 30 June 2011	25,120,128	1,076,063	(16,590,931)	9,605,260	(458,381)	9,146,879

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Notes	30 June 2012 \$	30 June 2011 \$
Cash flows from operating activities			
Receipts from operations		321,000	170,000
Payments to suppliers and employees		(919,716)	(2,720,155)
Interest received		172,528	141,882
Net cash used in operating activities	21	(426,188)	(2,408,273)
Cash flows from investing activities			
Payments for plant and equipment		-	(6,962)
Proceeds on sale of available for sale financial assets		-	111,815
Proceeds from sale of subsidiary		-	1,000,000
Proceeds from sale of tenements		-	140,000
Payments for exploration and evaluation		(1,520,211)	(2,141,737)
Net cash used in investing activities		(1,520,211)	(896,884)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	6,779,371
Costs of issue of shares and options		-	(598,065)
Net cash provided by financing activities		-	6,181,306
(Decrease)/Increase in cash held		(1,946,399)	2,876,150
Cash at the beginning of the year		3,940,243	1,064,093
Cash at the end of the year	4	1,993,844	3,940,243

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

Notes to the Financial Statements

For the year ended 30 June 2012

These consolidated financial statements and notes represent those of Artemis Resources Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Artemis Resources Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 September 2012 by the directors of the company.

1. Statement of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

a. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Artemis Resources Limited at the end of the reporting period. A controlled entity is any entity over which Artemis Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 7 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. 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 company and consolidated entity incurred losses of \$1,646,195 and \$1,643,389 respectively, and the consolidated entity had net cash outflows from operating activities of \$426,188 and investing activities of \$1,520,211 for the year ended 30 June 2012.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns 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 company has been successful in raising capital during the period (per note 11);
- The company has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001;
- The consolidated entity has cash at bank at balance date of \$1,993,844, net working capital of \$1,489,197 and net assets of \$9,410,789 as at 30 June 2012;
- The ability of the consolidated entity to further scale back certain parts of their 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
- Directors have prepared cash flow projections for the consolidated entity and have satisfied themselves that it has adequate funding available for the 12 months following the date of this report to settle any obligations as and when they become due.

c. Adoption of new and revised accounting standards

Changes in accounting policies on initial application of accounting standards

In the year ended 30 June 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

The following Australian Accounting Standards have been issued or amended and are applicable to the Company but are not yet effective.

Notes to the Financial Statements

For the year ended 30 June 2012

1. Statement of significant accounting policies continued

The Group does not anticipate the early adoption of any of the following Australian Accounting Standards.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)	Unlikely to have significant impact
2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2013	Unlikely to have significant impact
2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013	Unlikely to have significant impact
2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.	1 July 2013	Disclosure only
AASB 13	Fair Value Measurement	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	Unlikely to have significant impact
2011-8	Amendments to Australian Accounting Standards arising from AASB 13	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 Fair Value Measurement.	1 January 2013	Unlikely to have significant impact
2012-1	Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements	This Standard makes amendments to AASB 3, 7, 13, 140 and 141 to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.	1 July 2013	Disclosure only
AASB 119	Employee Benefits	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013	Unlikely to have significant impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2011-10	Amendments to Australian Accounting Standards arising from AASB 119	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 Employee Benefits.	1 January 2013	Unlikely to have significant impact
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013	Unlikely to have significant impact
2011-12	Amendments to Australian Accounting Standards arising from Interpretation 20	This Standard makes amendments to Australian Accounting Standard AASB 1 First-time Adoption of Australian Accounting Standards. These amendments arise from the issuance of IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.	1 January 2013	Unlikely to have significant impact
2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the (potential) effect of netting arrangements. It also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	1 January 2013	Disclosure only
2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014	Unlikely to have significant impact

Notes to the Financial Statements

For the year ended 30 June 2012

1. Statement of significant accounting policies continued

d. Income taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Evaluation and exploration and costs

Evaluation, exploration and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

f. Leases

A distinction is made between finance leases which transfer from the lessor to the lessee substantially all the risks and rewards incident to ownership of the leased asset and operating leases under which the lessor retains substantially all the risks and rewards.

Where an asset is acquired by means of a finance lease, the fair value of the leased property or the present value of minimum lease payments, if lower, is established as an asset at the beginning of the lease term. A corresponding liability is also established and each lease payment is apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease rental expense is recognised as an expense on a straight line basis over the lease term, or on a systematic basis more representative of the time pattern of the user's benefit.

g. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Notes to the Financial Statements

For the year ended 30 June 2012

1. Statement of significant accounting policies continued

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

The Group designates certain derivatives as either:

- i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the consolidated statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

j. Revenue recognition

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

k. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

The amount of borrowing costs relating to funds borrowed generally and used for the acquisition of qualifying assets has been determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate comprises the weighted average of borrowing costs incurred during the period.

l. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Significant judgements and key assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

o. Key judgements

The Group capitalises expenditure relating to exploration and evaluation 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. Such capitalised expenditure is carried at reporting date at \$7,413,797.

Notes to the Financial Statements

For the year ended 30 June 2012

2. Revenue and other income

	Consolidated 2012 \$	Consolidated 2011 \$
a) Revenue		
Sale of non core tenements	–	140,000
Other income	71,000	70,000
Management fees	30,000	100,000
	101,000	310,000
b) Other income		
Interest received	289,741	141,882
Sale of available for sale financial assets	–	85,565
Sale of Gascoyne Metals Pty Limited ¹	–	1,439,900
	289,741	1,667,347

¹ Relates to the Yangibana Project. Of the proceeds of \$2 million, \$1.25 million has been received, \$0.5 million is receivable before 31 December 2012 and \$0.25 million is held in shares of the purchaser, and the deferred consideration has been attributed a fair value of \$15,000. The carrying cost of the project sold was \$575,100 leaving a profit on sale of \$1,439,900.

3. Income taxes

	Consolidated 2012 \$	Consolidated 2011 \$
(a) Reconciliation between income tax expense and prima facie tax on accounting loss		
Loss before tax	(1,643,389)	(5,111,202)
Tax at 30% (2011: 30%)	(493,017)	(1,533,361)
Foreign losses treated as non deductible	-	1,109,102
Tax effect of non-deductible expenses	22,429	1,380
Exploration expenditure	(384,093)	-
Tax losses and timing differences not brought to account	864,681	422,879
Income tax expense	-	-
(b) Balance of franking account at year end		
	-	-
(c) Deferred tax liabilities taken to equity		
Balance brought forward	81,000	163,500
Unrealised loss on investments	(16,500)	(82,500)
	64,500	81,000

Applicable tax rate

The applicable tax rate is 30%, the national corporate tax rate in Australia.

Analysis of deferred tax assets

No deferred tax assets have been recognised as yet, other than to offset deferred tax liabilities, as it is currently not probable that future taxable profit will be available to realise the asset. Potential deferred tax assets on carry forward losses amount to \$3,433,323 (2011-\$2,653,191).

Notes to the Financial Statements

For the year ended 30 June 2012

4. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and account balances with banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Consolidated 2012 \$	Consolidated 2011 \$
Cash and cash equivalents	1,993,844	3,940,243

5. Trade and other receivables

	Consolidated 2012 \$	Consolidated 2011 \$
Current		
Trade receivables	13,549	34,088
Receivable on sale of Gascoyne Metals Pty Ltd ¹	578,247	1,015,000
Other	227,571	97,727
	819,367	1,146,815

The value of trade and other receivables considered by the Directors to be past due or impaired is nil (2011: Nil).

¹ Relates to capital and interest receivable on the sale of the Yangibana project.

6. Other financial assets

	Consolidated 2012 \$	Consolidated 2011 \$
Current		
Available-for-sale financial assets		
Listed equity securities – at fair value	520,000	275,000

7. Subsidiaries

	Country of Incorporation	Ownership 2012 %	Ownership 2011 %
Parent Entity:			
Artemis Resources Limited	Australia	–	–
Subsidiaries:			
Yandal Metals Pty Limited	Australia	100	100
Wombat Resources Pty Limited	Australia	100	100
Artemis Mining Corporation Pty Limited	Australia	100	51
Karratha Metals Limited	Australia	100	–
KML No 2 Pty Limited	Australia	100	–
Armada Mining Pty Limited	Australia	100	–
Denarii Exploration Pty Limited	Australia	80	–
Arminco (Pte) Ltd	Singapore	100	100
Anco Holdings Limited	Hong Kong	49	49
Uranium Exploration SA	Niger, Africa	49	49

On 21 June 2012, Artemis Resources Limited acquired Karratha Metals Limited. Further details are disclosed at Note 22.

Consolidated

The parent entity within the group is Artemis Resources Limited which is the ultimate parent entity in Australia.

Arminco's ownership of Anco Holdings is 49%. The Company has consolidated these subsidiaries (Anco Holdings Limited and in turn Uranium Exploration SA) as it exercises control over the group. This control is based on a 49% ownership, having 50% representation on the board and management control of the project.

Uranium Exploration SA was incorporated as the legal entity for the Niger project.

Notes to the Financial Statements

For the year ended 30 June 2012

8. Plant and equipment

	Consolidated 2012 \$	Consolidated 2011 \$
Plant and equipment		
<i>At cost</i>		
Opening balance	110,650	103,688
Additions	–	6,962
Disposals	–	–
Closing balance	110,650	110,650
<i>Depreciation</i>		
Opening balance	(39,827)	(15,362)
Charge for the year	(18,528)	(24,465)
Closing balance	(58,355)	(39,827)
Net written down value	52,295	70,823

9. Evaluation and exploration expenditure

	Consolidated 2012 \$	Consolidated 2011 \$
Evaluation and exploration expenditure	7,413,797	4,407,895
Reconciliation of carrying amount		
Carrying amount at 1 July	4,407,895	6,707,287
Acquisition of tenements and tenement interests ¹	2,122,000	166,667
Expenditure capitalised in current period	1,280,311	2,287,717
Capitalised expenditure written off	(396,409)	(4,178,676)
Exploration cost base of subsidiary sold	–	(575,100)
Carrying amount 30 June	7,413,797	4,407,895

¹ The balance in 2012 relates to the acquisition of Karratha Metals Limited (See Note 22).

Costs capitalised on areas of interest have also been reviewed for impairment factors, such as resources prices, ability to meet expenditure going forward, potential resource downgrades. It is the Directors' opinion that the Company has ownership, or title to the areas of interests it has capitalised expenditure on and has reasonable expectations that its activities are ongoing.

As a consequence of the complexities and difficulties surrounding the Niger project the Company has written down its investment in this project to nil. The Company continues to retain a 49% interest in the project and will endeavour to realise value in the project.

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.

10. Trade and other payables

	Consolidated 2012 \$	Consolidated 2011 \$
Trade accounts payable (unsecured)	1,324,014	612,897

Notes to the Financial Statements

For the year ended 30 June 2012

11. Share capital

	2012 Shares	2011 Shares	2012 \$	2011 \$
481,390,396 (2011: 325,390,396) fully paid ordinary shares	481,390,396	325,390,396	26,992,128	25,120,128
	481,390,396	325,390,396	26,992,128	25,120,128

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Reconciliation of movements in share capital during the year:

	2012 No. Shares	2011 No. Shares	2012 \$	2011 \$
Issued ordinary shares	481,390,396	325,390,396	26,992,128	25,120,128

Reconciliation of movement during year

Opening balance	325,390,396	192,552,088	25,120,128	18,789,072
15 July 2010 Share Placement	-	25,000,000	-	1,000,000
13 August 2010 Share Placement	-	625,000	-	25,000
15 September 2010 Share Issue	-	690,000	-	27,600
23 September 2010 Share Placement	-	54,545,454	-	3,000,000
12 October 2010 Exercise of options	-	3,832,228	-	191,611
4 November 2010 Rights Issue	-	46,195,693	-	2,540,763
22 December 2010 Share Issue	-	1,210,000	-	73,810
18 January 2011 Exercise of options	-	4,167	-	208
24 January 2011 Exercise of options	-	2,691	-	135
17 February 2011 Exercise of options	-	5,001	-	250
6 June 2011 Share Issue	-	200,000	-	10,000
6 June 2011 Exercise of options	-	76,076	-	3,804
30 June 2011 Exercise of options	-	451,998	-	22,600
30 June 2011 Expired options	-	-	-	33,340
15 June 2012 Issue of shares	156,000,000	-	1,872,000	-
Transaction costs from share issues	-	-	-	(598,065)
Closing balance	481,390,396	325,390,396	26,992,128	25,120,128

(i) For further details of share based payments please refer to Note 20.

(ii) The balance of the consolidated entity option reserves was equal to the parent entity balances above.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may issue new shares or sell assets to reduce debt.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to maintain share capital as dictated by operational requirements and market conditions.

12. Reserves

	Consolidated 2012 \$	Consolidated 2011 \$
Option Issue Reserve (a)	578,250	887,063
Unrealised Gains Reserve (b)	150,500	189,000
	728,750	1,076,063

Reconciliation of movements during the year:

	2012 Options	2011 Options	2012 \$	2011 \$
(a) Option Reserve				
Total Options	24,933,333	29,095,833	578,250	887,063
Opening balance	29,095,833	93,457,310	887,063	731,464
Listed option issue – 15 July 2010	–	12,500,000	–	–
Listed option issue – 13 August 2010	–	312,500	–	–
Unlisted option issue – 13 August 2010	–	7,850,000	–	155,048
Listed option issue – 23 September 2010	–	13,636,354	–	–
Exercise of options – 12 October 2010	–	(3,832,228)	–	–
Listed option issue – 4 November 2010	–	11,548,933	–	–
Unlisted option issue – 24 November 2011	–	4,100,000	–	83,701
Exercise of options – 18 January 2011	–	(4,167)	–	–
Exercise of options – 24 January 2011	–	(2,691)	–	–
Exercise of options – 17 February 2011	–	(5,001)	–	–
Unlisted options lapsed – 9 March 2011	–	(666,667)	–	(4,038)
Exercise of options – 6 June 2011	–	(76,076)	–	–
Exercise of options – 30 June 2011	–	(451,998)	–	–
Expiry of unlisted options – 30 June 2011	–	(2,750,000)	–	(45,772)
Expiry of listed options – 30 June 2011	–	(106,520,436)	–	(33,340)
Expiry of options – 24 November 2011	(2,000,000)	–	(82,011)	–
Expiry of options – 4 December 2011	(3,500,000)	–	(76,891)	–
Expiry of options – 29 January 2012	(3,500,000)	–	(76,891)	–
Expiry of options – 30 June 2012	(5,162,500)	–	(136,819)	–
Issue of options – 16 February 2012	10,000,000	–	63,799	–
Closing balance	24,933,333	29,095,833	578,250	887,063

(i) For further details of share based payments refer to Note 20.

	Consolidated 2012 \$	Consolidated 2011 \$
(b) Unrealised Gains Reserve		
Opening balance	189,000	381,500
Decrease in value of financial assets	(38,500)	(192,500)
Closing balance	150,500	189,000

Notes to the Financial Statements

For the year ended 30 June 2012

13. Financial instruments

The Company's principal financial instruments comprise cash, short term deposits and securities in Australian listed companies. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial instruments. The Company holds financial instruments in the form of shares in Australian listed companies with the aim of trading these shares to generate a profit.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk and market risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities. The Company does not have short or long term debt, and therefore this risk is minimal.

At balance date, the Company had the following financial assets and liabilities exposed to interest rate risk that are not designated as cash flow hedges:

	Consolidated 2012 \$	Consolidated 2011 \$
Financial Assets		
Cash and cash equivalents	1,993,844	3,940,243
	1,993,844	3,940,243

(b) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(c) Foreign exchange risk

The Company has no exposure to foreign exchange risk.

(d) Equity securities price risk

Equity securities price risk arises from investments in listed equity securities. The Group is exposed to equity price risk arising from its equity investments. Equity investments are held for trading purposes. The Group does not actively trade these investments and no hedging or derivative transactions have been used to manage equity price risk.

(e) Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk, foreign exchange risk, and equity securities price risks. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for 2012 and 2011.

Consolidated 30 June 2012	Footnote	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
			Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets						
Cash and cash equivalents	1	1,993,844	(19,938)	(19,938)	19,938	19,938
Trade and other receivables	2	819,367	–	–	–	–
Other financial assets	3	520,000	–	–	–	–
Financial Liabilities						
Trade and other payables	4	1,324,014	–	–	–	–
Total increase / (decrease)			(19,938)	(19,938)	19,938	19,938

Consolidated 30 June 2011	Footnote	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
			Profit \$	Equity \$	Profit \$	Equity \$
Financial Assets						
Cash and cash equivalents	1	3,940,243	(39,402)	(39,402)	39,402	39,402
Trade and other receivables	2	1,146,815	–	–	–	–
Other financial assets	3	275,000	–	–	–	–
Financial Liabilities						
Trade and other payables	4	612,897	–	–	–	–
Total increase / (decrease)			(39,402)	(39,402)	39,402	39,402

1. Cash and cash equivalents are denominated in AUD and include deposits at call at floating and short-term fixed interest rates. At 30 June 2012, NIL was denominated in foreign currencies (30 June 2011 – \$Nil).
2. Trade and other receivables are denominated in AUD and are not interest bearing.
3. Other financial assets are equity securities listed on the ASX and are denominated in AUD.
4. Trade and other payables at balance date are denominated in AUD and are not interest bearing.

Notes to the Financial Statements

For the year ended 30 June 2012

13. Financial instruments continued

(f) Liquidity risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of convertible notes, where appropriate. Cash flows from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will roll forward.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
<i>Financial liabilities</i>								
<i>– due for payment</i>								
Trade and other payables	1,324,014	612,897	–	–	–	–	1,324,014	612,897
Total contractual outflows	1,324,014	612,897	–	–	–	–	1,324,014	612,897
<i>Financial assets</i>								
<i>– cash flows realisable</i>								
Cash and cash equivalents	1,993,844	3,940,243	–	–	–	–	1,993,844	3,940,243
Trade and other receivables	819,367	1,146,815	–	–	–	–	819,367	1,146,815
Financial assets	520,000	275,000	–	–	–	–	520,000	275,000
Total anticipated inflows	3,333,211	5,362,058	–	–	–	–	3,333,211	5,362,058
Net inflow on financial instruments	2,009,197	4,749,161	–	–	–	–	2,009,197	4,749,161

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes:

- i. Annual cash flow budgets; and
- ii. Monthly rolling cash flow forecasts.

(g) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

14. Commitments for expenditure

The consolidated group currently has commitments for expenditure at 30 June 2012 on its Australian exploration tenements as follows:

	Consolidated Group 2012 \$	Consolidated Group 2011 \$
Not later than 12 months	1,190,480	606,900
Between 12 months and 5 years	2,144,660	633,900
Greater than 5 years	365,700	–
	3,700,840	1,240,800

The Company evaluates its tenements and exploration programme on an annual basis and may elect not to renew tenement licences if it deems appropriate.

Other exploration commitments

The Company has resolved not to incur additional expenditure on its Tag II and IV licences of the Niger project. In accordance with an agreement with its joint venture partner, the company will dilute its interest based on a set formula to the extent it does not contribute to required expenditure going forward.

Other Commitments

The company has a commitment to third parties for the provision of financial, accounting and secretarial support, corporate office support and corporate advisory services.

	Consolidated Group 2012 \$	Consolidated Group 2011 \$
Not later than 12 months	240,000	330,000
Between 12 months and 5 years	120,000	120,000
Greater than 5 years	–	–
	360,000	450,000

15. Contingent liabilities and contingent assets

The Company has no contingent assets or liabilities, other than the deferred consideration of \$2 million receivable on the Yangibana project (sold in 2011) on achieving Bankable Feasibility and decision to mine.

Notes to the Financial Statements

For the year ended 30 June 2012

16. Related party disclosures

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012. Other than the Directors, Company Secretary and Chief Operating Officer, the Company had no key management personnel for the financial period ended 30 June 2012.

The total remuneration paid to key management personnel of the company and the group during the year are as follows:

	Consolidated Group	
	2012 \$	2011 \$
Short term employee benefits	253,485	680,310
Options granted	10,726	95,031
	264,211	775,341

The company has contracts with third parties for the provision of all administrative and support services and geological consulting support services.

Directors' and executive officers' emoluments

(a) Details of Directors and Key Management Personnel

Current Directors

George Frangeskides – Non-Executive Director
(resigned 15 September 2011 and reappointed
15 August 2012)

Guy Robertson – Executive Director
(appointed 28 September 2011)

Shannon Coates – Non-Executive Director
(appointed 28 September 2011)

Former Directors

Graham Libbesson – Non-Executive Director
(resigned 27 September 2011)

John Miles – Non-Executive Director
(resigned 28 September 2011)

Frans Voermans – Non-Executive Director
(resigned 15 August 2012)

Company Secretary

Guy Robertson – Secretary

Key Management Personnel

Guy Robertson – Chief Operating Officer

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and, where applicable, independent expert advice.

Except as detailed in Notes (a) – (d) to the Remuneration Report in the Director's Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (d) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

(b) Key Management Personnel

Other than the Directors, company secretary and chief operating officer, the Company had no key management personnel for the financial period ended 30 June 2012.

(c) Remuneration Options: Granted and vested during the financial period ending 30 June 2012

No options were granted to directors during the year. During the year ended 30 June 2011, 3,100,000 options were granted to directors as remuneration, and 1,000,000 options to key management personnel of which 666,667 have lapsed on resignation of the executive.

The relevant share based payment disclosures are contained in note 20 to the financial statements.

(d) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Shares held by Directors and Officers

Period from 1 July 2011 to 30 June 2012	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
G. Robertson	–	–	–	–	–
S. Coates	–	–	–	–	–
G. Frangeskides	–	–	–	–	–
F. Voermans ¹	–	–	–	–	–
G. Libbesson ¹	249,842	–	–	(249,842)	–
J. Miles ¹	–	–	–	–	–
	249,842	–	–	(249,842)	–

Period from 1 July 2010 to 30 June 2011	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
G. Libbesson	–	–	–	249,842	249,842
S. Chalabian ¹	2,630,814	–	–	(2,630,814)	–
J. Miles	–	–	–	–	–
F. Voermans	–	–	–	–	–
G. Frangeskides	–	–	–	–	–
J. Robinson ¹	10,000	–	–	(10,000)	–
	2,640,814	–	–	(2,390,972)	249,842

Options Held By Directors and Officers

Period from 1 July 2011 to 30 June 2012	Balance at beginning of year	Options Expired	Options Exercised	Net Change Other	Balance at end of year
G. Robertson	200,000	(200,000)	–	–	–
S. Coates	–	–	–	–	–
G. Frangeskides	562,500	(562,500)	–	–	–
F. Voermans	200,000	–	–	–	200,000
G. Libbesson ¹	2,500,000	–	–	(2,500,000)	–
J. Miles ¹	700,000	–	–	(700,000)	–
	4,162,500	(762,500)	–	(3,200,000)	200,000

¹ Held by director at time of resignation.

Notes to the Financial Statements

For the year ended 30 June 2012

16. Related party disclosures continued

Period from 1 July 2010 to 30 June 2011	Balance at beginning of year	Options Expired	Options Exercised	Net Change Other	Balance at end of year
G. Libbesson	–	2,500,000	–	–	2,500,000
S. Chalabian ¹	2,000,000	–	(1,000,000)	(1,000,000)	–
J. Miles	750,000	200,000	(250,000)	–	700,000
F. Voermans	500,000	200,000	(500,000)	–	200,000
G. Frangeskides	–	–	562,500	–	562,500
G. Robertson	200,000	–	–	–	200,000
D. Price ¹	3,000,000	1,000,000	(2,666,667)	(1,333,333)	–
J. Robinson ¹	5,000	200,000	(5,000)	(200,000)	–
	6,455,000	4,100,000	(3,859,167)	(2,533,333)	4,162,500

¹ Held by director at time of resignation.

(e) Related Party Transactions

	Consolidated Group 2012 \$	Consolidated Group 2011 \$
Revenue		
Apollo Minerals Limited	–	100,000
Expenses		
Lands Legal	–	6,000
STC Advisory	–	4,000
Aetos Consulting Limited ¹	11,031	76,528
Unorfadox Pty Limited ²	17,500	19,500
Pelican Hotels (UK) Ltd ³	6,285	25,020
Voermans Geological Services Pty Ltd ⁴	96,945	101,450
Go Green Energy Pty Ltd	–	22,500
	131,761	254,998

¹ Directors fees paid in respect of Mr George Frangeskides, to Aetos Consulting Limited, a company in which Mr Frangeskides has an interest. The payments in 2011 were consulting fees and reimbursement of expenses.

² Directors fees (2011 – Consulting fees) paid in respect of Mr Graham Libbesson, to Unorfadox Pty Limited, a company in which Mr Libbesson has an interest.

³ Directors fees for Mr John Miles paid to Pelican Hotels (UK) Ltd, a company in which Mr Miles has an interest.

⁴ Included in this amount is the directors fee of \$41,669 paid to Mr Frans Voermans. The balance is for geological consulting services in the ordinary course of business.

17. Segment information

The consolidated entity operates in Australia in mineral and mining exploration. As at 30 June 2012 the Company has three major project areas being Yandal, Mount Clement and the West Pilbara.

	2012 \$	2011 \$
Segment Revenue		
External segment revenue	390,741	1,977,347
Segment expenses from		
– continuing operating activities	(2,034,130)	(4,161,631)
– discontinued operating activities*	–	(2,926,918)
(Loss) before income tax	(1,643,389)	(5,111,202)
Income tax benefit	–	–
(Loss) after income tax	(1,643,389)	(5,111,202)
Assets		
Segment assets	10,799,303	10,090,776
Total assets	10,799,303	10,090,776
Liabilities		
Segment liabilities	(1,388,514)	(612,897)
Total liabilities	(1,388,514)	(612,897)

An analysis of segment assets is as follows:

Assets

Exploration assets

Yandal	1,587,245	877,723
Mount Clement	1,943,478	1,872,575
West Pilbara	2,471,220	–
Other exploration assets	1,411,854	1,657,597
Total exploration assets	7,413,797	4,407,895
Unallocated assets	3,385,506	5,682,881
Total assets	10,799,303	10,090,776

* Discontinued activities comprise operations in Niger.

Notes to the Financial Statements

For the year ended 30 June 2012

18. Earnings per share

	Consolidated Group 2012 Cents	Consolidated Group 2011 Cents
Reconciliation of earnings per share		
Basic and diluted earnings per share	(0.35)	(1.75)
(Loss) used in the calculation of the basic earnings per share	(1,643,389)	(5,111,202)
	No. of shares	No. of shares
Weighted average number of ordinary shares:		
Used in calculating basic earnings per ordinary share	474,890,396	292,977,160
Dilutive potential ordinary shares	-	-
Used in calculating diluted earnings per share	474,890,396	292,977,160

The company currently has a number of options as disclosed in the directors' report. These options could potentially dilute basic earnings per share in the future, but have not been included in the earnings per share calculation above due to being anti-dilutive for the period.

19. Auditors' remuneration

	Consolidated 2012 \$	Consolidated 2011 \$
Auditor of parent entity		
Audit fees – RSM Bird Cameron Partners	38,000	40,000
Total	38,000	40,000

For the year ended 30 June 2012 the auditor appointed is RSM Bird Cameron Partners.

20. Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

Options granted to Key Management Personnel:

Grant date	Balance at start of year	Number granted/ (expired) during year	Options outstanding at 30 June 2012	Fair value of options granted during the year	Number vested at 30 June 2012	Exercise Price	Expiry date
25 Jun 2010	1,000,000	–	1,000,000	–	1,000,000	7c	30 Jun 2013
24 Nov 2010	333,333	–	333,333	–	333,333	8c	30 Sep 2013
24 Nov 2010	3,100,000	–	3,100,000	–	3,100,000	7c	30 Sep 2013

Details of the options issued to key management personnel are included in the Directors' report.

Options granted to Other Parties:

Grant date	Balance at start of year	Number granted/ (expired) during year	Options outstanding at 30 June 2012	Fair value of options expensed during the year	Number vested at 30 June 2012	Exercise Price	Expiry date
23 Nov 2009	10,000,000	–	10,000,000	–	10,000,000	4c	14 Dec 2014
25 Jun 2010	500,000	–	500,000	17,586	500,000	8c	30 Sep 2013
16 Feb 2012	–	10,000,000	10,000,000	53,073	10,000,000	4c	30 Nov 2014

Basis of valuation

The Black & Scholes methodology has been used to ascertain fair value, together with the following assumptions for the options issued on 26 February 2012:

The average risk free rate used was 3.65%;

The underlying security spot price used for the purposes of the valuation is based on the volume weighted average share price of the Company for the five days preceding issue which was \$0.016;

The volatility factor is set as 95% which is based on price movements in the previous six months.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated Group 2012	Consolidated Group 2011
	\$	\$
Total key management personnel	10,726	95,031

Other information

No options have been exercised to 30 June 2012.

Notes to the Financial Statements

For the year ended 30 June 2012

21. Reconciliation of net cash used in operating activities to loss after income tax

	Consolidated 2012 \$	Consolidated 2011 \$
Loss after income tax	(1,643,389)	(5,111,202)
Depreciation	18,528	24,465
Exploration expenditure written off	396,409	4,178,676
Share based payments	63,799	188,939
Profit on sale of subsidiary	–	(1,439,900)
Cost base of subsidiary sold	–	575,100
Profit on sale of investments	–	(85,565)
Other non cash items	–	103,661
<i>Changes in assets and liabilities during the financial period:</i>		
Decrease/(increase) in receivables	27,449	(962,133)
Increase in trade and other payables	711,016	119,686
Net cash outflow from operating activities	(426,188)	(2,408,273)

22. Acquisition of subsidiaries

On 21 June 2012, Artemis Resources Limited acquired 100% of the issued share capital of Karratha Metals Limited. Karratha Metals Limited in turn has a 100% interest in Armada Mining Pty Limited, a 100% interest in KML No.2 Pty Ltd and an 80% interest in Denarii Exploration Pty Limited.

The cost of the acquisition is \$2,322,000 comprising an issue of 156 million shares in Artemis at 1.2 cents each, a cash payment of \$250,000, and a further \$200,000 for related costs.

The Group has provisionally recognised the fair values of identifiable assets and liabilities of Karratha Metals Limited as follows:

	Karratha Metals Limited Fair Value at Acquisition Date \$
Cash and cash equivalents	8,393
Other debtors	4,545
Exploration cost	349,220
Trade payables	(162,158)
Provisional fair value of identifiable net assets	2,122,000
	2,322,000
Acquisition date fair value of consideration transferred	
Shares issued at fair value	1,872,000
Consideration transferred	250,000
Related costs of acquisition	200,000
	2,322,000

Notes to the Financial Statements

For the year ended 30 June 2012

23. Parent entity disclosures

	2012 \$	2011 \$
(a) Financial position		
Current Assets		
Cash and cash equivalents	1,985,135	3,939,927
Trade and other receivables	813,429	1,146,815
Financial assets	520,000	–
Total Current Assets	3,318,564	5,086,742
Non-current Assets		
Trade and other receivables	3,330,712	2,260,406
Financial assets	1,972,301	791,868
Plant and Equipment	52,295	70,823
Evaluation and exploration expenditure	2,121,895	1,883,645
Total Non-current assets	7,477,203	5,006,742
Total Assets	10,795,767	10,093,484
Current Liabilities		
Trade and other payables	1,320,478	612,898
Total Current Liabilities	1,320,478	612,898
Non-current Liabilities		
Deferred tax liability	64,500	81,000
Total Non-current Liabilities	64,500	81,000
Total Liabilities	1,384,978	693,898
Net Assets	9,410,789	9,399,586
Equity		
Share Capital	26,992,128	25,120,128
Reserves	728,250	1,076,063
Accumulated losses	(18,310,089)	(16,796,605)
Total equity	9,410,789	9,399,586
(b) Reserves		
Option issue reserve	578,250	887,063
Unrealised gains reserve	150,500	189,000
	728,750	1,076,063

	2012 \$	2011 \$
(c) Financial performance		
Loss for the year	(1,646,195)	(5,102,688)
Other comprehensive income	-	-
Total comprehensive income	(1,646,195)	(5,102,688)
(d) Commitments		
Exploration commitments		
Not later than 12 months	113,900	113,900
Between 12 months and 5 years	113,900	360,600
	227,800	474,500
Administration commitments		
Not later than 12 months	240,000	330,000
Between 12 months and 5 years	120,000	120,000
	360,000	450,000

24. Significant after balance date events

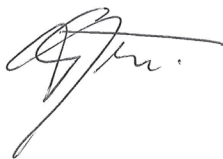
There are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 20 to 53, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the period ended on that date of the company and consolidated group; and
2. the Chief Operating Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Guy Robertson

Non-Executive Chairman and Director

Sydney 27 September 2012

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTEMIS RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Artemis Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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Independent Auditor's Report



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Artemis Resources Limited on 27 September 2012, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Artemis Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 of the directors' report for the financial year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Artemis Resources Limited for the financial year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "RSM Bird Cameron Partners".

RSM BIRD CAMERON PARTNERS
Chartered Accountants

A handwritten signature in blue ink, likely belonging to C J Hume.

C J Hume
Partner

Sydney, NSW
Dated: 27th September 2012

Additional Information for Listed Companies

As at 7 September 2012

The following additional information is required by the Australian Stock Exchange pursuant to Listing Rule 4.10.

a. Distribution of shareholders

Number held	Number of share holders	Number of shares	% of number of shares
1 – 1,000	143	13,063	0.00%
1,001 – 5,000	42	151,394	0.03%
5,001 – 10,000	128	1,048,087	0.22%
10,001 – 100,000	764	37,043,731	7.7%
100,001+	501	443,134,121	92.05%
Total	1,578	481,390,396	100.00%

b. The number of shareholders who hold less than a marketable parcel is 615.

c. Substantial shareholders

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company are:

	No of shares	%
Black Swan Global Pty Limited	88,136,913	18.31%
Legend Mining Limited	60,000,000	12.46%
Citicorp Nominees Limited	29,872,496	6.21%

Additional Information for Listed Companies

As at 7 September 2012

d. Twenty largest holders of each class of quoted equity security

	Name	No of Ordinary Shares	%
1.	BLACK SWAN GLOBAL PTY LIMITED	88,136,913	18.31%
2.	LEGEND MINING LIMITED	60,000,000	12.46%
3.	CITICORP NOMINEES LIMITED	29,872,496	6.21%
4.	AUSTRALIAN ROYALTIES CORPORATION	19,216,665	3.99%
5.	MEGALOCONOMOS PTY LIMITED	11,000,000	2.29%
6.	NATIONAL NOMINEES LIMITED	7,669,174	1.59%
7.	HSBC CUSTODY NOMINEES PTY LIMITED	6,191,749	1.29%
8.	MIROSLAV PETROVIC	4,817,030	1.00%
9.	CORA BIKE RACK PTY LTD	4,111,941	0.85%
10.	SIEGFRIED GRAF	4,000,000	0.83%
11.	GROSVENOR PIRIE MANAGEMENT LIMITED	3,700,000	0.77%
12.	GTI RESOURCES LIMITED	3,500,000	0.73%
13.	JP MORGAN NOMINEES AUSTRALIA LIMITED	3,440,611	0.71%
14.	DAVID NOLAN	2,879,316	0.60%
15.	STUART PAUL HILL	2,428,000	0.50%
16.	TRENDFIELD HOLDINGS LIMITED	2,210,000	0.46%
17.	NORMANDY CORPORATION PTY LIMITED	2,199,998	0.46%
18.	NEFCO NOMINEES PTY LIMITED	2,120,000	0.44%
19.	ARCHEM TRADING NZ LIMITED	2,100,000	0.44%
20.	FRIEDRICH STROEBICH	2,074,978	0.43%
		261,668,871	54.36%

Other details

1. Address and telephone details of entity's registered and administrative office

The address and telephone details of the registered and administrative office in Australia are:

Level 9, 50 Margaret St
Sydney, New South Wales 2000
Telephone: +(612) 9078 7670
Facsimile: +(612) 9078 7661

2. Address and telephone details of the office at which the register of securities is kept

The address and telephone of the office at which a register of securities is kept:

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross, Western Australia 6153
Telephone: +(612) 9315 2333
Facsimile: +(612) 9315 2233

3. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

4. Review of Operations

A review of operations is contained in the Review of Operations report.

5. On market buy-back

There is currently no on-market buy-back.

Corporate Directory

Artemis Resources Limited

ABN 80 107 051 749

Registered Office

Level 9, 50 Margaret Street
SYDNEY NSW 2000

Ph: (02) 9078 7670

Fax: (02) 9078 7660

Board of Directors

Guy Robertson (Executive Director)

Shannon Coates (Non-Executive Director)

George Frangeskides (Non-Executive Director)

Share Registry

Security Transfer Registrars Pty Limited
770 Canning Highway
APPLECROSS WA 6953

Ph: (08) 9315-2333

Fax: (08) 9315-2233


www.securitytransfer.com.au

Auditors

RSM Bird Cameron Partners

Website

www.artemisresources.com.au



Artemis Resources Limited

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Royal Exchange NSW 1225 Australia

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Artemis Resources Limited
Annual Report 2012