



Artemis Resources Limited and its controlled entities

**Interim financial report
for the 6 months ended
31 December 2010**



ABN: 80 107 051 749

Telephone: +61 2 9299 8820 Facsimile: +61 2 9262 2885
Email: info@artemisresources.com.au
Address: Level 10, 1 Margaret Street, Sydney NSW 2000
Postal Address: PO Box R933, Royal Exchange NSW 2205



www.artemisresources.com.au

The Directors present their report together with the financial report of Artemis Resources Limited ("the Company") for the half-year ended 31 December 2010 and the independent auditors' review report thereon.

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

Graham Libbesson (Non-Executive Chairman, appointed 31 August 2010)
John Miles (Non-Executive Director)
Frans Voermans (Non-Executive Director)
George Frangeskides (Non-Executive Director, appointed 17 January 2011)
Jonathan Robinson (Resigned 14 December 2010)
Sevag Chalabian (Resigned 30 August 2010)

RESULT AND REVIEW OF OPERATIONS

OVERVIEW

During the period under review Artemis completed the first two phases of its Mt Clement drilling programme achieving a significant extension of the gold zone, completed the planning for its maiden drilling programme at Yandal and undertook a capital raise of \$6.4 million (before costs) providing the resources necessary to further these projects in the year ahead.

INTRODUCTION

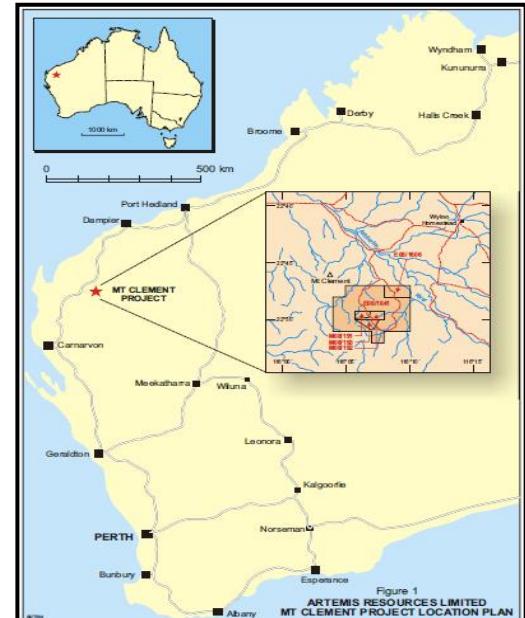
Artemis' key assets are the Mt Clement Gold Project and the Yandal Gold Project.

Mt Clement

The Mt Clement Gold Project is located in the reinvigorated Ashburton Gold Province of Western Australia. Artemis has more than 5 square kilometres under tenement surrounding the former workings at Mt Clement, including 3 current Mining Leases directly over the Mt Clement Gold/Silver Deposit itself. The Mt Clement Project lies 30km south of the Paulsen's Gold Mine operated by ARV's 20% Joint Venture partner, Northern Star Resources Limited (ASX: NST).

Artemis has identified 2 styles of gold mineralization at Mt Clement. "**Type 1**" gold mineralization is typically sulphide-rich, higher grade gold and is usually associated with high silver and copper values. Type 1 mineralisation is also characterised by steep dipping structures and has a moderate plunge towards the south-southwest.

The "**Type 2**" gold mineralisation style is typically lower grade (between 1 - 2g/t gold) and is stratabound and highly oxidised. The mineralisation varies from 5m to 25m in thickness and is broadly flat lying, although the orientation varies considerably due to folding. Prior to drilling by ARV, historical drilling has mainly intersected "Type 2" lower grade mineralisation.



Yandal

The 100%-owned Yandal Gold Project is situated within the highly productive Yandal gold belt in Western Australia which has produced more than 12 million ounces of gold. The Yandal Project lies 90km south of the Jundee Gold Mine (5.4million ounces) and 50km north of the Bronzewing Gold Mine (2.3million ounces). The Project is host to the Lowlands, Slav Well, Forked Stick, 6 Mile Well and International Gold Deposits, each of which has been partially drilled by previous explorers. Gold mineralisation remains open at all deposits and potential exists to increase the size of these deposits substantially with additional drilling.

A re-appraisal of historical drilling at Yandal has resulted in the recognition of multiple, coherent gold-bearing layers. Gold intercepts encountered in previous drilling lie mostly within 50m from the surface and gold mineralisation is well-suited to an open cut mining scenario. The reinterpretation has identified a folded sequence of rocks with gold deposited preferentially in and around the fold closure but with strong intercepts over 5g/t gold extending down the fold limbs.

Computer-aided modelling of the mineralisation and geology at the **Lowlands Gold Deposit** within the Yandal Project (Figure 1) has highlighted a well-defined and well-drilled deposit hosted by a tightly-folded sequence of mafic rocks which are strongly sheared and moderately veined. The folded sequence has been mineralised and follows the layers forming bedding-controlled gold lodes. Drilled gold intercepts from historical drilling at Lowlands includes: 24m @ 3.10g/t, 8m @ 6.30g/t, 5m @ 4.30g/t, 16m @ 2.90g/t, 17m @ 2.30g/t, 3m @ 8.00g/t, 16m @ 2.20g/t and 2m @ 9.80g/t gold.

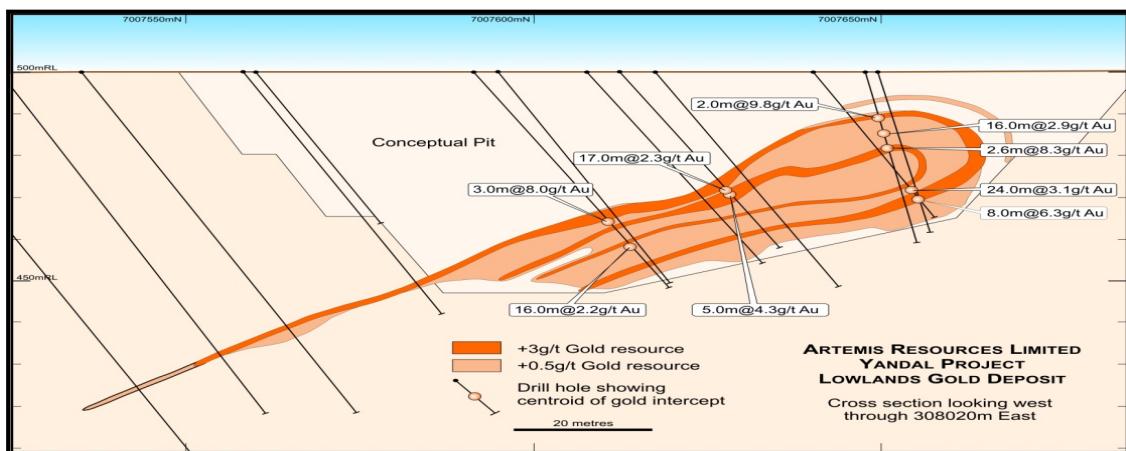
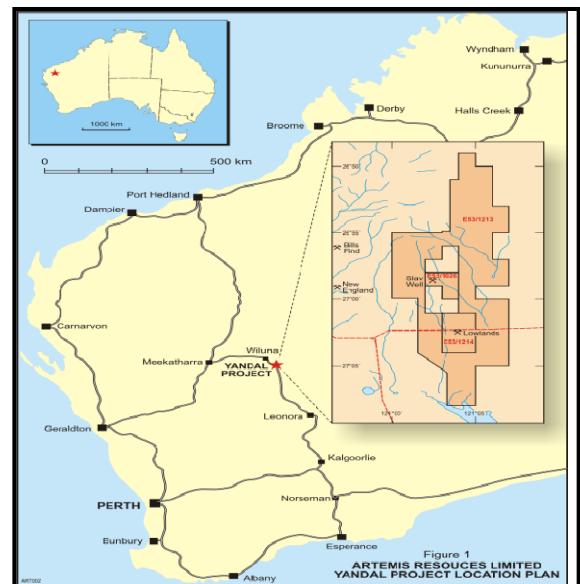
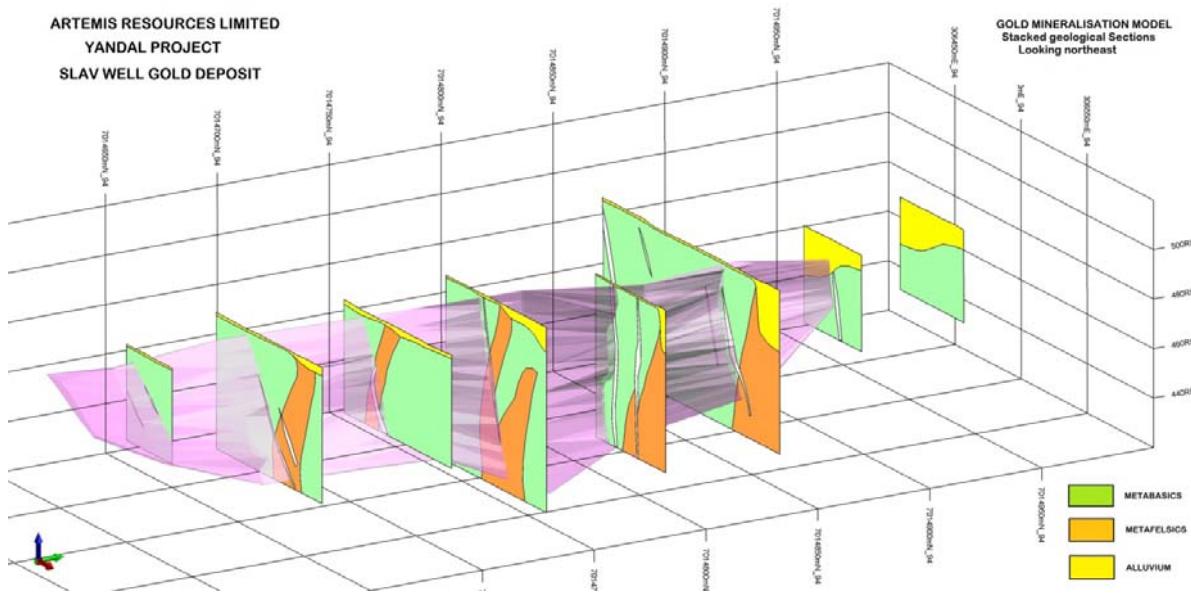


Figure 1: A cross-section through the Lowlands Gold Deposit at the Yandal Gold Project.

The **Slav Well Gold Deposit** is a second, fairly well drilled gold deposit forming part of the Yandal Gold Project. The Slav Well geology and mineralisation has also been modelled and provides Artemis with a second immediate drilling target.

The recently remodelled **Slav Well Gold Deposit** has identified a linear (north-south) striking gold mineralised body which has only been partially tested by drilling. Gold intercepts encountered in previous drilling lie mostly within 50m from the surface and gold mineralisation is well-suited to an open cut mining scenario. The best gold intercepts from historic drilling at Slav Well include;

- 4m @ 5.00g/t gold
- 3m @ 4.20g/t gold
- 3m @ 4.50g/t gold
- 1m @ 9.80g/t gold



Stacked geological sections showing the model for gold mineralisation (in purple colour) at the Slav Well Gold Deposit – part of the Yandal Gold Project.

The Slav Well Gold Deposit remains open both at depth and along strike and provides Artemis with highly prospective drilling targets for the identification of more gold mineralisation.

Mt Clement Development

During July 2010 the company executed the first phase of the Mt Clement drilling programme with 9 holes completed for a total of 1,811 metres.

This drilling programme identified a new high grade gold, silver, copper mineralised zone and returned significant gold, silver and copper results.

The programme included the drilling of four holes into the modelled high grade zone which resulted into intersecting significant high grade gold mineralisation. This provided the technical team with additional data to model the shape and extent of the high grade zone, now known to extend over an area of 100 m X 100 m and remaining open.

A phase 2 drilling programme in November 2010 drilled a further 14 holes for a total of 2,300 metres. This programme again confirmed strong gold, silver and copper results and extended the high grade sulphide mineralisation both to the North and West and also at depth.

The technical team are now modelling these results with a view to estimating the size of the resource and determining the strategy going forward by the end of the first quarter in 2011.

Yandal Development

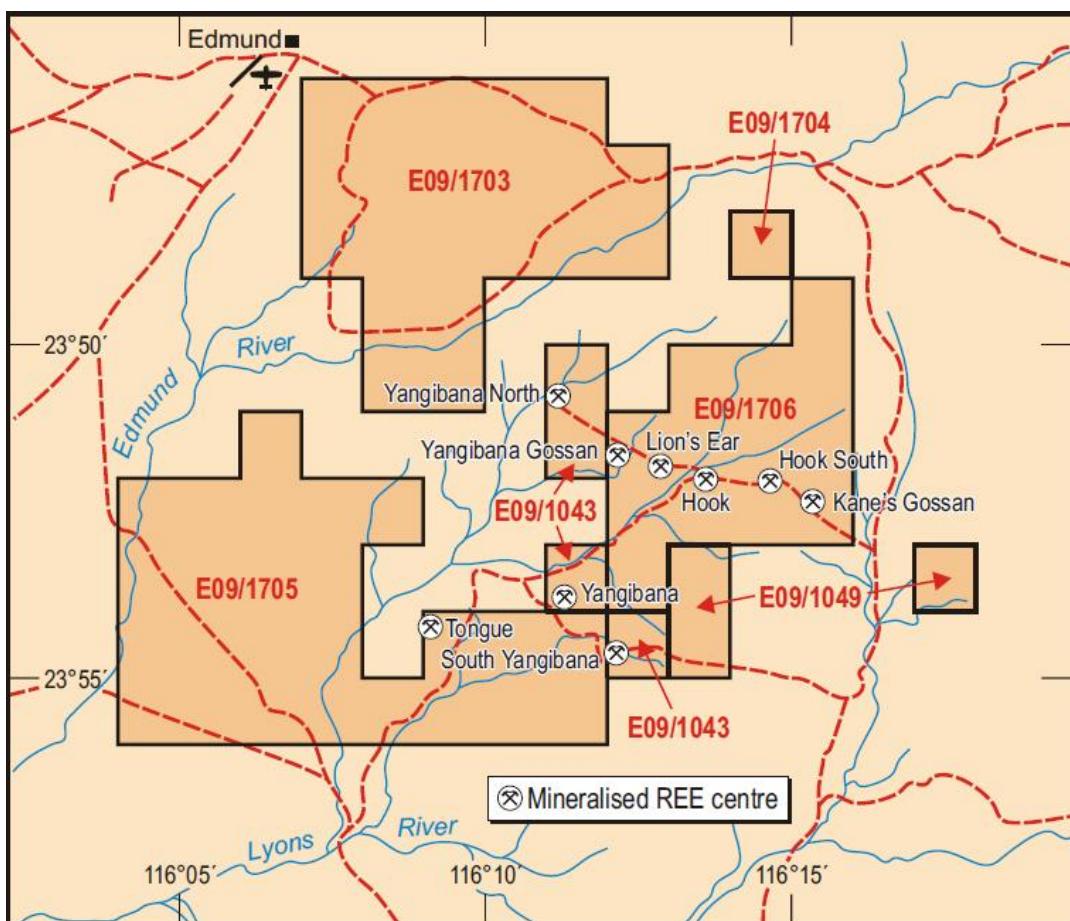
A Program of Work (POW) Permit from the Department of Minerals and Energy in Western Australia has recently been approved for the drilling of the various targets identified at Yandal. RC drilling commenced in February 2011.

Other Projects***Rare Earths*****Yangibana Rare Earth Project, Western Australia**

Artemis holds a 60% beneficial interest in the Yangibana Rare Earth Project in Western Australia. The tenements comprise granted Exploration Licences E08/1043 and E08/1049 and Exploration Licence Applications ELA 09/1703, 1704, 1705 and 1706. The tenements are prospective for rare earths and uranium.

The Company's recent soil auger program completed in August 2010 confirmed the location of rare earth mineralisation along this strike and highlighted areas worthy of follow-up exploration.

Field personnel of Artemis drilled 376 shallow auger holes along strike of the mineralization at Yangibana. The auger program covered the previously-identified North Yangibana, Yangibana, South Yangibana and Bald Hill prospects (see Location Map).



Location map of prospects at the Yangibana Rare Earth Project, Western Australia

The purpose of this shallow auger program (with holes down to 1.5m depth) was to confirm and extend knowledge of the distribution of rare earth element (REE) mineralization further along strike from known areas of anomalism.

Artemis has over 7km of strike length the REE prospective carbonatite dyke system under tenure. However, only a small portion of the strike length was tested by auger drilling as the Company is awaiting Government approval to explore several of its tenements containing the bulk of the mineralised dykes.

With the restricted access taken into account, the results of this shallow auger program indicate consistent near-surface anomalism with most samples returning grades in multiples above the low level detection capabilities of the laboratory.

The conclusions from this drilling include:

Yangibana North Prospect, auger sample results demonstrate strongly anomalous near-surface levels of Cerium (to 3883ppm), Lanthanum (to 1727ppm), Neodymium (to 1585ppm), Praseodymium (to 490ppm), Gadolinium (to 100ppm) and occasional Samarium (to 212ppm).

Yangibana South Prospect, anomalous elements include Cerium (to 468ppm), Neodymium (to 596ppm), Lanthanum (to 136ppm) and Praseodymium (to 101ppm).

Yangibana Prospect, anomalous concentrations of Cerium and Neodymium were returned up to peak values of 234ppm Cerium and 228ppm Neodymium.

Bald Hill Prospect, Lanthanum and Neodymium are anomalous elements with values up to 179ppm Lanthanum and 741ppm Neodymium.

Other prospects within the area under tenement application by Artemis which were not tested in the recent auger program include:

- The Lion's Ear Prospect
- The Hook Prospect
- The Hook South Prospect
- Kane's Gossan Prospect.

Following the recent auger program, analysis was carried out on a full suite of rare earth and rare metal elements, along with precious and base metals. Uranium and thorium were included in the analysis, with both returning weak anomalous.

The program of auger drilling has confirmed that the areas tested have high level anomalous and hold potential for economic rare earth element mineralisation, although most prospects along strike remain untested by this recent auger program. Further field work will be undertaken in the new calendar year.

Rare Metals

Buchanan's Creek Rare Metal Project, Queensland

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

No field work was completed during the half year.

TAG II/IV, Niger

Artemis holds a 49% interest in the Tagaza II and IV uranium exploration tenements in Niger, West Africa. The Niger Project is located within the highly productive Tim Mersoi Basin in North-East Niger, home to two uranium mines producing 12% of the world's uranium supply. The Tagaza II and IV tenements cover approximately 1,000 km² and are situated adjacent to another major uranium deposit, Teguidda.

On 22 November 2010 the Company reached an agreement with its joint venture partner which provides that:

- all exploration expenditure going forward shall be borne by each partner in proportion to the interest held by it in the project
- in the event that a joint venture partner elects not to contribute it shall dilute in accordance with a standard dilution formula which shall apply equally to each of them and which recognises the contribution of the parties to the joint venture to date.

In December 2010 Artemis issued 1,210,000 shares to its joint venture partner, Trendfield Holdings SA in connection with certain obligations under the joint venture agreement between them.

Given the complexities surrounding this project, including security concerns in and around the town of Arlit, northern Niger and the capital, Niamey, the Company has written down its investment in this project by \$2.5 million to \$0.5 million.

CORPORATE

The company raised \$1 million (before costs) from a placement of 25 million shares in July 2010 and \$5.4 million (before costs) from a further capital raising in September/October 2010 which was completed in two parts:

- a placement to professional and sophisticated investors of 54,545,454 shares at A\$0.055 (plus a free 1 for 4 attaching listed option (ASX: ARVOB, exercise price \$0.05)) raising A\$3m (before costs), completed on 23 September 2010, and
- a 1 for 6 fully underwritten renounceable rights issue of 46,195,693 shares (plus a free 1 for 4 attaching listed option (ASX: ARVOB, exercise price A\$0.05)) to shareholders raising A\$2.4m (before costs), completed on 28 October 2010.

These capital raisings have enabled the company to complete phase 1 & 2 of the Mt Clement drilling programmes and to plan for the extension of this programme and for the Yandal programme in 2011.

BOARD CHANGES

Mr Jonathan Robinson resigned from the board on 14 December 2010.

Mr George Frangeskides was appointed a director on 17 January 2010.

Mr Frangeskides has a broad range of experience gained from over fifteen years in the legal and corporate advisory sectors in London and Sydney.

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, including at international law firms Clifford Chance (London) and Allens Arthur Robinson (Sydney), where he focused on corporate finance, commercial and capital market transactions.

COMPETENT PERSONS STATEMENT

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Frans Voermans, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Voermans has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Voermans, who is a non-executive Director of the Company, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tenement Schedule

Yandal Project 100% Artemis

E53/1026	5 Blocks
E53/1213	70 Blocks
E53/1214	6 Blocks
E53/1412	2 Blocks
E53/1413	2 Blocks

Bamboo Creek 100% Artemis

E45/2596	66 Blocks
E45/3099	2 Blocks

Niger 49% Artemis*

Tagaza II
Tagaza IV

Mount Clement 100% Artemis

E08/1841	22 Blocks
E08/1606	2 Blocks

Yangibana

E 09/1043**	60%
E 09/1049**	60%
E 09/1514	100%
E 09/1703	100%
E 09/1704	100%
E 09/1705	100%
E 09/1706	100%

Buchanan's Creek – Grants Gully and Mosquito Creek

ML3311
ML30123
ML30208
EPM30694
EPM14988

Mundong Well

E 08/1609 (90%)**
E08/1892 (100%)

Mount Clement 80% Artemis/20% Intrepid Mines

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

Bali Hi

E 08/1372	60%
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Cambridge Creek

E08/1561**	60%
E08/1792**	60%
E08/1834**	60%
ELA 08/2104	100%
ELA 08/2105	100%

* Funding is joint to the extent of interest held

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

OPERATING RESULTS

With this background, the loss after income tax for the period amounted to \$4,420,770 (December 2009, Loss \$1,043,050).

ANNOUNCEMENTS

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

- 9 March 2011 – Artemis Appoints New Project Director
- 4 March 2011 – Appendix 3B
- 18 February 2011 – ARV Commences Drilling at Yandal Gold Project
- 14 February 2011 – ARV Doubles Mt Clement High Grade Mineralised Zone
- 28 January 2011 - Quarterly Activities Report
- 28 January 2011 - Quarterly Cashflow Report
- 25 January 2011 - Appendix 3B
- 24 January 2011 - New Mineralised Zone Discovered at Mt Clement
- 21 January 2011 - Appendix 3X Amended
- 21 January 2011 - Appendix 3B
- 20 January 2011 - Initial Director's Interest Notice
- 17 January 2011 - Appointment of Director

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

DIVIDENDS

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 12 and forms part of the directors' report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the Directors

Graham Libbesson



Non Executive Chairman

Dated at Sydney

16 March 2011

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 review of the financial report of Artemis Resources Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM BIRD CAMERON PARTNERS

Chartered Accountants



C J Hume

Partner

Sydney, New South Wales

Dated: 16th March 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	31-DEC-2010 \$	31-DEC-2009 \$
Revenue from continuing operations	240,917	276,693
Expenses from continuing operations		
Administration expenses	(296,347)	(230,070)
Occupancy costs	(54,713)	(85,501)
Legal fees	(40,905)	(66,547)
Borrowing costs	-	(187)
Consultancy costs	(880,001)	(676,747)
Compliance and regulatory expenses	(68,139)	(80,293)
Depreciation	(24,286)	(4,409)
Directors' fees	(83,343)	(77,510)
Exploration expenditure written off	(39,799)	(18,529)
Impairment of exploration expenditure	(3,002,403)	-
Employee benefit expense	(32,783)	(15,622)
Share based payments	(217,636)	(156,928)
 (LOSS) BEFORE INCOME TAX	 (4,499,438)	 (1,135,650)
Income tax	-	-
 (LOSS) FOR THE PERIOD	 (4,499,438)	 (1,135,650)
 OTHER COMPREHENSIVE (LOSS)		
Exchange differences	-	(50)
Loss on available for sale investments	(125,000)	(225,000)
Income tax relating to components of other comprehensive income	37,500	67,500
	(87,500)	(157,550)
 TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	 (4,586,938)	 (1,293,200)
 (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	(4,420,770)	(1,043,050)
Non-Controlling interest	(78,668)	(92,600)
	(4,499,438)	(1,135,650)
 TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	(4,508,270)	(1,200,600)
Non-Controlling interest	(78,668)	(92,600)
	(4,586,938)	(1,293,200)
 Basic and diluted (loss) per share	 (1.72) cents	 (0.90) cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Non- Controlling Interest \$	Total Equity \$
Balance at 1 July 2009	12,445,411	(7,574,380)	1,494,211	(25,022)	6,340,220
Loss for the period	-	(1,043,050)	-	(92,600)	(1,135,650)
Foreign currency translation adjustment	-	-	(50)	-	(50)
Change in fair value of financial assets (net of tax)	-	-	(157,500)	-	(157,500)
Total comprehensive loss for the period	-	(1,043,050)	(157,550)	(92,600)	(1,293,200)
Issue of share capital	5,835,982	-	-	-	6,422,911
Transfer from reserves	586,929	-	(586,929)	-	-
Costs of share capital	(550,187)	-	-	-	(550,187)
Options issued – rights issue	-	-	676,299	-	89,370
Adjustment to opening non-controlling interest	-	113,251	-	(113,251)	-
Balance at 31 Dec 2009	18,318,135	(8,504,179)	1,426,031	(230,873)	11,009,114

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	31-DEC-2010	30-JUN-2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		4,779,474	1,064,093
Trade and other receivables		282,397	184,682
Other financial assets	3	96,875	26,250
TOTAL CURRENT ASSETS		5,158,746	1,275,025
NON-CURRENT ASSETS			
Other financial assets	3	425,000	550,000
Plant and equipment		70,467	88,326
Exploration and evaluation expenditure	4	5,167,394	6,707,287
TOTAL NON-CURRENT ASSETS		5,662,861	7,345,613
TOTAL ASSETS		10,821,607	8,620,638
CURRENT LIABILITIES			
Trade and other payables		832,396	493,313
TOTAL CURRENT LIABILITIES		832,396	493,212
NON-CURRENT LIABILITIES			
Deferred tax liability		126,000	163,500
TOTAL NON-CURRENT LIABILITIES		126,000	163,500
TOTAL LIABILITIES		958,396	656,712
NET ASSETS		9,863,211	7,963,926
EQUITY			
Issued capital		25,057,659	18,789,072
Reserves		1,243,100	1,112,964
Accumulated losses		(16,040,814)	(11,620,044)
Parent interests		10,259,945	8,281,992
Non-controlling interest		(396,734)	(318,066)
TOTAL EQUITY		9,863,211	7,963,926

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31-DEC-2010 \$	31-DEC-2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	120,000	228,480
Payments to suppliers and employees	(1,214,762)	(852,957)
Interest received	50,292	48,213
Interest paid	-	(187)
NET CASH USED IN OPERATING ACTIVITIES	(1,044,470)	(576,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(1,502,309)	(886,749)
Payments for plant and equipment	(6,427)	-
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(1,508,736)	(886,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	6,757,374	4,320,482
Costs of issue of shares and options	(488,787)	(550,187)
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,268,587	3,770,295
Net increase/(decrease) in cash held	3,715,381	2,307,095
Cash at the beginning of the financial period	1,064,093	1,899,088
CASH AT THE END OF THE FINANCIAL PERIOD	4,779,474	4,206,183

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Artemis Resources Limited ('the Company' or 'parent') is a company domiciled in Australia. This interim financial report includes the consolidated financial statements of Artemis Resources Limited and controlled entities ('Consolidated Group' or 'Group'). The interim financial report for the Group is for the six months ended 31 December 2010.

The condensed interim financial statements were approved by the Board of Directors on 16 March 2011.

BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2010. This report must also be read in conjunction with any public announcements made by Artemis Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under 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 to which they apply. The accounting policies adopted in the preparation of this financial report are, unless otherwise stated, consistent with those presented in the most recent annual financial report.

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

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

(A) GOING CONCERN

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$4,499,438 and had net cash outflows from operating activities of \$1,044,470 for the period ended 31 December 2010.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity has been successful in raising capital during the period (per note 5).
- The consolidated entity has the ability to continue to raise additional funds on a timely basis, pursuant to the *Corporations Act 2001*;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non essential so as to conserve cash; and

GOING CONCERN (CONTINUED)

- The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

(B) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Recovery of Capitalised Exploration and Evaluation Expenditure

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

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

2. EARNINGS PER SHARE

The calculation of basic earnings and diluted earnings per share at 31 December 2010 was based on the loss attributable to shareholders of the parent company of \$4,420,770 (2009: Loss \$1,043,050) and the weighted average number of ordinary shares outstanding during the half year ended 31 December 2010 of 262,023,786 (2009: 116,319,219), calculated as follows:

	31-DEC-2010 Cents	31-DEC-2009 Cents
Basic and diluted (loss)/earnings per share	(1.72)	(0.90)

	31-DEC-2010 No of Shares	31-DEC-2009 No of Shares
Weighted average number of ordinary shares:		
Ordinary shares	262,023,786	116,319,219

3. FINANCIAL ASSETS

	31-DEC-2010 \$	30-JUN-2010 \$
Current		
Available for sale financial assets		
Shares in listed equity securities – at fair value	96,875	26,250
Non-current		
Available for sale financial assets		
Shares in listed equity securities – at fair value	425,000	550,000

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE EXPLORATION AND EVALUATION EXPENDITURE

	31 DEC 2010	30 JUNE 2010
	\$	\$
Exploration and evaluation phase costs carried forward at cost:	5,167,394	6,707,287

(a) Exploration and Evaluation Phase Costs

Costs capitalised on areas of interest have been reviewed for impairment factors, such as resource prices, ability to meet expenditure going forward and potential resource downgrades. It is the Directors' opinion that the Group has ownership or title to the areas of interest in respect of which it has capitalised expenditure and has reasonable expectations that its activities are ongoing (including Niger).

As a consequence of difficulties experienced on the Niger project, including security risks associated with operating in Niger, The Company has resolved to impair the carrying value of expenditure on this project by \$2.5 million.

(b) Reconciliation of movement during the period

	31 DEC 2010
	\$
Opening balance	6,707,287
Add: Exploration and evaluation expenditure capitalised	1,502,309
Less: Exploration expenditure written off	(39,799)
Less: Impairment of exploration and evaluation expenditure	(3,002,403)
Closing balance	<u><u>5,167,394</u></u>

5. SHARE CAPITAL

	31 DEC 2010	30 JUNE 2010
	\$	\$
ISSUED CAPITAL DETAILS		
324,650,463 (30 June 2010: 192,552,088) ordinary shares:	25,057,659	<u><u>18,789,072</u></u>

SHARE CAPITAL (CONTINUED)

Reconciliation of movement during the period:

	Shares	\$
Opening balance	192,552,088	18,789,072
14 July 2010 – Share placement	19,125,000	765,000
27 July 2010 – Share placement	6,500,000	260,000
15 September 2010 – Share placement	690,000	27,600
23 September 2010 – Share placement	54,545,454	3,000,000
11 October 2010 – Exercise of options	3,532,001	176,600
12 October 2010 – Exercise of options	90,471	4,524
13 October 2010 – Exercise of options	139,147	6,957
20 October 2010 – Exercise of options	35,337	1,767
3 November 2010 – Exercise of options	34,537	1,727
5 November 2010 – Rights Issue	46,195,693	2,540,763
3 December 2010 – Exercise of options	735	37
29 December 2010 – Share issue	1,210,000	73,810
Cost of raising capital		(590,198)
Closing balance	324,650,463	25,057,659

Terms of Issue:

Ordinary shares

Ordinary shares participate in dividends and are entitled to one vote per share at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation in proportion to the number of shares held.

SHARE OPTIONS

During the period the Company issued 3,100,000 unlisted options to the Directors for no consideration as approved by shareholders at the AGM. The Company currently has the following outstanding options:

	Number issued	Number listed on ASX	Exercise Price	Expiry Date
Ordinary Options	107,060,369	107,060,369	5 cents	30/6/2011
Ordinary Options	1,250,000	-	10 cents	30/6/2011
Ordinary Options	10,000,000	-	4 cents	14/12/2014
Ordinary Options	3,562,500	-	15 cents	30/6/2012
Ordinary Options	2,000,000	-	15 cents	24/11/2011
Ordinary options	3,500,000	-	10 cents	4/12/2011
Ordinary Options	250,000	-	10 cents	30/6/2012
Ordinary Options	1,350,000	-	7 cents	30/6/2012
Ordinary Options	3,000,000	-	7 cents	30/6/2013
Ordinary Options	3,500,000	-	10 cents	29/1/2012
Ordinary Options	3,100,000	-	7 cents	30/9/2013
Ordinary Options	1,500,000	-	8 cents	30/9/2013
	140,072,869	107,060,369		

SHARE CAPITAL (CONTINUED)

Reconciliation of movement during the period:

	31 December 2010
Opening balance	93,457,310
Options issued to consultants	3,500,000
Options issued with placement	9,562,500
Options issued with placement	3,250,000
Options issued to consultants	4,350,000
Options lapsed	(500,000)
Options issued with placement	13,636,354
Options exercised	(3,532,001)
Options exercised	(90,471)
Options exercised	(139,147)
Options exercised	(35,337)
Options exercised	(34,537)
Options issued with Rights Issue	11,548,933
Options issued to consultant	500,000
Options issued to directors	3,100,000
Options issued to consultants	1,500,000
Options exercised	(735)
Closing balance	140,072,869

6. SEGMENT INFORMATION

The consolidated entity operates in Australia and in Niger, Africa. The entity has one business segment, mineral and mining exploration, and all of the consolidated entity's resources are employed for this purpose.

Period ended	AUSTRALIA		NIGER		TOTAL	
	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009
	\$	\$	\$	\$	\$	\$
Segment Revenue	240,917	276,693	-	-	240,917	276,693
Segment result from operating activities	(1,635,078)	(789,737)	(2,864,360)	(345,913)	(4,499,438)	(1,135,650)
Loss before income tax	(1,635,078)	(789,737)	(2,864,360)	(345,913)	(4,499,438)	(1,135,650)
Income tax benefit	-	-	-	-	-	-
Loss after income tax	(1,635,078)	(789,737)	(2,864,360)	(345,913)	(4,499,438)	(1,135,650)
As at	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2009
Assets	\$	\$	\$	\$	\$	\$
Segment Assets	10,322,259	7,748,116	499,348	4,553,833	10,821,607	12,301,949
Liabilities						
Segment Liabilities	(958,396)	(1,292,835)	-	-	(958,396)	(1,292,835)

7. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the half year, the company reached an agreement with its joint venture partner in the Niger project, Trendfield Holdings Limited, whereby future funding of exploration activity on this project will be jointly funded, or the non funding joint venture partners' interest in the project will be diluted. Accordingly, although the total expenditure commitment of the joint venture operating company, Uranium Exploration SA, to the State of Niger remains at US\$1.5m over the remainder of the duration of the exploration licences (which expire in November 2012), the Company no longer recognises that it has a commitment in relation to exploration costs on these tenements.

There are no contingent liabilities or contingent assets.

8. EVENTS SUBSEQUENT TO 31 DECEMBER 2010

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

- 9 March 2011 – Artemis Appoints New Project Director
- 4 March 2011 – Appendix 3B
- 18 February 2011 – ARV Commences Drilling at Yandal Gold Project
- 14 February 2011 – ARV Doubles Mt Clement High Grade Mineralised Zone
- 28 January 2011 - Quarterly Activities Report
- 28 January 2011 - Quarterly Cashflow Report
- 25 January 2011 - Appendix 3B
- 24 January 2011 - New Mineralised Zone Discovered at Mt Clement
- 21 January 2011 - Appendix 3X Amended
- 21 January 2011 - Appendix 3B
- 20 January 2011 - Initial Director's Interest Notice
- 17 January 2011 - Appointment of Director

There have been no other events subsequent to year end which would have a material effect on the company's financial statements at 31 December 2010.

DIRECTORS' DECLARATION

In the opinion of the Directors of Artemis Resources Limited:

- (a) the financial statements and notes, set out on pages 13 to 24, are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and its performance, for the half-year ended on that date.
- (b) 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.

Dated at Sydney this 16 March 2011.

Signed in accordance with a resolution of the Directors.



Non Executive Chairman

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

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****ARTEMIS RESOURCES LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Artemis Resources Limited which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Artemis Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Artemis Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

RSM Bird Cameron Partners

Chartered Accountants

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Artemis Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



C J Hume

Partner

Sydney, New South Wales

Dated: 16th March 2011

DIRECTORS

Graham Libbesson (Non-Executive Chairman)
John Miles (Non-Executive Director)
Frans Voermans (Non-Executive Director)
George Frangeskides (Non-Executive Director)

SENIOR MANAGEMENT

Andrew Johnstone (Project Director)
Guy Robertson (Company Secretary)

REGISTERED OFFICE

Level 9, 50 Margaret Street
SYDNEY NSW 2000

Ph: (02) 9078 7670
Fax: (02) 9078 7661

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

SOLICITORS

DLA Phillips Fox

AUDITORS

RSM Bird Cameron Partners

BANKERS

St George Bank Limited

WEBSITE

www.artemisresources.com.au