

# mine**life**

**WEEKLY RESOURCE REPORT** by Gavin Wendt



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## Artemis Resources (ARV) – Maintain Spec Buy around \$0.005

An emerging gold explorer with exposure to various interesting exploration projects in Western Australia. Current activity is focused on the Eastern Hills antimony-lead deposit, where drilling is about to commence.

### Corporate Details

Status: Grassroots Explorer  
 Size: Small Cap  
 Commodity Exposure: Gold  
 Share Price: \$0.006  
 12-month Range: \$0.003 – \$0.018  
 Shares: 744m, Options: 275m  
 Top 20: 55%  
 Net Cash: \$2m  
 Market Value: \$4.5m



Key Parameters	Rating (✓ out of 5)	Quarterly Statistics
Management Quality	✓✓✓✓✓	Q2 2013 Exploration Spend: \$0.179m
Financial Security	✓✓✓✓	Q2 2013 Admin Spend: \$0.136m
Project Quality	✓✓✓✓✓	Exploration Spend 57%, Admin Spend 43%
Exploration / Resource Potential	✓✓✓✓✓	Q3 2013 Forecast Exploration Spend: \$0.19m
Project Risk	✓✓✓✓✓	Q3 2013 Forecast Admin. Spend: \$0.15m

Artemis Resources represents a promising grassroots exploration opportunity, primarily because of its strategically located Yandal and Mount Clement gold projects in Western Australia, combined with an extremely modest market value. We initially introduced Artemis Resources into our Portfolio with a Speculative Buy recommendation around \$0.068 during January 2011. Like most junior explorers the company has suffered from ‘the flight from risk’ in the Australian sharemarket over the past 18 months.

The company’s flagship Yandal gold project is situated within the world-class Yandal gold belt in Western Australia, which has produced more than 12 million ounces of gold. The Yandal project lies strategically 90km south of the Jundee gold mine (5.4 million ounces) and 30km north of the Bronzewing gold mine (2.3 million ounces), most recently owned by Navigator Resources (ASX: NAV). The project is therefore situated in a very active gold location.

The Yandal project’s prospectivity was confirmed last year when independent mining consultants, Southern Geoscience, identified 12 gold exploration targets at Yandal and concluded that the project had high potential to host gold mineralisation. The company has completed a thorough review of the geological setting, geophysics and drilling data from the Yandal project, with the objective of locating targets with the potential for +1 M ounce gold deposits for subsequent follow-up work.

## Successful completion of capital raising

In our most recent coverage we discussed the company's impending capital raising and recommended that shareholders take up their full entitlement under the proposed 2-for-5 rights issue at \$0.006 per share, with the funds being utilized to fund the company's Eastern Hills antimony project drilling program.

I'm pleased to advise that the issue closed successfully in late August with 79% of the issue being taken up by shareholders. The underwriters have elected to take up all of the rights issue shortfall, in excess of the amount underwritten.

Shareholders that took up the issue @ \$0.006 received 2 shares for every 5 shares held previously, along with 1 free attaching 2014 short-dated option (ASX: ARVO) (exercisable @ 1.2c by 31/03/14) and 1 free attaching 2016 long-dated option (ASX: ARVOA) (exercisable @ 2c by 31/08/16) for every 2 new shares subscribed for. ARVO is currently trading around \$0.001 and ARVOA is currently trading at \$0.002 on the ASX. So shareholders that took up their rights entitlement are 'in the money' with respect to the overall package.

## Eastern Hills Antimony Project

The company has commenced a 3,000-metre RC drilling program at its Eastern Hills antimony-lead project within the Ashburton region of WA, which lies adjacent to the Mt Clement Gold Project (ARV 80%) - a joint venture gold project with Northern Star Resources Ltd (ASX: NST, 20%), operator of the nearby Paulsens (>1Moz) gold mine.

### The aim of the current drilling program is to:

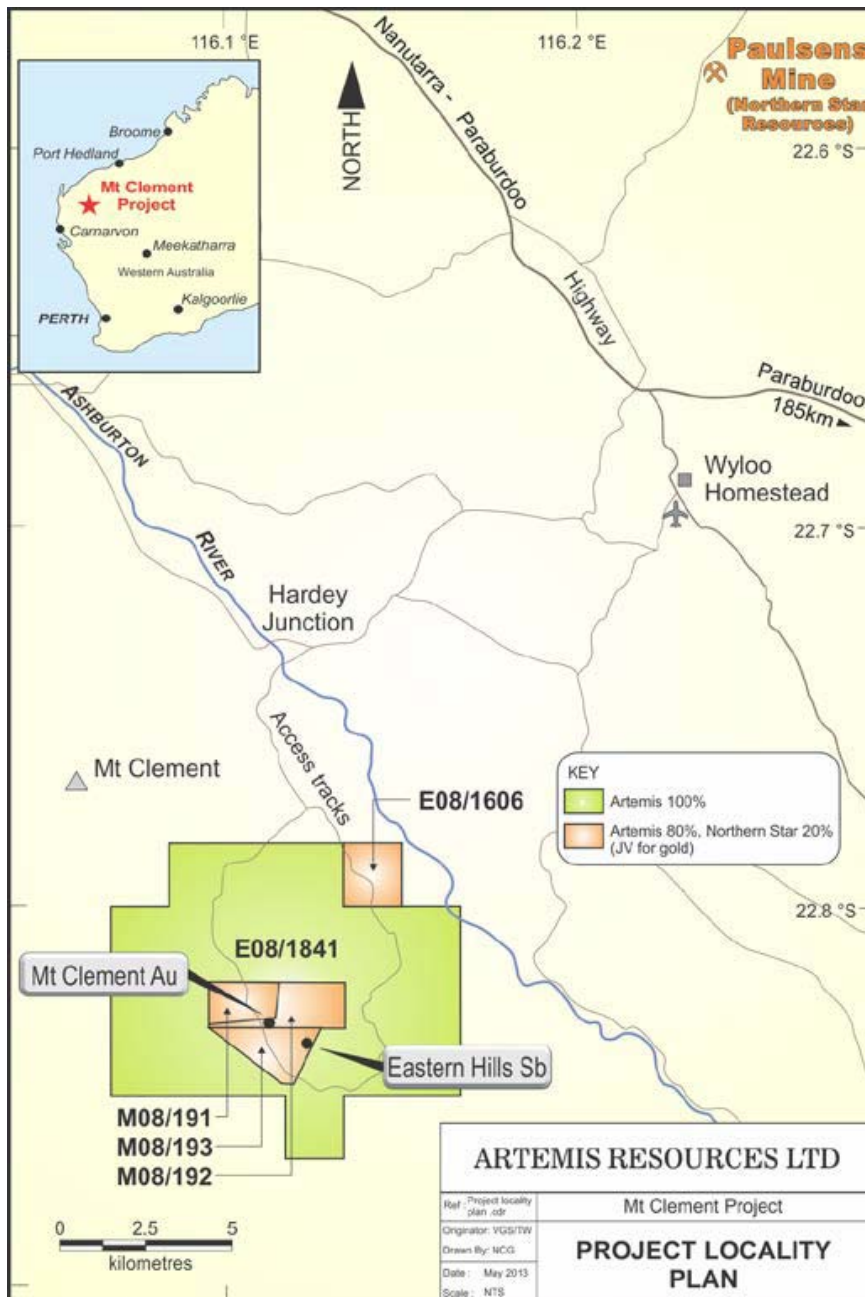
- Validate historical drilling, geological interpretation and analyses – drilling at least two twin holes
- Establish a maiden JORC-compliant resource at Eastern Hills
- Expand known mineralisation down-dip and along-strike, where the main lode is currently still open
- Test an adjoining zone immediately to the northeast where recent re-modelling of geophysical data has defined a new EM conductor with similar properties to the known antimony-lead lode, in what is interpreted to be a sub-parallel structure

The company has previously defined an exploration target of 410,000t - 1.25Mt @ 1.5 - 1.9% Sb and 2.1-2.7% Pb over a 600-metre strike length in what is now thought to be a mineralised system that extends to at least 1km in strike length and is open at depth. The current exploration target also does not take into account the newly-identified Northern EM Conductor, which demonstrates the same characteristics as the previously defined Southern Conductor mineralisation. This new zone has potential to add significant tonnage.

Artemis' application for co-funding of up to \$140,000 of direct drilling costs under the Exploration Incentive Scheme was successfully granted by the WA Mines Department during mid June.

## Project Background

During the mid-1990s, Taipan Resources defined a zone of antimony-lead mineralisation at the Eastern Hills deposit based on 19 RC holes for around 2,000 metres drilled. Substantial commodity price increases over recent years have led to a re-evaluation of this prospect's potential.

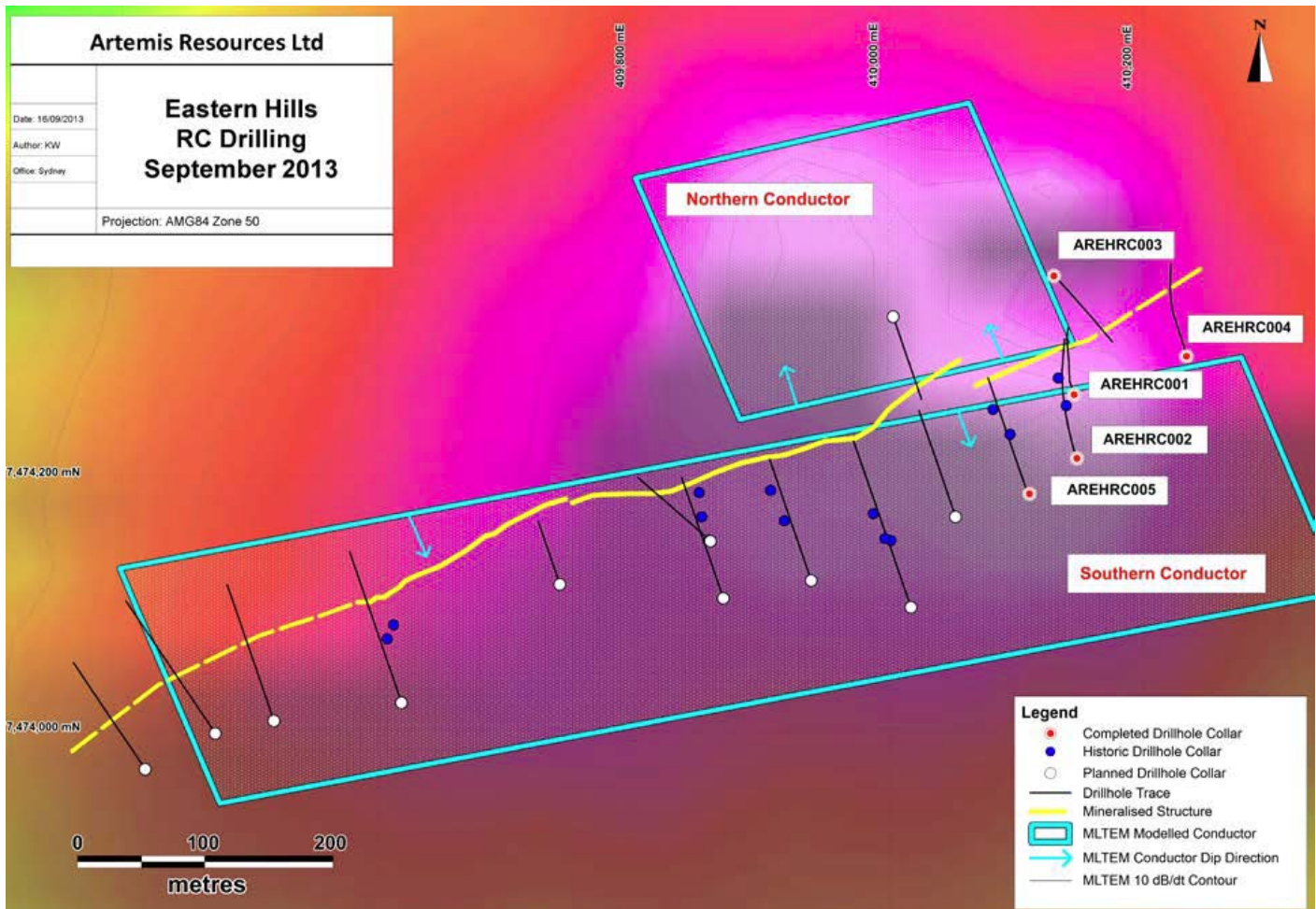


The drilling during the 1990s successfully demonstrated continuity of the antimony-lead mineralisation along a strike length of at least 600 metres and to a vertical depth of 120 metres; however the mineralisation remained open both at depth and along strike. There has been no follow-up exploration since the 1990s of the Eastern Hills deposit to assess its additional potential, nor formulate a mineral resource estimate in accordance with the JORC Code. The Eastern Hills antimony-lead deposit is part of the Mt Clement Project, which includes a joint venture (ARV 80%) for gold with Northern Star Resources Ltd (ASX: NST), operator of the nearby Paulsens Gold Mine, where production is forecast to rise to 100-115,000oz gold during CY 2013 on the back of recent exploration success. The Mt Clement gold deposit lies less than 1km from the Eastern Hills deposit and contains an Inferred Resource of 1.13Mt at 1.8g/t Au and 17.0g/t Ag (64,000oz gold and 618,000oz silver contained).

## Current Activity

The company has recently advised that the first five holes completed in the current RC drilling program have all intersected sulphide mineralization, which in turn has reaffirmed the company's geological model with respect to the project. Sulphide mineralisation has been identified visually in the field by the on-site geologist and a portable X-ray Fluorescence (pXRF) device has confirmed the existence of antimony in the sulphide mineralisation.

The sulphide mineralisation in four of the holes completed so far has been intersected as anticipated within the Main Lode (or Southern Conductor) target zones. Meanwhile the sulphide mineralisation intersected within the fifth hole has successfully confirmed that the recently identified Northern electro-magnetic (EM) Conductor is also mineralized. This zone has not yet been included in the exploration target.



The antimony-lead mineralisation identified at Eastern Hills occurs as vein-hosted massive sulphides bounded by a broader zone of disseminated sulphides. The sulphide mineralogy consists of pyrite, boulangerite – a lead-antimony sulphide – and arsenopyrite with minor pyrrhotite, chalcopyrite and galena.

## Summary

Artemis is off to a very encouraging start at Eastern Hills. The company's geological model has been validated by the fact that sulphide mineralization has been intersected in each of the first five drill holes of the program. We anticipate the release of further results shortly. Nevertheless, the results so far are highly encouraging and form part of the company's strategy of extending the Eastern Hills antimony-lead mineralisation both along strike and down dip, and identifying a maiden JORC-compliant resource. We have enhanced our exposure via the recent 2-for-5 rights issue at \$0.006 per share (including free attaching options), but we are happy maintaining a Spec buy recommendation around \$0.005 for those investors currently without exposure. The company is importantly cashed-up as a result of the raising.

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