

Artemis Resources Limited ARV (\$0.004)

Recommendation: SPECULATIVE BUY

Antimony project gaining traction

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OUR VIEW

Artemis Resources Limited (ARV) is in the process of boosting the scale at its 100% owned Eastern Hills Antimony (Sb)-Lead (Pb) project, located 30km SE from Northern Star's Paulsens Gold mine in the Pilbara region of Western Australia. The Company recently released its maiden resource of 1.3Mt at 1.7% Sb, 2.5% Pb, 24g/t Ag and 0.34g/t Au on the Taipan zone, which remains open at depth and to the east. There is potential for additional resources at the recently discovered Dugite, Tiger and Gwardar Zones. Infill and regional drilling is due to re-commence in April/May. We note that ARV has \$682k in cash (end December) and will need to raise additional capital to fund continuing activities. We rate ARV a Speculative Buy.

Investment Highlights

- Maiden resource exceeds expectations; Scoping study underway:** The maiden JORC resource released in November 2013 exceeded expectations. We calculate at current prices this is equivalent to a 6g/t gold deposit and has a Sb Eq grade of 2.4% Sb. Positively, 71% of the Mineral Resource is in the Indicated category. The project is larger than the Wild Cattle Creek project which was purchased by Chinese interests for \$15.5m in 2011 (Figure 1). A scoping study on the project is underway with results due in the June Q (Figure 2).
- Significant potential for resource expansion; Rock chip samples +30% Sb:** Positively, ARV released geological mapping and rock chip sampling which identified three additional zones of Antimony-Lead mineralisation with a combined strike length of 2.8km (compared to the main Taipan zone which is 800m). In these new zones (Dugite, Tiger and Gwardar Zones), ARV returned significant rock chip samples with the best being 35.7% Sb, 29% Pb and 1,335g/t Ag (Dugite zone) and 11g/t Au and 1,150g/t Ag (Gwardar zone). This indicates the potential for significantly higher grades and additional resources. Resource potential of high grade dugite zone will be drilled when the 2014 field season recommences.
- Antimony market:** The Antimony market is robust, as it is a specialty metal that is listed as a critical metal in many jurisdictions. The main use for Sb is in fire retardants, hardener in alloys, lead acid batteries and PET plastic production as a catalyst. The majority of production comes from China (around 85%), with the remainder coming from high risk jurisdictions such as Tajikistan, Russia, South Africa and Bolivia. There is good demand for secure supply within more stable jurisdictions such as Australia.
- Potential for M&A activity:** Recent interest shown by the Chinese in acquiring projects outside of China suggests that they appear to be aggressively trying to corner the Antimony market. Recently China placed an export tax/quota limitations on Antimony similar to that of Rare Earths and Tungsten. Anchor Resources (AHR) was purchased by Chinese interests for \$15.5m in 2011. The larger Hillgrove deposit, also in NSW, was acquired from Straits Resources (SRQ) earlier this year for around \$35m.
- Solid management team:** ARV has a solid management team headed up by Executive Director Guy Robertson. Trevor Woolfe (General Manager Exploration) was previously the Managing Director of Anchor Resources from IPO through to the time that its NSW Wild Cattle Creek Antimony asset was targeted by the Chinese mining group.

Directors and Shareholder

Directors	Position
Guy Robertson	Chief Operating Officer/Executive Director
George Frangeskides	Non-Executive Director
Shannon Coates	Non-Executive Director
Trevor Woolfe	General Manager Exploration

Shareholders	Holding (%)
Blackswan Global Pty Ltd	15.7
Legend Mining Ltd	7.9

Disclosure: Patersons Securities Limited acted as Lead Manager and Underwriter for a \$1.54m Right Issue at 0.6c in August 2013. The preparation of this report was partially funded by the Company in accordance with the terms of an agreement with Patersons. This report was prepared by Patersons and not by the Company. Patersons received a fee for these services.

Company Statistics & Performance

Shares on issue (m)	755.4	3mth ADT (\$m)	0.002
ITM Options (m)	0.0	EV (\$m)	2.3
Market Cap. (\$m)	3.0	Debt est (\$m)	0.0
52 week range	\$0.004 - \$0.013	Cash est (\$m)	0.7

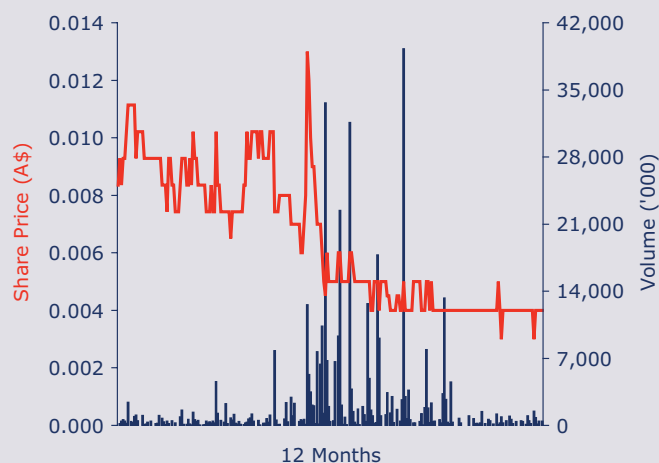


Figure 1: Global Antimony Projects <2% Sb and <10Mt

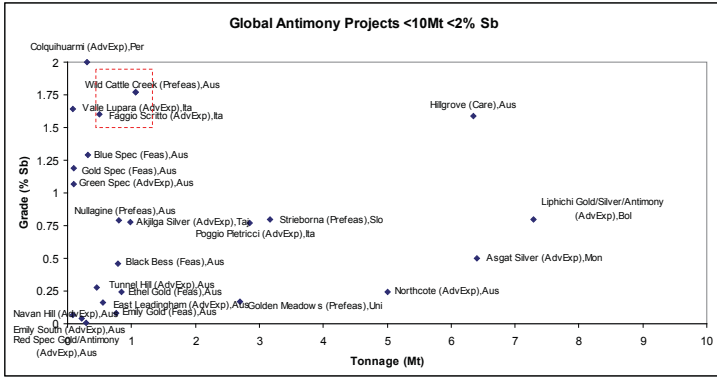


Figure 3: Eastern Hills Antimony Project Location

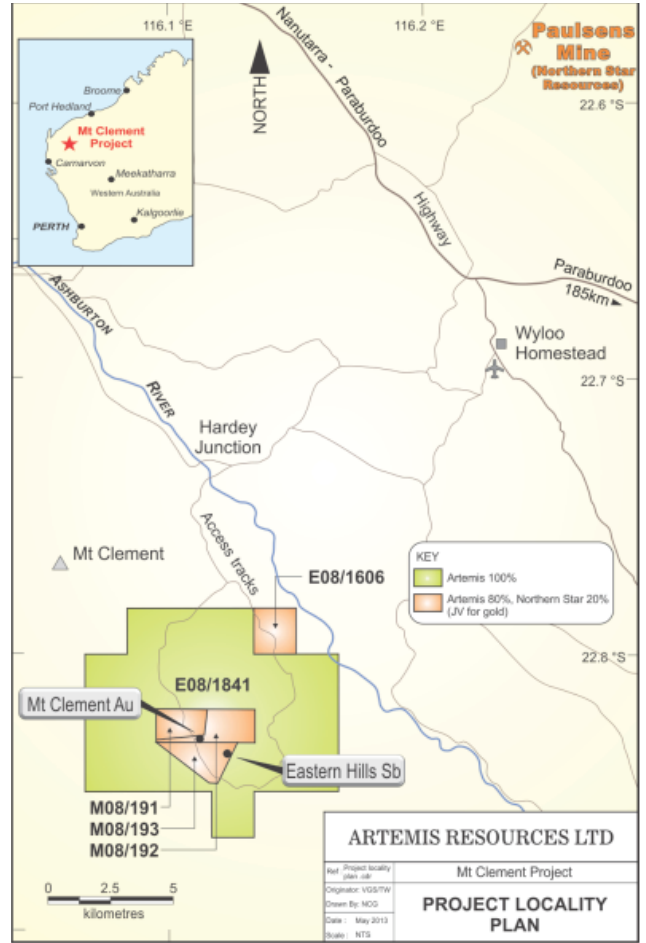


Figure 2: ARV Proposed Development Timeline



Figure 4: Eastern Hills – Latest Sampling of New zones adjacent to Taipian resource

