21 August 2017

The Manager
Issuers Department
Australian Securities Exchange

Attention: Anjuli Sinniah

Artemis Resources Limited (Artemis) – Aware Query

With reference to your letter dated 16 August 2017 we respond as follows to the questions you have raised:

1. Does Artemis consider the Amended Earn-In Agreement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes. The Company considers that a reasonable person would expect that the parties' agreement to the terms of the Revised Offer and execution of the Definitive Agreements would have a material effect on the price or value of its securities.

2. If the answer to question 1 is "no", please advise the basis for that view.

Not applicable.

3. If the answer to question 1 is "yes", when did Artemis first become aware of the Amended Earn-In Agreement, or any part thereof, commenting specifically on whether Artemis became aware of the Amended Earn-In Agreement prior to conducting the Placement and releasing the Appendix 3B and Cleansing Notice?

Artemis was not aware of the Amended Earn-in Agreement prior to conducting the Placement and releasing the Appendix 3B and the Cleansing Notice.

a) The announcement released to the ASX on 4 August 2017 advised that firm commitments had been received from institutional and sophisticated investors to raise $3 million, before costs, through the placement of approximately 23.7 million shares at 12.66 cents per share.

b) The funds for the placement outlined in a) were received by Artemis from 7 August 2017 through to 10 August 2017 and as such shares were issued on 8 August 2017 to 10 August 2017.

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c) The Appendix 3B was lodged on 11 August 2017, and the names of the shareholders, in accordance with LR 7.1A.4 (b), were advised to the ASX on this date at 7.55am (WST).

d) The Cleansing Notice was lodged with the ASX on 11 August 2017 at 1.55pm (WST).

e) When the Cleansing Notice was released, the concept of a potential revised offer had been confidentially and informally communicated between representatives of Novo and Artemis. However, this offer was in concept only and remained subject to the agreement or satisfaction of a number of key commercial terms, including internal approvals and finalisation of the Definitive Agreements (which Artemis were not obligated to execute for some months).

f) Given the high potential execution risk associated with the proposed revised terms, Artemis considered the existence of Novo's offer to incorporate the issue of the Novo Consideration Shares into the transaction was conceptual in nature, subject to the resolution of significant matters associated with finalisation of the Definitive Agreements which had not at that time been resolved and was not, of itself, price sensitive.

4. If the answer to question 1 is "yes" and Artemis first became aware of the Amended Earn-In Agreement or any part thereof, before the Amended Earn-In Agreement Announcement was released, did Artemis make any announcement prior the Amended Earn-In Agreement Announcement which disclosed the Amended Earn-In Agreement or any part thereof?

If so, please provide details.

If not, please explain why this information was not released to the market at an earlier time, commenting specifically on:

- **when you believe Artemis was obliged to release the information pertaining to the Amended Earn-in Agreement under Listing Rules 3.1 and 3.1A, noting specifically:**
- **Artemis issued the Placement shares pursuant to the Cleansing Notice 2 days prior to the release of the Amended Earn-In Agreement and**
- **what steps Artemis took to ensure that the information pertaining to the Amended Earn-In Agreement was released promptly and without delay.**

Background

Artemis announced it had signed a binding Memorandum of Agreement (MOA) with Novo Resources Corp (**Novo**) on 29 May 2017 which set out the basic terms of the joint venture.

Artemis and Novo have been engaged in negotiations since 29 May 2017 to resolve several outstanding issues concerning the joint venture to satisfy the conditions precedent to the MOA and to arrive at definitive farm-in and joint venture agreements (**Definitive Agreements**).

The initial drafts of a number, but not all, of the Definitive Agreements were received by Artemis on 24 July 2017. As noted in the Company's quarterly report released on 31 July 2017, the parties had until 23 August 2017 to satisfy various conditions precedent to the MOA.

On 6 August 2017, Artemis received correspondence from Novo's lawyers stating that Novo wished to conclude and sign the Definitive Agreements during the week and sought confirmation that Artemis wished to do the same. Artemis replied by letter on 7 August 2017 and stated that at no stage had Artemis or its legal team represented to Novo that Artemis would be in a position to sign the Definitive Agreements during the week of 7 August 2017, nor was there any contractual obligation to do so. It was confirmed by Artemis that the Definitive Agreements covered a complex arrangement between the parties that Artemis was hopeful would result in a commercially successful long-term relationship with Novo. It was also confirmed that Artemis was working towards satisfaction of the conditions precedent to the transaction, including obtaining the relevant third party consents.

By its letter dated 7 August 2017, Artemis confirmed that any representations upon which Novo may rely should be limited to those received in writing by Artemis' lawyers.

Negotiation of Revised Terms

On Thursday 10 August at approximately 9.30pm (WST) the Chairman of Artemis, Mr David Lenigas, had a conversation with Mr Greg Gibson of Novo. During this conversation, the status of the Definitive Agreements was discussed and the possibility of accelerating the negotiation and signing of these agreements. Mr Gibson and Mr Lenigas also discussed the concept that in the event various conditions precedent were not fully satisfied by 23 August 2017, Artemis would have the ability to terminate the transaction and walk away from the deal. A discussion was had whereby Novo queried whether there was an opportunity to amend the terms of the transaction to assist Novo accelerate finalisation and execution of the Definitive Agreements. It was during this conversation, the concept of additional consideration being paid to Artemis, in the form 4,000,000 Novo shares, was initially discussed.

On Friday 11 August 2017 at 7.30am (WST), Mr Lenigas advised Artemis, Novo and their respective legal teams working in Australia on the Definitive Agreements, that, subject to Definitive Agreements being entered into and being acceptable to everyone's satisfaction, the Novo joint venture was to be varied by the inclusion of the issue of 4,000,000 Novo shares to Artemis (**Novo Consideration Shares**).

The initial set of amended agreements reflecting the proposed changes to the Definitive Agreements were received from Novo's counsel at 10.36am (WST) on Monday, 14 August 2017. Receipt of the proposed variations to the Definitive Agreements from Novo provided Artemis confirmation of Novo's offer to amend the transaction consideration to include the Novo Consideration Shares (**Revised Offer**). It was still considered by Artemis that acceptance of the Revised Offer was subject to clarity on whether the Revised Offer could proceed without any regulatory issues, and whether the Definitive Agreements could be finalised to include terms acceptable to both Artemis and Novo. At this time, the Revised Offer had not yet been considered by the board of Artemis.

Agreement on Revised Offer

Over the course of 14 and 15 August 2017, various negotiations (that were integral to the acceptance of the Revised Offer) were negotiated between Artemis and Novo. As part of the Revised Offer, Novo required confirmation that Artemis would be able to proceed with the

transaction without requiring shareholder approval. Artemis sought and obtained confirmation from ASX that shareholder approval would not be required to proceed with the transaction on 15 August 2017. ASX approval was obtained at 4.06pm on Tuesday, 15 August 2017.

The Definitive Agreements were executed on 15 August 2017, after market close. The announcement of the Amended Earn-In Agreement was made before the open of the market on 16 August 2017.

Listing Rule 3.1

As the issue of the Novo Consideration Shares was subject to conclusion of the Definitive Agreements, and it was not certain that those Definitive Agreements would be concluded until all outstanding matters had been agreed between the parties, Artemis considers that the proposed issue of the Novo Consideration Shares and any other amendments in the Amended Earn-in Agreement were subject to incomplete negotiations at all times during the period from 11 August 2017 until agreement and execution of the Definitive Agreements by representatives of Artemis and Novo on the evening (WST) of 15 August 2017.

Artemis also considered that the information concerning the proposed amendments to the MOA terms, to be reflected in the Definitive Agreements, remained confidential, and that a reasonable investor would not have expected any of that information to be released before the conclusion of the Definitive Agreements. Artemis had no reason to believe that it could not rely on LR3.1A.2 regarding confidentiality at this time.

Artemis did not release information concerning a variation to the Artemis / Novo joint venture before the announcement on 16 August 2017. Under LR 3.1 and 3.1A, Artemis is of the view that it was not obliged to release any information concerning the proposed amendments to the Novo joint venture until negotiations were complete and the Definitive Agreements had been finalised, and nor was it appropriate to do so. The Definitive Agreements were executed on the evening of 15 August 2017.

Share Placement

The commitment for the placement shares was received after market close on 3 August 2017, with the announcement being made on 4 August 2017. The delay in receiving the cash relating to this placement, up until and including 10 August 2017, delayed the issue of the shares until 8 August 2017 to 10 August 2017.

The Appendix 3B and Cleansing Notice relating to the placement shares were lodged on 11 August 2017. The issue of the placement shares had been completed, and the Cleansing Notice released, before the terms of the Revised Offer had been formally presented to Artemis (which occurred on 14 August 2017). Artemis considered that the nature of the conditions and confirmations required for the Revised Offer to be duly considered by Artemis meant that there was significant execution risk associated with the discussions and genuine uncertainty the concept of the revised offer would result in a completed transaction. As such, Artemis considered the existence of the discussions and correspondence on the morning of 11 August 2017 constituted an agreement to agree and was not, of itself, price sensitive.

As outlined above, Artemis believes that it has taken all steps to ensure that the announcement relating to the Amended Earn-in Agreement was lodged without delay.

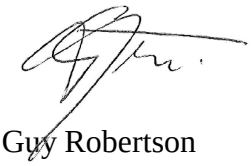
5. Please confirm that Artemis is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that the Company is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

6. Please confirm that Artemis's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of Artemis with delegated authority from the board to respond to ASX on disclosure matters.

Artemis's responses to the questions above have been authorized and approved by an officer of the Company with delegated authority from the Board to respond to ASX on disclosure matters.

Yours faithfully,



Guy Robertson
Company Secretary

16 August 2017

Guy Robertson
Company Secretary

By email

Dear Guy,

Artemis Resources Limited ("ARV"): aware query

ASX Limited ("ASX") refers to the following:

1. ARV's announcement entitled "$2m Earn-In By Canadian Company to Fast Track Gold Discovery" lodged on the ASX Market Announcements Platform and released at 08:41am AEST on 29 May 2017 ("Earn-In Announcement"), disclosing ARV signed a binding farm-in and joint venture agreement with Canadian listed gold explorer Novo Resources Corp ("Novo") whereby Novo agree to spend $2 million over a 2 year period to own 50% of the rights to explore, develop and mine on the tenements held by ARV within 100km of Karratha ("Earn-In Agreement").

2. ARV's announcement entitled "Appendix 3B" lodged on the ASX Market Announcements Platform and released at 09:47am AEST on 11 August 2017 (the "Appendix 3B"), disclosing the issue of 23,696,682 fully paid ordinary shares at $0.1266 per share ("Placement").

3. ARV's announcement entitled "Cleansing Statement and LR7.1A Information" lodged on the ASX Market Announcements Platform and released at 03:51pm AEST on 11 August 2017 (the "Cleansing Notice"), disclosing:

    3.1. the Placement Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;

    3.2. the Cleansing Notice is being given under section 708A(5)(e) of the Corporations Act;

    3.3. as at the date of the Cleansing Notice the Company has complied with:

        3.3.1. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and

        3.3.2. section 674 of the Corporations Act; and

    3.4. as at the date of the Cleansing Notice there is no information which is "excluded information" within the meaning of sections 708A(7) and 708A(8) of the Corporations Act.

4. The share price movement in ARV's securites from a low of $0.18 to an intraday high of $0.215 and the increase in the volume of trades on 15 August 2017 ("Price and Volume Increase").

5. ARV's response to ASX's price and volume query lodged on the ASX Market Announcements Platform and released at 09:55am AEST on 16 August 2017 (the "Price and Volume Query Response"), disclosing

that ARV was aware of information concerning an update to the Earn-In Agreement which, if known by some in the market, could explain the Price and Volume Increase.

6. ARV's announcement entitled "Amended Deal with Novo Resources Corp and signing of Definitive Agreements" lodged on the ASX Market Announcements Platform and released at 09:59am AEST on 16 August 2017 ("Amended Earn-In Announcement"), disclosing the variation of the Earn-In Agreement whereby Novo will issue 4,000,000 common shares to ARV by way of consideration and the issue of the shares within 10 business days of the agreements being signed ("Amended Earn-In Agreement").

7. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

8. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

> "*an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity*"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

9. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

10. ASX's policy position on the concept of "*confidentiality*", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks ARV to respond separately to each of the following questions and requests for information:

1. Does ARV consider the Amended Earn-In Agreement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

2. If the answer to question 1 is "no", please advise the basis for that view.

3. If the answer to question 1 is "yes", when did ARV first become aware of the Amended Earn-In Agreement, or any part thereof commenting specifically on whether ARV became aware of the Amended Earn-In Agreement prior to conducting the Placement and releasing the Appendix 3B and Cleansing Notice?

4. If the answer to question 1 is "yes" and ARV first became aware of the Amended Earn-In Agreement or any part thereof, before the Amended Earn-In Agreement Announcement was released, did ARV make any announcement prior the Amended Earn-In Agreement Announcement which disclosed the Amended Earn-In Agreement or any part thereof? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe ARV was obliged to release the information pertaining to the Amended Earn-in Agreement under Listing Rules 3.1 and 3.1A, noting specifically ARV issued the Placement shares pursuant to the Cleansing Notice 2 days prior to the release of the Amended Earn-In Agreement and what steps ARV took to ensure that the information pertaining to the Amended Earn-In Agreement was released promptly and without delay.

5. Please confirm that ARV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that ARV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ARV with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **7.30am AWST on Monday 21 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in ARV's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ARV's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at anjuli.sinniah@asx.com.au and tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ARV's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that ARV's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ARV's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)