

Athena
Resources
Limited

ABN 69 113 758 900

ANNUAL FINANCIAL REPORT 2018

CONTENTS

Company information	2
Review of Operations	3
Directors' Report	16
Auditor's Independence Declaration	24
Statement of Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to and Forming Part of the Financial Statements	29
Directors' Declaration	44
Independent Auditor's Report	45
Shareholder Details	49
Interest in Mining Tenements	51
Corporate Governance Statement	51

COMPANY INFORMATION

ABN	69 113 758 900
Directors	D A Webster (Chairman) E W Edwards (Executive Director) H W Wai (Executive Director)
Secretaries	E W Edwards P J Newcomb
Registered Office	24 Colin Street West Perth, WESTERN AUSTRALIA 6005 Telephone: +61 8 9222 5888 Facsimile: +61 8 9222 5810 Email: ahn@athenaresources.com.au
Postal Address	PO Box 1970 West Perth, WESTERN AUSTRALIA 6872
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation 1257 Hay Street West Perth, WESTERN AUSTRALIA 6005
Securities Exchange Listing	Athena Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares AHN
Website	www.athenaresources.com.au

REVIEW OF OPERATIONS (continued)

THE BYRO PROJECT

LOCATION

The Byro Iron project is strategically located in the Midwest Iron province which includes a substantial mining sector. The projects southern boundary is 210km north of the Mullewa Rail Siding by road and 275km from the Port of Geraldton. Development of the Byro Iron project is expanding the overall resource in the Midwest region along with neighbours at the Karara Iron Project, Sinosteel's Weld Range Project, the proposed Jack Hills Project, and Mt Gibson's Extension Hill project, amongst others.

Access and improved infrastructure to the maturing iron ore province is growing with development of the CSIRO SKA Project and increased capacity and further development at the Port of Geraldton.

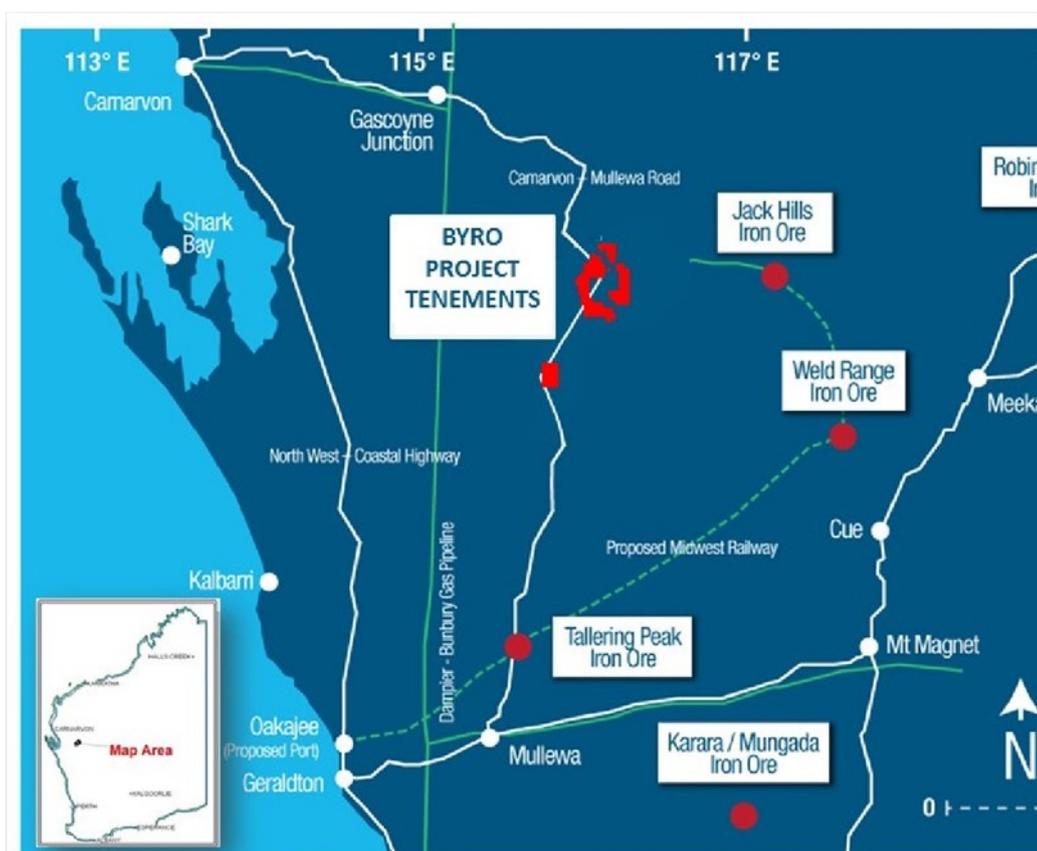


Figure 1 Location

TENURE

Athena's Byro Project covers approximately 800 square kilometres and consists of five exploration licences. Athena has a 100% interest in the project. The Company has applied and received authorisation to explore for iron ore on the exploration licences. Athena has also been granted two mining leases covering the Fe1 (M09/166) and Mt Narryer (M09/168) deposits.

REVIEW OF OPERATIONS (continued)

GEOLOGY AND MINERALISATION

Athena's Byro Project is located along the north-western margin of the Yilgarn Craton, within an Archaean Gneiss Belt which trends north-northeast for approximately 200km. The geology is predominately quartzo-feldspathic gneisses and migmatites with amphibolites, quartzites, BIF's, felsic volcanics and layered mafic-ultramafic intrusions. Regional folding and thrusting has resulted in a steep dominant westerly dip and north-northeast strike, although locally this varies from north to east. The high grade magnetite iron ore at Byro has been characterised by a coarse metamorphic grain size, super low impurities during development of thick migmatite layers in the upper amphibolite - granulite metamorphic terrain.

Outcropping sequences of mafic to ultramafic lithologies suggest a series of prospective intrusions, the extent of which has been refined with gravity and detailed magnetic surveys where alluvial cover persists. Past exploration in the region indicates the presence of anomalous copper-nickel-PGE and chromite mineralisation. Two altered, layered mafic-ultramafic bodies are found at Taccabba Well and Imagi Well where iron-rich chromite occurrences have been discovered. At the Milly Milly Project, copper gossans exist at the edge of the Milly Milly Intrusion.

Nearby historic drilling intersected copper and nickel mineralisation. Further drilling by Athena has advanced the understanding of this intrusive body as being a highly prospective fertile system.

PROJECT DEVELOPMENT

Following the decline of iron ore prices through 2011 to 2015, and resulting poor economy of supplying a mill feed product, Athena committed to a research and development phase. This led to the identification of a high-grade product acceptable to industrial markets other than mill feed. It was decided to concentrate on the Fe1 deposit (M09/166) and the Mt Narryer deposit (M09/168).

There have been many external contributors to the work completed on the FE1 Project. In summary, a Maiden Inferred JORC resource was calculated by AMC Consultants, Perth, on behalf of Athena and announced on 28 November 2011.

The Changsha Institute of Mining and Metallurgy (CRIMM), in China, conducted the first ore characterization test work in 2010 on the FE1 ore, identifying a high-grade magnetite concentrate with low impurities and favorable ore characteristics. At the same time ore characterization test work was carried out in Australia by ALS Ammtec at their specialist iron ore laboratory.

These two sets of independent results are in agreement and collectively underpinned engineering designs and a Pre-Feasibility Study on the FE1 deposit. The pre-feasibility study was completed by GR Engineering Limited, ('GR') in Australia. A further study was carried out in 2018 by Yantai Xinhai Mining Research and Design Co, Ltd. (Xinhai) in China. These designs resulted in two separate outcomes. These studies are best described as Scoping Studies as defined in the JORC Code 2012. The Scoping Studies referred to in this report are based on low-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Studies can be reasonably justified.

REVIEW OF OPERATIONS (continued)

GR Engineering Plant Costing Study

In the earliest study, GR evaluated the design and costs associated with the construction and operation of a processing facility proposed for the Byro FE1 Magnetite Project.

The process flow sheet and plant design were simple and resulted from analysis of the mineralogical and metallurgical investigations conducted during Changsha Research Institute of Mining and Metallurgy test work in China and ALSA laboratories in Australia. Substantial capital and operating cost savings were identified and compared to other magnetite projects in Australia that required fine grinding and more complex separation techniques. The coarse grind brings with it a significant cost saving in power required for grinding. The preferred process circuit consists of crushing, grinding, classification, rougher and cleaning wet LIMS, thickening and filtration.

Xinhai Engineering and Costing Study

The Xinhai study, (2018), evaluated design and costs associated with construction and operation of a new mining, crushing and processing facility producing concentrate at the the Byro FE1 Magnetite Project. The study aimed to produce a concentrate with a grade of 68% – 70%Fe, P-80 at 110 µm.

As detailed in the ASX announcements on 16 and 17 April 2018 the primary concentrate sample was then further processed, producing a Super Purity magnetite (SPFe) of >72%Fe and a high Purity magnetite (HPFe) of >71.3%Fe. (100% purity magnetite (Fe₃O₄) is approximately 72.35%Fe) The work used bulk sample retrieved from drilling reported to the ASX on 6 November 2017.

As the mineral resource at Fe1 is in the inferred category Athena is not able under the ASX Listing Rules to publish the results of Xinhai Study production targets or economic results. The results of the study were however positive and justify Athena to commit to bringing the inferred resource to an indicated and measured resource and completion of a feasibility study.

Processing options to achieve the high and super purity grades include separation techniques that exclude the use of reverse flotation circuits and the related use of environmentally harmful reagents. This was possible because of the physical characteristics of magnetite ore with very few impurities and the development of simple but innovative processing techniques.

The metallurgical samples produced: SPFe with a grade of 72.00%Fe yielding 38% of the sample tested, and HPFe with a grade of 71.30%Fe yielding 52%. The remaining Iron concentrate with a grade of 65.00%Fe and a yield of 3% is considered a byproduct but still of premium grade quality. The waste material of 7% consists mostly of silica and will be used in the cement industry.

The preferred processing circuits consist of crushing, grinding, classification, rougher and cleaning with concentrate conditioning in conjunction with multiple stages of wet LIMS, followed by thickening and filtration.

The output products from mining and the primary processing in Australia are targeted to be at a grade of >68%Fe with P80 110 µm. It is important to note that the 45µm size component for this product is directly suitable for the coal wash market once screened. The secondary processing plant for SPFe and HPFe products under the Xinhai study was based on production in China.

REVIEW OF OPERATIONS (continued)

MARKETS AND PRODUCTION REQUIREMENT

Athena has identified a high-grade product specification acceptable to industrial and high value markets as follows:

Magnetite in Bulk Coal Wash Market

Approximately 6kg of magnetite is used per tonne of processed coal
Global estimated requirement for coal washing magnetite is 6 to 12 million tonnes per annum.

Magnetite in Dense Media Separation

Heavy media gravity separation means separating products with different densities. Magnetite is used to produce dense medium slurry for coal washing (as above), mineral processing and recycling of metals and plastics.

Magnetite in Ammonia and Gas to Liquid Fuel Synthesis Markets

The catalyst market carries one of the highest demands on purity and as such pays high premiums to acknowledge the cost of maintaining a high standard. The Byro FE1 magnetite product meets all requirements for raw material intake for production of iron catalysts for the synthesis of ammonia and Gas to Liquid fuels.

Iron Powder Markets

The Byro Fe1 SPFe and HPFe magnetite products meet all requirements for a raw material additive for powder metal alloy production. The magnetite products are required to be further processed for final consumption as a powder metal by reduction to produce Fe. The two major uses of iron powder are:

3D Printing (Additive manufacturing)

3D Printing or Additive manufacturing is a process of creating a three-dimensional object from a digital file. It is called additive because it generally involves building up thin layers of material, one by one. The technology can produce complex shapes that are not possible with traditional casting and machining methods, or subtractive techniques.

Iron Powder Press-and-Sinter and Metal Injection Molding

The predominant market for Press/Sinter structural Powder Metallurgy parts is the automotive sector. On average across all geographical regions, around 80% of all Powder Metallurgy structural components are for automotive applications.

Supply of raw magnetite for powder metal alloys and components market is estimated to be worth more than Au\$6 billion by 2020.

REVIEW OF OPERATIONS (continued)

WORK COMPLETED THIS YEAR

RESULTS FOR BULK METALLURGICAL SAMPLE

During the year Yantai Xinhai Mining Research and Design Co, Ltd., (Xinhai), from Shandong Province, China, conducted mineral processing test work on the FE1 and Mt Narryer ore bodies. The ore and concentrate were subject to a full investigation undertaken by Xinhai, which required development of an appropriate beneficiation process. The work used bulk sample retrieved from drilling reported to the ASX, 19 January 2017 and 6 November 2017.

The results of the metallurgical investigation were compiled by Mr. Yunlong Zhang. Mr. Zhang is the Chairman of the Yantai Xinhai Group of which the Yantai Xinhai Mining Research and Design Co, Ltd is a fully owned subsidiary. Mr. Zhang is a Fellow of the Australasian Institute of Mining and Metallurgy, (See competent person statement).

It has been demonstrated by Athena, that the magnetite discovered within the companies Byro mining leases is of unique quality. The processing system developed by Xinhai was specifically tailored to suite the Byro project ore type while targeting a product suitable for markets in premium industrial processes, high purity metal production and the growing global Powder Metal (PM) industries.

Xinhai demonstrated the process route can reliably produce a bulk concentrate that could be divided into two categories, a High Purity magnetite product (HPFe) 71.5%Fe < 72%Fe, and a Super Purity magnetite product (SPFe), > 72%Fe, (Table 1 and Table 4).

The test work shows successful magnetic concentration was achieved using innovative processing methods without the requirement of reverse floatation circuits for both ore bodies. The consequence of not using reverse floatation means no reagents used in processing and this means close to zero harmful inputs into a system where the primary ore is very low in sulphur and very low phosphorous or other detritus. The process developed by Xinhai has a very low environmental impact and can be achieved with significant cost advantage compared to the current high-grade market equivalents.

Multi-element and phase analysis results and grain size analysis are listed below. The results are from a consistent product, a consequence of the processing flow system designed by Xinhai. The processing system developed by Xinhai resulting in a 72.06%Fe product is exceptional when considering the theoretical maximum content of iron in pure magnetite is 72.35%Fe. Multi-element and phase analysis was completed using atomic absorption spectrometry, (AAS).

Full assay results for the FE1 ore body within M09/166 HPFe and SPFe are listed in Tables 1-6 and results for the Mt Narryer ore body within M09/168 in Table 7-9.

REVIEW OF OPERATIONS (continued)

THE ANALYSIS RESULTS FOR SPFE MAGNETITE FROM FE1

Table 1 Multi-Element Analysis of Super-Purity Magnetite from FE1

Element	TFe	SiO ₂	Al ₂ O ₃	CaO	MgO	TiO ₂	MFe	FeO
Content (%)	72.06	0.31	0.21	0.14	0.07	0.10	71.23	22.65
Element	S	P	K ₂ O	Na ₂ O	Mn	V ₂ O ₅	Cl	F
Content (%)	0.03	<0.01	<0.01	0.012	0.068	<0.01	<0.01	<0.01

Table 2 Phase Analysis Results of SPFe High-Purity Magnetite of FE1 Ore

Phase	Magnetic Iron	Metallic Iron	Ferric Sulfate	Siderite	Hematite & Limonite	Iron Sulfide	Iron Silicate	Total
Iron content (%)	71.23	0.25	0.43	0.01	0.08	0.01	0.05	72.06
Proportion (%)	98.85	0.35	0.60	0.01	0.11	0.01	0.07	100.00

Table 3 Grain Size Screen Analysis Results of SPFe High-Purity Magnetite of FE1 Ore

Size Fraction (Mesh)		Yield (%)		Grade (%)		Proportion (%)	
		-	Total	TFe	SiO ₂	TFe	SiO ₂
+200	>74µm	18.94	18.94	71.78	0.45	18.87	27.13
-200+325	74 µm>44µm	32.82	51.76	71.97	0.32	32.78	33.43
-325+500	44µm < 30µm	20.21	71.97	72.11	0.28	20.22	18.02
-500	<30 µm	28.03	100.00	72.32	0.24	28.13	21.42
Raw ore		100.00	-	72.06	0.31	100.00	100.00

THE ANALYSIS RESULTS FOR HPFE MAGNETITE FROM FE1

Table 4 Multi-Element Analysis Results of High-Purity Magnetite HPFe

Elements	TFe	SiO ₂	Al ₂ O ₃	CaO	MgO	TiO ₂	MFe	FeO
Contents (%)	71.55	0.59	0.34	0.16	0.09	0.10	70.72	21.21
Elements	S	P	K ₂ O	Na ₂ O	Mn	V ₂ O ₅	Cl	F
Contents (%)	0.03	<0.01	<0.01	0.013	0.071	<0.01	<0.01	<0.01

Table 5 Phase Analysis Results of High-Purity Magnetite HPFe of FE1 Ore

Phase	Magnetic iron	Metallic iron	Ferric Sulfate	Siderite	Hematite & Limonite	Iron Sulfide	Iron Silicate	Total
Iron contents (%)	70.72	0.24	0.44	0.01	0.08	0.01	0.05	71.55
Proportion (%)	98.84	0.34	0.62	0.01	0.11	0.01	0.07	100.00

REVIEW OF OPERATIONS (continued)

Table 6 Grain Size Screening Analysis Results of High-Purity Magnetite HPFe of FE1 Ore

Size (mesh)	Micron μm	Yield (%)		Grade (%)		Proportion (%)	
		-	Total	TFe	SiO ₂	TFe	SiO ₂
>200	>74 μm	21.94	21.94	71.04	0.89	21.78	32.96
200 <325	74 μm >44 μm	32.53	54.47	71.31	0.65	32.42	35.69
325 < 500	44 μm < 30 μm	18.21	72.68	71.84	0.48	18.28	14.75
<500	<30 μm	27.32	100.00	72.06	0.36	27.52	16.60
Raw ore		100.00		71.55	0.59	100.00	100.00

The Analysis Results for HPFe magnetite form concentrate from Mt Narryer

The test trials applied to the Mt Narryer ore body concentrate involved the same procedures applied to the FE1 concentrate. The maximum purity achievable for the Mt Narryer ore using this method is a high purity concentrate of 71.59%Fe which is HPFe magnetite. The TFe recovery was 97.82%

Table 7. Multi-Element Analysis Results of High-Purity Magnetite HPFe of Mt Narryer Ore

Elements	TFe	SiO ₂	Al ₂ O ₃	CaO	MgO	TiO ₂	MFe	FeO
Contents (%)	71.59	0.58	0.20	0.04	0.10	0.045	69.49	20.42
Elements	S	P	K ₂ O	Na ₂ O	Mn	V ₂ O ₅	Cl	F
Contents (%)	0.07	0.003	<0.01	<0.01	0.002	<0.01	<0.01	<0.01

Table 8. Phase Analysis Results of High-purity Iron Powder HPFe of Mt Narryer Ore

Phase	Magnetic iron	Metallic iron	Ferric Sulfate	Siderite	Hematite & Limonite	Iron Sulfide	Iron Silicate	Total
Iron contents (%)	69.49	0.57	1.36	0.03	0.059	0.021	0.06	71.59
Proportion (%)	97.07	0.80	1.90	0.04	0.08	0.03	0.08	100.00

Table 9. Grain Size Screening Analysis Results of High-purity Magnetite HPFe of Mt Narryer Ore

Size (mesh)	Micron μm	Yield (%)		Grade (%)		Proportion (%)	
		-	Total	TFe	SiO ₂	TFe	SiO ₂
325	>44 μm	16.21	16.21	70.23	0.88	15.9	24.57
325 + 500	44 μm < 30 μm	17.93	34.14	71.24	0.79	17.84	24.39
-500	<30 μm	65.86	100.00	72.02	0.45	66.26	51.04
Raw ore		100.00	-	71.59	0.58	100.00	100.00

REVIEW OF OPERATIONS (continued)

The implications of bulk High Purity and Super Purity magnetite concentrate in terms of project viability is significant. The raw product in concentrate is of the highest quality available and is not directed towards a furnace feed product or valued at the spot price plus standard premiums. This material will eventually make its way to high tech specialized applications.

PREVIOUS WORK

FE1 Metallurgical Review - Key Attributes

Review of the physical and metallurgical characteristic of the Byro Magnetite.

- Observed crystal is granular
- Grain size up to 4mm (4,000 μm)
- Dissemination Granularity 95% between 0.2mm < 1.65mm (200 μm < 1,650 μm)
- Hardness on Mohs scale 6.5 with Vickers Hardness Number ($\text{VHN}_{100}=681 - 792 \text{ kg/mm}^2$)
- Specific gravity calculated at 5.18 g/cm^3
- Uneven fracture parting on surface {111}
- Negligible cleavage planes within the crystal matrix.

FE1 Chemistry Review - Key Attributes

The concentrate chemistry key attributes are,

- Mineral composition of the ore is simple.
- No significant secondary alteration.
- K_2O , Na_2O , P, and S, all low and with P and S particularly low.
- Product is a high-quality concentrate of primary acidic magnetite.
- SiO_2 , Al_2O_3 , CaO, and MgO decrease as TFe increases.
- Magnetite represents the major iron-bearing mineral, while quartz represents the major gangue mineral.
- Tailings component of the ore is SiO_2 , accounting for 80.99% of the total
- Product and tailings have no significant environment impacts.

Table 10. Chemical Components of the Ore (%)

Components	TFe	FeO	Fe ₂ O ₃	SiO ₂	TiO ₂	Al ₂ O ₃	CaO	MgO
Content	37.52	18.28	33.33	41.49	0.11	1.41	1.55	2.38
Components	MnO	Na ₂ O	K ₂ O	P	S	Loss in ignition	TFe/FeO	Coef of basicity
Content	0.18	0.093	0.036	0.056	0.054	0.70	2.05	0.09

REVIEW OF OPERATIONS (continued)

Table 11. Results of Chemical Phase of Iron in the Ore

Phase of iron	Fe in magnetite	Fe in hematite & limonite	Fe in carbonate	Fe in sulfide	Fe in Silicate	Total
Content	34.62	0.81	0.17	0.03	1.89	37.52
Proportion	92.27	2.16	0.45	0.08	5.04	100.00

The major recoverable content in the ore is iron, at a grade of 37.52%; and 70% on concentration. Total iron over iron oxide ratio of the ore is 2.05, and the coefficient of basicity $(CaO+MgO) / (SiO_2+Al_2O_3)$ equals 0.09. This is important for the ammonia production industry as low impurities and oxygen reduction is helpful for improved ammonia synthesis.

Minerals to be disposed by separation for iron enrichment on concentration include mainly SiO_2 , followed by Al_2O_3 , CaO , and MgO , altogether amounting 46.83% of the total weight. Contents of phosphorus and sulphur, which are the common hazardous contents, in like ores, are too low to cause any substantial influence on the quality of concentrate. Common Byro magnetite grains contain only microscopic impurities. The grain shown in Figure 1 displays a rare example of a $5\mu m$ ($0.005mm$) impurity within a $2,000\mu m$ ($2mm$) magnetite crystal.

FE1 Grain Size and Granularity Review - Key Attributes

Magnetite grain size at the FE1 Resource is distributed mostly as moderate to fine grains, $1.65mm > 0.30mm$ in size. More than 94% of the magnetite grains can be separated free under the milling fineness of $-0.21mm$, which is equivalent to 65% of the minerals under -200 mesh (expressed as “ $-200mesh / 45\%$ ”). Silicate and amphibole minerals occur along the fissure between and edges of the magnetite grains, and actual milling product can be appropriately coarser than the design test parameters.

Grain Size and key attributes are,

- Magnetite occurs mainly in disseminated to matrix form.
- Dissemination granularity size varies
- Grain size can be up to $4mm$ ($4,000 \mu m$)
- Large product range
- 94% of the useful magnetite can be separated free at -200 mesh / 45%.
- Discrete silica at magnetite crystal edges allow clean early extraction.
- Care to be taken to avoid over grinding
- Concentrate productivity 47.9%,
- Magnetite recovery 92.27%.

The image below is an example of a large grain tested at the Changsha Research Institute of Mining and Metallurgy in China

REVIEW OF OPERATIONS (continued)

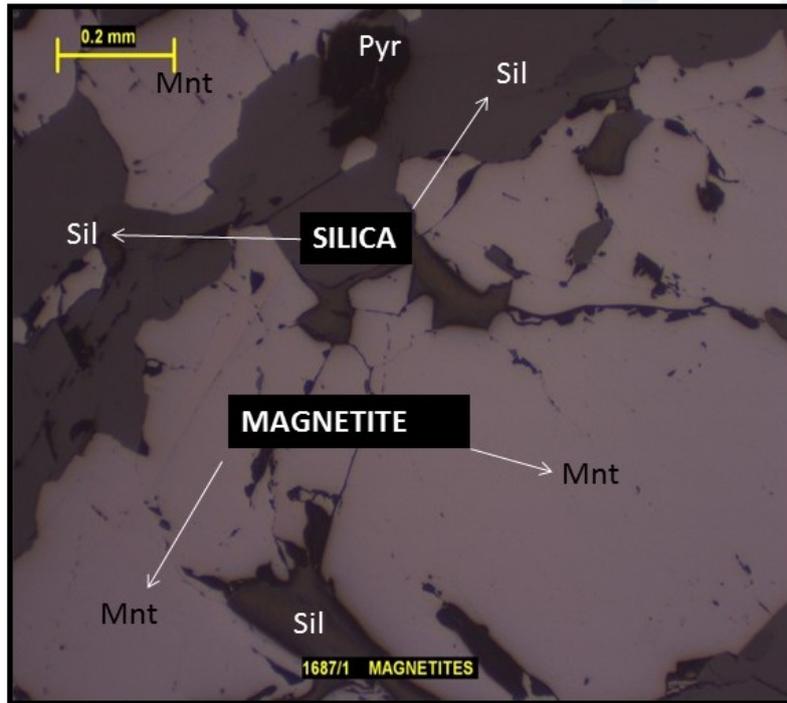


Figure 2 Scanning Electron Microprobe

The most useful attributes of premium grading for industrial magnetite are purity and size. Dissemination granularity is a consequence of the physical characteristics of the metamorphic magnetite and is the start point for targeting a product size. Table 12 shows the granularity range for the Byro Magnetite is relatively large with the majority of grains in a wide spread of coarse fractions. The bulk group increasing at 0.3mm (300µm) up to 1.65mm (1,650 µm).

Table 12. Dissemination Granularity range of FE1 Magnetite

Granularity (mm)	Distribution rate	Cumulative distribution rate
2.3 > 1.65	8.31	8.31
1.65 > 1.17	20.77	29.08
1.17 > 0.83	18.69	47.77
0.83 > 0.59	15.58	63.35
0.59 > 0.42	12.98	76.33
0.42 > 0.30	10.65	86.98
0.30 > 0.21	7.46	94.44
0.21 > 0.15	2.92	97.36
0.15 > 0.105	1.65	99.01
0.105 > 0.074	0.61	99.62
0.074 > 0.052	0.20	99.82
0.052 > 0.037	0.12	99.94
0.037 > 0.026	0.05	99.99
0.026 > 0.019	0.01	100.00
>0.019	Trace amount	

REVIEW OF OPERATIONS (continued)

The widespread granular distribution in the coarse range demonstrates usable volumes for grooming to suite multiple target sizes for multiple product applications.

There is also scope for improving the extraction of the grain size in the upper spectrum of the product range. The sharp contrast between the 2.3mm > 1.65mm at 8.31% and 1.65mm > 1.17mm @ 20.77% suggests it would be possible to over mill the product. A very coarse fraction, >2mm, can be removed post crushing and at first pass milling to prevent overgrinding. Upcoming test work will determine the productivity of an early mill product.

Byro Magnetite Work Indices Review

Determination of the Byro Magnetite Work Indices was completed at the same time as the granular classification in China. The Work Indices tests were repeated in Australia with near to identical results.

Work Indices already determined are,

- Strong - Unconfined Compressive Strength (UCS) recorded values of 139.9 - 153.7 Mpa
- Bond Impact Crushing Work Index (CWi) recorded average value of 15.5 kWh/t
- Bond Ball Mill Work Index recorded a value of 16.5 kWh/t (test aperture of 106 micron).
- Bond Rod Mill Work Index recorded a value of 8.3 kWh/t.
- Bond Abrasion Index recorded a value of 0.3894

Athena is now looking at the costs and practical steps towards development of a low volume processing plant with additional classification and clean-up modules for industry specific requirements. This will be based on current pricing and the favourable material work indices already determined.

BYRO PROJECT MAGNETITE EXPLORATION POTENTIAL TO DATE.

The company has steadily been developing the potential of the tenements by gaining an understanding and characterisation of the mineralization discovered, followed by refining targets areas and the development of a maiden JORC compliant inferred resource at FE1. The most recent metallurgy completed so far is in reference to industrial applications for the JORC compliant inferred resource below.

Table 13 FE1 JORC Compliant Inferred Resource

Mt	DTR Fe	DTR SiO ₂	DTR Al ₂ O ₃	DTR P	DTR S	DTR LOI %	DTR
C	70.7%	1.16%	0.32%	0.003%	0.014%	-3.26	35.1%

MAGNETITE EXPLORATION TARGET

The company has developed and announced in July 2014, magnetite exploration targets which are expressed in terms of maximums and minimums for both tonnes and grade in the range of 131 to 481 Mt at 16 to 30 % Fe to date. Work completed throughout the tenements support the figures which remain unchanged in particular the target for the Mt Narryer Project is supported by the most recent drilling at the

REVIEW OF OPERATIONS (continued)

project. The target remains unchanged from that announced in July 2014.

Table 14 Magnetite Exploration Target

	Range	Tonnes	Mt	% Fe
FE1	Maximum	6,300,000	6.3	42.1
	Minimum	2,021,250	2.0	31.1
Byro North	Maximum	90,956,250	90.9	44.0
	Minimum	32,340,000	32.0	21.6
Byro Deeps	Maximum	34,965,000	34.9	36.1
	Minimum	12,432,000	12.4	25.4
Byro South Region	Maximum	164,587,500	164.6	38.6
	Minimum	23,940,000	23.9	21.6
Milly Milly Region	Maximum	56,700,000	56.7	42.4
	Minimum	22,680,000	22.6	24.8
Mt Narryer	Maximum	127,575,000	127.5	46.4
	Minimum	37,800,000	37.8	36.4
Combined Total	Maximum	481,083,750	480.9	30.0
	Minimum	131,213,250	131.0	16.0

The range estimated is in accordance with JORC (2012) guidelines. Grade range at the six projects is taken from the from surface rock chip sampling of outcrop and RC drilling assays where drilling has been executed. No cuts or averaging have been applied. All assay results reported as per ASX -AHN announcements through the period July 2010-2014. All surface dimensions are from surface mapping programs.

More drilling is needed to prove depth or true thickness. Depth estimates in the absence of drilling have been made based on outcrop and field relationships. The potential quantity and grade of the exploration target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource or to understand the potential of any of the exploration targets.

Further exploration is warranted to improve understanding and reduce uncertainty. It is uncertain if further exploration will result in the estimation on a mineral resource. The magnetite exploration target listed in Table 14 above remains unchanged from its original form with supporting data announced in July 2014.

MINING LEASES GRANTED

On 9 April 2018 mining leases M09/166 (covering the Fe1 deposit) and M09/168 (covering the Mt Narryer deposit) were granted.

CAUTIONARY NOTES

FORWARD LOOKING STATEMENTS

This announcement contains certain statements that may constitute “forward looking statements”. Such statements are only predictions and are subject to inherent risks

REVIEW OF OPERATIONS (continued)

and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

Drilling to date supports aspects of the estimates in this report which were published earlier this year. The quantity and grade reported is conceptual in nature. There has been sufficient exploration to define a mineral resource and further exploration is warranted to improve understanding and reduce uncertainty about this body.

JORC CODE COMPLIANCE STATEMENT

Some of the information contained in this announcement is historic data that have not been updated to comply with the 2012 JORC Code. The information referred to in the announcement was prepared and first disclosed under the JORC Code 2004 edition. It has not been updated since to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

COMPETENT PERSONS STATEMENT

The results of the Xinhai Engineering Costing and metallurgical investigation included in this report were compiled by Mr Yunlong Zhang. Mr Zhang is the Chairman of the Yantai Xinhai Group of which the Yantai Xinhai Mining Research and Design Co. Ltd., is a fully owned subsidiary. Mr Zhang is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the styles of mineralisation and deposit styles under consideration to qualify as a Competent Person as defined in "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition)". Mr Zhang consents to the inclusion of the information in the announcement in the context and format in which it appears, and new information announced in this report is compliant with the JORC Code 2012 Edition.

The information included in this report was compiled by Mr Liam Kelly, an employee of Athena Resources Limited. Mr Kelly is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the styles of mineralisation and deposit styles under consideration to qualify as a Competent Person as defined in "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition)". Mr Kelly consents to the inclusion of the information in the announcement in the context and format in which it appears, and that the historical information was compliant with the relevant JORC Code, 2004 Edition, and new information announced in this report is compliant with the JORC Code 2012 Edition.

COMPETENT PERSONS DISCLOSURE

Mr Zhang is the Chairman of the Yantai Xinhai Group and currently holds securities in the Yantai Xinhai Group as well as securities in the investment company Brilliant Glory Industrial Corporation Limited which has a 19.9% holding in Athena Resources Ltd.

Mr Kelly is an employee of Athena Resources Ltd and currently holds securities in the company.

DIRECTORS REPORT

Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited (“Athena” or “the Company”) and its controlled entities (“Group”) for the financial year ended 30 June 2018.

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period;

David Arthur Webster	Chairman	
Edmond William Edwards	Executive Director	
Hau Wan Wai	Executive Director	(Appointed 29/12/2017)
Jian Li	Chief Executive Officer	(Resigned 29/12/2017)

PARTICULARS OF DIRECTORS AND COMPANY SECRETARIES

David Arthur Webster *Chairman*

Experience

Mr Webster’s career in Australian agriculture includes developing an extensive run of farming properties in Western Australia and restructuring the Australian wool industry. More recently Mr Webster has been involved in significant Chinese investments in agriculture and associated infrastructure in Australia. He is currently a director of Australian Wool Innovation Limited (AWI) where he is also Chairman of the Finance and Audit Committee and he is a director of the Australian Wool Testing Authority Limited.

Mr Webster’s considerable commercial expertise together with many years of experience of working with government at the highest level, both in Australia and overseas, is of substantial value to Athena Resources.

Interest in Shares

9,891,798 Fully Paid Shares

Special Responsibilities

Mr Webster is Chairman of the Audit Committee.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Webster did not serve as a director of any other listed companies.

DIRECTORS REPORT (continued)

Hau Wan Wai Executive Director

Experience

Hau Wan Wai (John) graduated from The University of Regina Canada in 1998 with a Bachelor of Administration, Major in Marketing. John speaks Mandarin, Cantonese and English. He was born and resides in Hong Kong. John is also the executive director of Brilliant Glory Industrial Corporation Ltd, the Hong Kong company which is the 100% parent of Brilliant Glory Investments.

He has over seventeen years of international trade and relations experience having started his career as a merchandiser. He specialises in management of overseas customers to locate the sourcing of materials for mainland China in many different fields, and especially in Mineral resources.

Interest in Shares

43,000,000 Fully Paid Shares

Special Responsibilities

Mr Wai is responsible for the promotion of the company in China.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Wai did not serve as a director of any other listed companies.

Edmond William Edwards Executive Director and Joint Company Secretary

Qualifications

Mr Edwards is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia.

Experience

Mr Edwards has over 40 years of experience in the mining industry in Western Australia. He has previously been Executive Director or Finance Director of a number of listed mining and exploration companies having taken many of these companies through the initial public offering, then exploration, feasibility and finally into production. These companies include Taruga Gold Limited, Scotgold Resources Ltd, Resource Mining Corporation Ltd, Fox Resources Ltd, Aztec Resources Ltd, Acclaim Exploration NL and Matlock Mining NL.

Interest in Shares

30,503,066 Fully Paid Shares

DIRECTORS REPORT (continued)

Special Responsibilities

Mr Edwards is responsible for the financial management of the company and is also a Joint Company Secretary.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Edwards did not serve as a director of any other listed companies.

Peter John Newcomb

Joint Company Secretary

Qualifications

Mr Newcomb is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of Chartered Accountants Australia and New Zealand.

Experience

Mr Newcomb has over 40 years professional and commercial experience working in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last ten years has been in the Resources industry in Western Australia.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Australia.

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations of the group during the financial year is contained in the Review of Operations section of this annual report.

	2018	2017
	\$	\$
Consolidated (loss) /profit after income tax for the financial year	<u>(193,552)</u>	<u>(130,994)</u>

Financial Position

At 30 June 2018 the Company has cash reserves of \$39,086.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

DIRECTORS REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any matter, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in the current or subsequent financial years other than the termination of the Sale Option Agreement for the Byro project detailed in Note 22 of these Financial Statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2018, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
David Arthur Webster	8	8
Edmond William Edwards	8	8
Hau Wan Wai	4	2
Jian Li	4	2

AUDIT COMMITTEE

The audit committee was comprised of the non-executive director Mr D Webster.

During the year ended 30 June 2018, Mr D Webster attended two meetings of the Audit Committee.

DIRECTORS REPORT (continued)

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each member of the key management personnel of Athena Resources Limited.

The following persons acted as directors during or since the end of the financial year:

David Arthur Webster	Chairman	
Edmond William Edwards	Executive Director	
Hau Wan Wai	Executive Director	(Appointed 29/12/2017)
Jian Li	Chief Executive Officer	(Resigned 29/12/2017)

The Company has no other key management personnel.

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold securities in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Performance-based remuneration

The company does not pay any performance-based component of remuneration.

Details of remuneration for year ended 30 June 2018

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees (as detailed below) paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. No other short-term or long-term benefits were provided during the current or prior year. Details of the agreements are set out below.

DIRECTORS REPORT (continued)

Agreements in respect of cash remuneration of Directors:

Mr. Edwards is an Executive Director responsible for the financial operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$180,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months' notice. Tied Investments Pty Ltd may terminate by giving three months' notice.

Mr David Webster is a Non-Executive Director. Fees payable to Mr Webster are detailed below. No fee was paid to Mr Li or Mr Wai.

The Directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The total remuneration paid to directors is summarised below:

Year ended 30 June 2018

Director	Associated Company	Fees \$	Total \$
E W Edwards	Tied Investments Pty Ltd	180,000	180,000
D A Webster	Cobpen Co Investments Pty Ltd	48,000	48,000
H W Wai		-	-
J Li		-	-
		228,000	228,000

Year ended 30 June 2017

Director	Associated Company	Fees \$	Total \$
E W Edwards	Tied Investments Pty Ltd	180,000	180,000
D A Webster	Cobpen Co Investments Pty Ltd	48,000	48,000
J Li		-	-
		228,000	228,000

Aggregate amounts payable to Directors and their personally related entities.

		2018 \$	2017 \$
Current:	Accounts Payable (inc. GST)	718,024	597,294
	Loans	140,000	-
		858,024	597,294

DIRECTORS REPORT (continued)

During the year unsecured interest free loans were made by Directors to support short term cash flow as follows:

Mr Edwards	\$100,000
Mr Webster	\$40,000

The maximum amount outstanding during the period and balance of the loan outstanding at 30 June 2018 was \$140,000.

There were no performance related payments, option or share based payments, superannuation payments or other benefits made during the year.

Directors' Shareholdings in the Company:

Director	Balance 1 July 2017	Placement	Balance 30 June 2018
Hau Wan Wai	43,000,000	-	43,000,000
E W Edwards	30,503,066	-	30,503,066
D A Webster	9,891,798	-	9,891,789
	<u>83,394,864</u>	<u>-</u>	<u>83,394,864</u>

The shareholding disclosed for Hau Wan Wai are held in Brilliant Glory Industrial Corp Ltd of which Hau Wan Wai is sole Director.

End of Remuneration Report

SHARE OPTIONS

As at the date of this report, there were no options over unissued ordinary shares in the parent entity.

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has given an indemnity or entered into an agreement to indemnify as follows:

The Company has entered into agreements with Mr E Edwards, Mr D Webster and Mr H Wai to indemnify them against any liability incurred by them as an officer of the Company including costs and expenses of successfully defended legal proceedings.

DIRECTORS REPORT (continued)

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

No non-audit services were provided by our auditors, HLB Mann Judd, during the year ended 30 June 2018.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 24 has been received for the year ended 30 June 2018 and forms part of this directors' report.

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 proceedings 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.

Signed in accordance with a resolution of the directors.



.....
E W EDWARDS
Executive Director

Dated at Perth this 28 day of September, 2018.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Athena Resources Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
28 September 2018



N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**



	Note	Consolidated Entity	
		2018 \$	2017 \$
Revenue	2	240,015	2,136
Expenses			
Depreciation	3	(5,731)	(6,159)
Employee and Consultant Costs		(254,143)	(260,239)
Listing and Share Registry Costs		(26,517)	(26,748)
Office and Communication Costs		(59,840)	(88,762)
Other expenses		(87,336)	(143,437)
LOSS BEFORE INCOME TAX BENEFIT		<u>(193,552)</u>	<u>(523,209)</u>
Income tax benefit	4	-	392,215
NET (LOSS) FOR THE YEAR		<u>(193,552)</u>	<u>(130,994)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		<u>(193,552)</u>	<u>(130,994)</u>
Basic (loss) per share (cents per share)	20	(0.09)	(0.06)

These financial statements should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**



	Note	Consolidated Entity	
		2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	39,086	19,020
Trade and other receivables	6	<u>125,927</u>	<u>60,901</u>
Total Current Assets		<u>165,013</u>	<u>79,921</u>
NON-CURRENT ASSETS			
Plant and equipment	7	13,960	19,691
Mineral exploration and evaluation	8	<u>7,679,399</u>	<u>7,584,542</u>
Total Non-Current Assets		<u>7,693,359</u>	<u>7,604,233</u>
TOTAL ASSETS		<u>7,858,372</u>	<u>7,684,154</u>
CURRENT LIABILITIES			
Trade and other payables	9	<u>1,136,360</u>	<u>768,590</u>
Total Current Liabilities		<u>1,136,360</u>	<u>768,590</u>
TOTAL LIABILITIES		<u>1,136,360</u>	<u>768,590</u>
NET ASSETS		<u>6,722,012</u>	<u>6,915,564</u>
EQUITY			
Issued capital	10	13,400,888	13,400,888
Accumulated losses	11	<u>(6,678,876)</u>	<u>(6,485,324)</u>
TOTAL EQUITY		<u>6,722,012</u>	<u>6,915,564</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**



Consolidated Entity	Issued Capital \$	Accumulated Losses \$	Total \$
Year ended 30 June 2018			
Balance at 1 July 2017	13,400,888	(6,485,324)	6,915,564
Comprehensive loss for the year	-	(193,552)	(193,552)
Balance at 30 June 2018	<u>13,400,888</u>	<u>(6,678,876)</u>	<u>6,722,012</u>
Year ended 30 June 2017			
Balance at 1 July 2016	13,400,888	(6,354,330)	7,046,558
Comprehensive loss for the year	-	(130,994)	(130,994)
Balance at 30 June 2017	<u>13,400,888</u>	<u>(6,485,324)</u>	<u>6,915,564</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**



	Note	Consolidated Entity	
		2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(259,957)	(376,311)
Interest received		15	2,136
Research and Development tax offset		-	392,215
		<u> </u>	<u> </u>
Net Cash Inflow from Operating Activities	16	<u>(259,942)</u>	<u>18,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration/evaluation expenditure		(99,990)	(777,955)
		<u> </u>	<u> </u>
Net Cash (Outflow) From Investing Activities		<u>(99,990)</u>	<u>(777,955)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings from related party		400,000	140,000
Repayment of borrowings from related party		(20,000)	(120,000)
		<u> </u>	<u> </u>
Net Cash Inflow from Financing Activities		<u>380,000</u>	<u>20,000</u>
Net increase in cash held		20,068	(739,915)
Cash and cash equivalents at beginning of the financial year		19,020	758,935
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of this financial year	5	<u><u>39,088</u></u>	<u><u>19,020</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration.

The accounting policies detailed below have been consistently applied to all years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Athena Resources Limited and its subsidiaries.

Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of Athena's assets and the discharge of its liabilities in the normal course of business.

The Board considers that Athena is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of approval of this financial report. The company has access to the following potential source of funding:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe that subject to prevailing equity market conditions, Athena will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should Athena be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether it will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Statement of Compliance

The financial report was authorised for issue on 28 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Consolidated Entity's business and therefore, no change is necessary to accounting policies of the consolidated entity.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to consolidated entity accounting policies.

Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Athena Resources Limited.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity controlled by Athena Resources Limited. Control exists where Athena Resources Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Athena Resources Limited to achieve the objectives of Athena Resources Limited. All controlled entities have a 30 June financial year-end.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(d) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the areas 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.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(e) Impairment of Assets

At each reporting date, the Directors review 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 assets, 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 statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and service tax (GST).

(i) 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 expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



(k) Comparative Figures

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

(l) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(m) Key Estimates – Impairment of exploration expenditure

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of exploration expenditure. In making this assessment, the Directors have considered the existence of any possible indicators of impairment per AASB 6 “Exploration for and Evaluation of Mineral Resources”.

On the basis of this review, the Directors have not written off any exploration expenditure during the financial year and are satisfied that no impairment is present at June 30 2018.

Consolidated Entity	
2018	2017
\$	\$

NOTE 2 - REVENUE

Revenue from non-operating activities

Interest received	15	2,136
Contribution to overheads from Brilliant Glory (Note 22)	240,000	-
Total revenue	<u>240,015</u>	<u>2,136</u>

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSE

Expenses

Depreciation of non-current assets:		
Office furniture and equipment	720	1,148
Motor vehicles	5,011	5,011
Total depreciation of non-current assets	<u>5,731</u>	<u>6,159</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



NOTE 4 - INCOME TAX

No income tax is payable by Athena as each entity in the consolidated entity incurred a loss for tax purposes for the year and each has available recoupable income tax losses at balance date. The aggregate of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

	Consolidated Entity 2018 \$	2017 \$
Loss for the year	<u>(193,552)</u>	<u>(523,209)</u>
Income tax calculated at 30%	(58,065)	(156,963)
Tax effect of permanent differences:		
R&D Tax Offset	-	392,215
Deferred tax asset not recognised	<u>58,065</u>	<u>156,963</u>
Income Tax Attributable to Operating Loss	<u>-</u>	<u>392,215</u>
Revenue Losses	<u>3,694,127</u>	<u>3,523,152</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2018 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

- (a) The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
- (b) The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- (c) No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	<u>39,086</u>	<u>19,020</u>
	<u>39,086</u>	<u>19,020</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



Consolidated Entity
2018 2017
\$ \$

NOTE 6 - TRADE AND OTHER RECEIVABLES

Current		
Other Debtors	96,061	28,056
GST Receivable	29,866	32,845
	<u>125,927</u>	<u>60,901</u>

NOTE 7 - PLANT AND EQUIPMENT

Plant and equipment		
Cost	201,554	201,554
Provision for depreciation	(187,594)	(181,863)
	<u>13,960</u>	<u>19,691</u>

Movement for the year		
Opening balance	19,691	25,850
Additions	-	-
Depreciation expensed	(5,731)	(6,159)
Closing balance	<u>13,960</u>	<u>19,691</u>

NOTE 8 - MINERAL EXPLORATION AND EVALUATION

At cost brought forward – exploration and evaluation phase	7,584,542	7,184,778
Expenditure during the year	94,857	399,764
At cost less impairment	<u>7,679,399</u>	<u>7,584,542</u>

The recoupment of costs carried forward in relation to the area of interest in exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective area.

NOTE 9 – TRADE AND OTHER PAYABLES

Current		
Trade creditors and accruals	87,579	36,896
Loan from Brilliant Glory Investments Pty Ltd (Note 22)	-	20,000
Loan from directors (Note 18)	140,000	-
Loan from other officer	20,000	-
Due to directors - remuneration	718,024	597,294
Due to other officer - remuneration	170,757	114,400
	<u>1,136,360</u>	<u>768,590</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



Consolidated Entity
2018 2017
\$ \$

NOTE 10 - ISSUED CAPITAL

a) Issued capital (216,760,789 ordinary shares fully paid)	<u>13,400,888</u>	<u>13,400,888</u>
b) There were no movements in ordinary share capital of the Company during the years ended June 2017 and June 2018		

Voting and dividend rights

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.

NOTE 11 - RESERVES AND ACCUMULATED LOSSES

Accumulated Losses	<u>(6,678,876)</u>	<u>(6,485,324)</u>
Accumulated Losses		
Balance at beginning of the year	(6,485,324)	(6,354,330)
Net (Loss) for the year	<u>(193,552)</u>	<u>(130,994)</u>
Balance at end of the year	<u>(6,678,876)</u>	<u>(6,485,324)</u>

NOTE 12 - COMMITMENTS FOR EXPENDITURE

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$4,912,240 (2017: \$4,059,670) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

Not later than one year	982,448	811,934
Later than 1 year but not later than 2 years	982,448	811,934
Later than 2 years but not later than 5 years	<u>2,947,344</u>	<u>2,435,802</u>
	<u>4,912,240</u>	<u>4,059,670</u>

The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Company's share of obligations under joint venture agreements without allowing for dilution.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



NOTE 13 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2018

NOTE 14 - INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Book Value of Athena's Investments	
			2018 \$	2017 \$
Complex Exploration Pty Ltd	Ordinary	100%	100	100
Capricorn Resources Pty Ltd	Ordinary	100%	200	200
Byro Exploration Pty Ltd (c)	Ordinary	100%	1,390,000	1,390,000
			<u>1,390,300</u>	<u>1,390,300</u>

- (a) The above controlled entities are incorporated in Australia.
- (b) The book value of Athena Resources Limited's investment in the ordinary shares of controlled entities is at cost, which does not exceed the underlying net assets of the entity.
- (c) Wholly owned subsidiary of Complex Exploration Pty Ltd.

NOTE 15 - SEGMENT INFORMATION

During the year the Group operated principally in one business segment being mineral exploration within Australia.

NOTE 16 - NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated Entity	
	2018 \$	2017 \$
Reconciliation of (loss) / profit after income tax to net operating cash flows		
(Loss) / Profit from ordinary activities	(193,552)	(130,994)
Depreciation	5,731	6,159
Profit on sale of other entities	-	-
Movement in assets and liabilities		
Receivables	(65,026)	148,595
Payables	(7,095)	(5,720)
Net cash provided by operating activities	<u>(259,942)</u>	<u>18,040</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



NOTE 17 - KEY MANAGEMENT PERSONNEL

(a) Directors

The names and positions of Directors in office at any time during the financial year are:

David Arthur Webster	Chairman	
Edmond William Edwards	Executive Director	
Hau Wan Wai	Executive Director	(Appointed 29/12/2017)
Jian Li	Chief Executive Officer	(Resigned 29/12/2017)

(b) Remuneration Policies

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

(c) The total remuneration paid to Directors is summarised below:

	Parent Entity	
	2018	2017
Year ended 30 June	\$	\$
Short-term employee benefits	228,000	228,000
Post-employment benefits	-	-
Other-long term benefits	-	-
Other – based payments	-	-
	<u>228,000</u>	<u>228,000</u>

d) Aggregate amounts payable to Directors and their personally related entities.

Current		
Accounts payable	718,024	597,294
Loans	140,000	
	<u>858,024</u>	<u>597,294</u>

	Parent Entity	
	2018	2017
	\$	\$

NOTE 18 - RELATED PARTY INFORMATION

Transactions within the Consolidated Entity

Non-current receivables – Controlled Entities	9,234,884	9,140,029
Less : Provision for non recovery	(1,554,985)	(1,554,985)
	<u>7,679,899</u>	<u>7,585,044</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



During the year unsecured interest free loans were made by Directors to support short term cash flow as follows:

Mr Edwards	\$100,000
Mr Webster	\$40,000

The maximum amount outstanding during the period and balance of the loan outstanding at 30 June 2018 was \$140,000.

	Consolidated entity	
	2018	2017
NOTE 19 - REMUNERATION OF AUDITORS	\$	\$

Amount received, or due and receivable, by the auditors for:

Auditing and reviewing of the financial statements of Athena Resources Limited and of its controlled entities	22,750	22,200
Other Services	-	-
	<u>22,750</u>	<u>22,200</u>

	Number of Shares	
	2018	2017
NOTE 20 – (LOSS) / PROFIT PER SHARE	No	No

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>216,760,789</u>	<u>216,760,789</u>
	\$	\$
(Loss) used in the calculation of loss per share	<u>(193,552)</u>	<u>(130,994)</u>

NOTE 21 - FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The board's overall risk management strategy seeks to assist the group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the consolidated entity's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

(i) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk and liquidity risk.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Non-Interest Bearing		Floating Interest Rate	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
- Cash at bank	-	-	39,088	19,020
- Trade debtors	125,927	60,901	-	-
Total Financial Assets	<u>125,927</u>	<u>60,901</u>	<u>39,088</u>	<u>19,020</u>
Financial Liabilities				
- Payable and accruals	278,336	171,298	-	-
- Amounts payable related parties	858,024	597,284	-	-
Total Financial Liabilities	<u>1,136,360</u>	<u>768,592</u>	<u>-</u>	<u>-</u>

Weighted Average Effective Interest Rate is 1.0% (2017: 1.8%)

Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the consolidated entity in order to maximise the return to shareholders and ensure that the consolidated entity can fund its operations and continue as a going concern.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues. There have been no changes in the strategy adopted by management to control capital of the consolidated entity since the prior year.

(a) Financial Instruments

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The consolidated entity has not performed a sensitivity analysis relating to its exposure to interest rate risk.

NOTE 22 – TERMINATION OF SALE OPTION AGREEMENT FOR BYRO PROJECT

On 6 December 2016 Athena announced that it and Brilliant Glory Industrial Corporation Limited together with Brilliant Glory Investments Pty Ltd (collectively, Brilliant Glory) had signed a formal Sale Option Agreement.

The agreement was subject to a satisfaction date (or sunset date) of 30 June 2017 which was subsequently extended a number of times, with the most recent extension being to 31 July 2018.

On 28 May 2018 Athena gave notice to Brilliant Glory that Athena had completed its Conditions Precedent to the Sale Option Agreement. Brilliant Glory has not completed its Conditions Precedent required under the Sale Option Agreement. In view of these matters Athena has decided not to grant any further extensions and has served Brilliant Glory with a termination notice. Accordingly, the agreement is at an end.

Since year end the Company received \$96,000, being outstanding funds from Brilliant Glory which were due in respect of the period ended 30 June 2018. In addition, the amounts advanced as loans to the Company from Brilliant Glory to 30 June 2018 of \$240,000 (See Note 2) have been taken to other income as a result of the termination of the Company's agreement with Brilliant Glory.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



NOTE 23 - PARENT ENTITY DISCLOSURES	2018 \$	2017 \$
Financial Position		
CURRENT ASSETS		
Cash and cash equivalents	38,286	18,220
Trade and other receivables	125,927	60,901
Total Current Assets	<u>164,213</u>	<u>79,121</u>
NON-CURRENT ASSETS		
Plant and equipment	13,960	19,691
Investment in subsidiaries	300	300
Loans to subsidiaries (i)	7,679,899	7,585,044
Total Non-Current assets	<u>7,694,159</u>	<u>7,605,035</u>
TOTAL ASSETS	<u>7,858,372</u>	<u>7,684,156</u>
CURRENT LIABILITIES		
Trade and other payables	1,376,360	768,592
Total Current Liabilities	<u>1,376,360</u>	<u>768,592</u>
TOTAL LIABILITIES	<u>1,376,360</u>	<u>768,592</u>
NET ASSETS	<u>6,482,012</u>	<u>6,915,564</u>
EQUITY		
Issued capital	13,400,888	13,400,888
Accumulated losses	(6,918,876)	(6,485,324)
TOTAL EQUITY	<u>6,482,012</u>	<u>6,915,564</u>
Financial Performance		
(Loss) for the year	(433,552)	(130,994)
Other comprehensive income	-	-
Total comprehensive (loss)	(433,552)	(130,994)
Accumulated losses prior year	(6,485,324)	(6,354,330)
	<u>(6,918,876)</u>	<u>(6,485,324)</u>

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of property, plant and equipment.

- (i) The ultimate recovery of the loans to the subsidiaries is dependent on the successful development and/or commercial exploitation or sale of the subsidiaries' exploration assets.

**DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018**



DIRECTORS' DECLARATION

1. In the opinion of the directors of Athena Resources Limited (the 'Company'):
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

E W Edwards
Executive Director

Dated at Perth this 28 September 2018

Independent Auditor's Report
to the Members of Athena Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Athena Resources Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates the existence of a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

Key Audit Matter
How our audit addressed the key audit matter

Carrying amount of exploration and evaluation expenditure

Note 8 of the financial report

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises exploration and evaluation expenditure and at 30 June 2018 had capitalised exploration and evaluation expenditure of \$7,679,399.

Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset as it involved the most communication with those charged with governance and also is of importance to the users' understanding of the financial report as a whole.

We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Our procedures included but were not limited to the following:

- We obtained an understanding of the key processes associated with management's review of carrying values of each area of interest;
- We considered the Director's assessment of potential indicators of impairment;
- We obtained evidence that the Group has current rights to tenure of its area of interest; and
- We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual financial report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Athena Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2018



N G Neill
Partner

SHAREHOLDER DETAILS FOR THE YEAR ENDED 30 JUNE 2018



ANALYSIS OF SHAREHOLDING – 18 SEPTEMBER 2018	SHARES
1 – 1,000	24
1,001 – 5,000	49
5,001 – 10,000	70
10,001 – 100,000	272
100,001 – or more	148
	<hr style="border-top: 1px solid black;"/>
	563
	<hr style="border-top: 3px double black;"/>
Total on issue	216,760,789
Shareholders holding less than marketable parcel	250

Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

Brilliant Glory Industrial Corp Ltd	43,000,000	19.84%
Edmond William Edwards	30,503,066	14.07%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed in the Remuneration Report.

SHAREHOLDER DETAILS FOR THE YEAR ENDED 30 JUNE 2018



TOP TWENTY SHAREHOLDERS 18 SEPTEMBER 2018

Shareholder	Shares	%	Rank
Brilliant Glory Industrial Corp Ltd	43,000,000	19.84	1
Tied Nominees Pty Ltd	30,459,066	14.05	2
Ishine International Resources Limited	8,300,000	3.83	3
Cobpen Co Investments Pty Ltd	8,077,301	3.73	4
Kelanco Pty Ltd	6,946,186	3.20	5
Vitor Pty Ltd	6,666,667	3.08	6
Stonydeep Investments Pty Ltd	5,554,000	2.56	7
Citicorp Nominees Pty Limited	5,437,481	2.51	8
Mr Andrew Peter Thomson	4,432,500	2.04	9
Julia Edwards Superannuation Pty Ltd	4,020,000	1.85	10
Mr Ronald Wang Chi Tai	3,916,565	1.81	11
Caroline Patricia Edwards	3,803,375	1.75	12
Mr Terence Weston	3,671,000	1.69	13
Mr James Gregory Puklowski	3,253,895	1.50	14
Mr Andrew John Puklowski	2,531,767	1.17	15
Befavo Pty Ltd	2,504,409	1.16	16
B C & K D Kelly	1,973,047	0.91	17
Mr Liam Kelly	1,954,889	0.90	18
Rasko Holdings Pty Ltd	1,925,972	0.89	19
Tandem Technical Consultants Pty Ltd	1,850,000	0.85	20
TOP 20 TOTAL	<u>143,532,677</u>	<u>69.33</u>	

INTEREST IN MINING TENEMENTS FOR THE YEAR ENDED 30 JUNE 2018



INTEREST IN MINING TENEMENTS

Byro

E09/1507
E09/1552
E09/1637
E09/1781
E09/1938
M09/166
M09/168

E – Exploration License
M – Mining Lease

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

The Board of Directors of Athena Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Athena Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The statement reports on Athena Resources Limited's key governance principles and practices.

Details of the Corporate Governance Statement can be found on the Athena Resources Limited's website at:

<http://www.athenaresources.com.au/corporate/corporate-governance/>