



Annual  
Report  
2013



Athena  
Resources

ACN 113 758 900

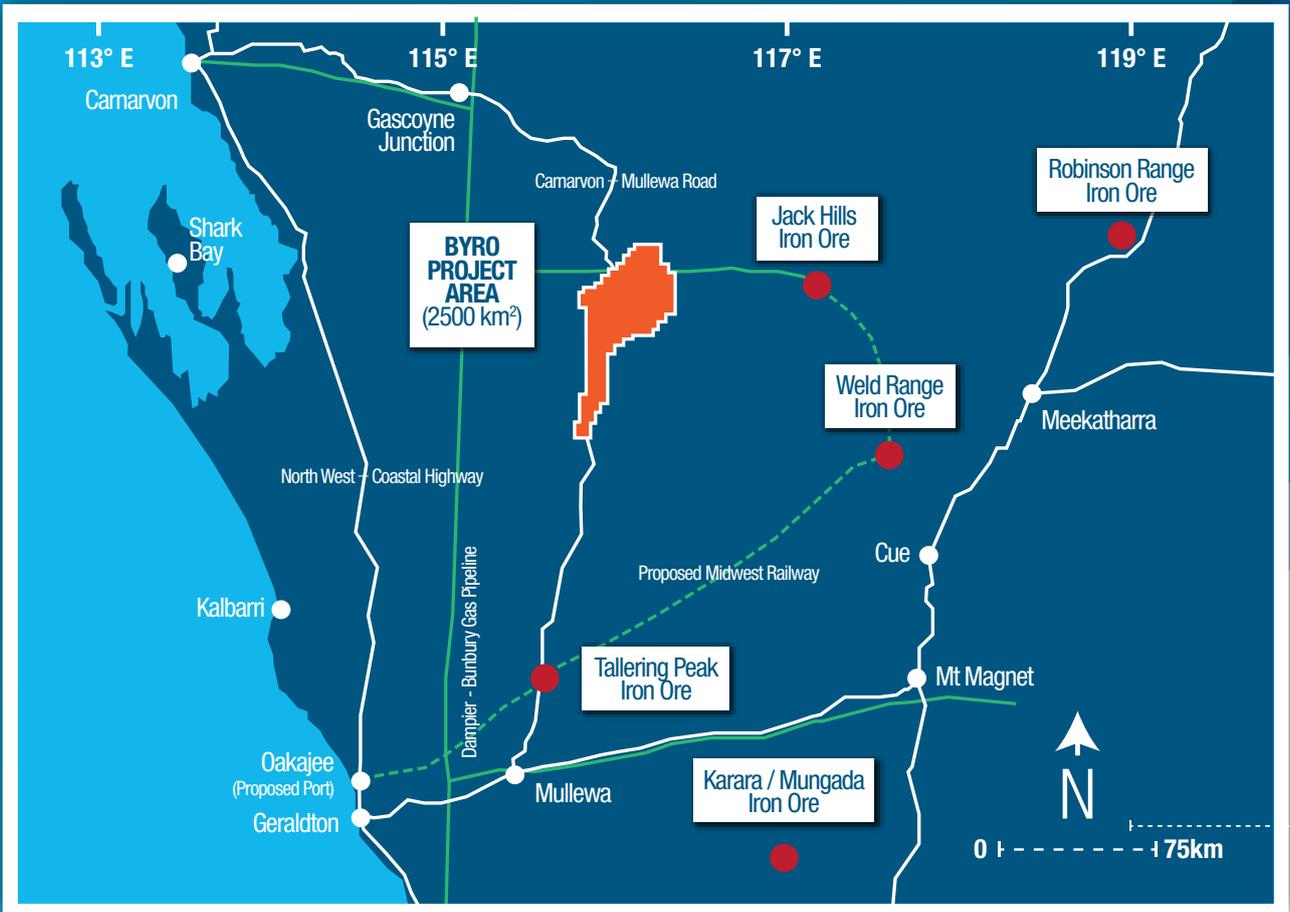


Figure 1



The photographs contained in this Annual Report are for illustration purposes only and are not necessarily assets of the Company.

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# 01 | Company Information

|                                    |   |
|------------------------------------|---|
| <b>ABN</b>                         | 69 113 758 900  |
| <b>Directors</b>                   | D A Webster (Chairman)<br>E W Edwards (Managing Director)<br>R P Kandiah (Non Executive Director)   |
| <b>Secretaries</b>                 | E W Edwards<br>P J Newcomb  |
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| <b>Auditor</b>                     | HLB Mann Judd<br>Level 4, 130 Stirling Street<br>Perth, WESTERN AUSTRALIA 6000<br><br>Telephone: +61 8 9227 7500<br>Facsimile: +61 8 9227 7533  |
| <b>Bankers</b>                     | Westpac Banking Corporation<br>1257 Hay Street<br>West Perth, WESTERN AUSTRALIA 6005  |
| <b>Securities Exchange Listing</b> | Athena Resources Limited shares<br>are listed on the Australian Securities Exchange<br>(Home Exchange – Perth)<br>ASX Code: Shares AHN  |
| <b>Website</b>                     | <a href="http://www.athenaresources.com.au">www.athenaresources.com.au</a>  |



## THE BYRO PROJECT

### LOCATION AND ACCESS

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 250km 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 Gindalbie and Ansteel's Karara Iron Project, Sinosteel's Weld Range Project, the proposed Jack Hills Expansion Project, Padbury's Robinson Range Project, and Mt Gibson's Tallering Peak Mine, 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. The region is also awaiting the inevitable development of the Oakajee deep water bulk shipping port north of Geraldton to cater for the export of many billions of tonnes of iron ore currently in JORC compliant resources in the region.

### TENURE

Athena's Byro Project covers approximately 2,500 square kilometres and consists of nine 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 including the recently acquired tenement, E09/1938 at Mt Narryar.

### 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 Byro East 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.

## 1. BYRO IRON EXPLORATION AND RESOURCE DEVELOPMENT

The Byro Iron Ore project comprises three types of iron ore which are magnetite, insitu hematite and pisolite including lateritic hematite. This year a proportion of the companies work has been focused on sampling, preliminary metallurgy and beneficiation test work on hematite ore in its various forms at Byro. This work builds on the magnetite iron resource and growth of conceptual exploration targets in the previous year. As a result of work completed the company has built up a large number of highly prospective magnetite and hematite targets with positive assay and metallurgical test results now included in the Byro Iron Project.

### 1.1 MAGNETITE

#### Metallurgical Testwork completed on the Byro FE1 Ore Body

In 2011 beneficiation test work was carried out by the Changsha Research Institute of Mining and Metallurgy ("CRIMM") in China as well as ALS Amtec in Australia on a total of sixteen PQ drill core samples (approximately 80kg) and a composite of RC chip samples, (approximately 12kg). The samples were taken from the FE1 Ore Body. The main points of the results are reported in Table 1 and 2.

#### Grind Establishment Test Work

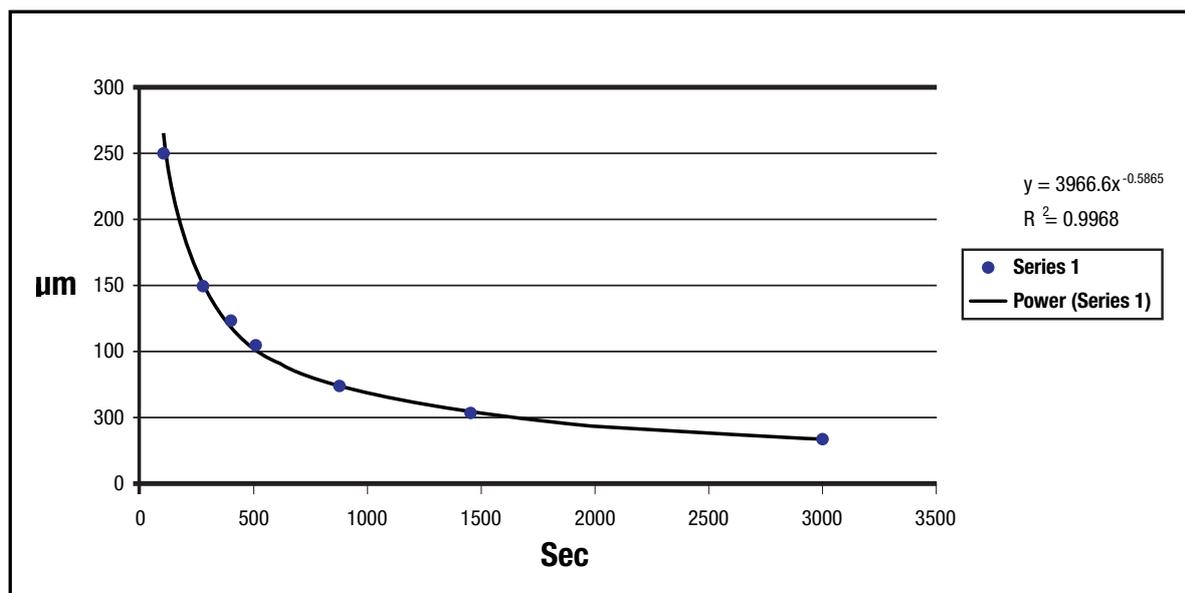
From the Particle Size Distributions of the grind establishment test work a reference chart was produced indicating the potential for capital and power cost savings from the coarser grind size (*Figure 2*).

**Table 1. Wet Low Intensity Magnetic Separation Results**

| Grind Size | Magnetite Concentrate                | Fe Grade in Concentrate | Fe Recovery | Mass Recovery |
|------------|--------------------------------------|-------------------------|-------------|---------------|
| P80 250µm  | 94.8% Fe <sub>3</sub> O <sub>4</sub> | 68.6% Fe                | 94.10%      | 49.40%        |
| P80 150µm  | 97.9% Fe <sub>3</sub> O <sub>4</sub> | 70.8% Fe                | 93.70%      | 47.40%        |
| P80 125µm  | 98.5% Fe <sub>3</sub> O <sub>4</sub> | 71.3% Fe                | 93.10%      | 46.50%        |

These results were achieved from an iron head grade of 35.5% Fe.

**Figure 2. Grind Size Vs. Time to grind in seconds**



### Major Results from Beneficiation Testwork

- Unconfined Compressive Strength (UCS) recorded values of 139.9 and 153.7 Mpa and recorded a strength classification of strong.
- Bond Impact Crushing Work Index (CWi) recorded average value of 15.5 kWh/t with a maximum value of 21.5 kWh/t and a minimum value of 8.2 kWh/t.
- Apparent Relative Density recorded values of 3.52, 3.53 and 3.56 g/cc.
- Bond Ball Mill Work Index recorded a value of 16.5 kWh/t from a 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 3.894
- Head assays were reported as;
- An asbestiform analysis indicated the absence of asbestos or fibrous hazard.

**Table 2.**

| Sample  | Fe % | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | MnO % | CAO % | P %   | S %   |
|---------|------|--------------------|----------------------------------|--------------------|-------|-------|-------|-------|
| Core    | 35.4 | 45.1               | 0.59                             | 0.057              | 0.15  | 1.75  | 0.035 | 0.017 |
| RC Chip | 35.5 | 44.5               | 1.08                             | 0.074              | 0.14  | 1.55  | 0.050 | 0.041 |

These results confirm a relatively simple processing circuit is required for treatment of Byro magnetite ore.

The proposed processing circuit is likely to consist of the following:

- Conventional three stage crushing;
- Primary grinding and coarse classification;
- Wet low intensity magnetic separation at coarse grind;
- Secondary grinding and classification at P80 of 125 micron;
- Rougher wet low intensity magnetic separation;
- Cleaner wet low intensity separation;
- Concentrate thickening and filtration.

## Fe1 Prospect

A Total of 4488m drilling has been completed to date at the Fe1 prospect bringing the project to a JORC compliant inferred resource<sup>1</sup> status of 22.8Mt modeled to a strike length of 800m and width of 200m and depth of 150m. Drilling included 29 RC holes and 1 diamond core hole. The shape of the ore body remained predictable throughout the program with consistent dip and strike characteristics. The system is truncated to the south but remains open and plunging to the north.

Ore intersected in PQ diameter drill hole, AHDH0002, (84m magnetite from 72m) was sent to China for testing as well as being tested in Australia to determine the crushing and ball mill indices as part of the beneficiation and metallurgical test work that formed part of the scoping study as well as the Inferred resource<sup>1</sup>.

## Byro South Prospect

Magnetite targets at the Byro South Project now include three separate ore bodies; the main Byro South ore body, Whitmarsh Find ore body and Whistle Jack ore body. Drilling at the Byro South projects to date totals 3,716m

The Magnetite ore at the Byro South ore body appears within upper amphibolite facies gneissic rock in the form of a migmatite. The ore is matrix to massive localized in seams that range in thicknesses from 10m up to 50m width, dipping steeply to the west and strike dominantly north. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The eastern boundary of the unit is well delineated by the laplacian magnetic imagery and aeromagnetic data. The quality of the ore is supported by coarse grain size, high magnetic intensity and recent and drilling producing high grade assay results.

At the main Byro South ore body, 22 drill holes were completed for 3,030. Targeting was based on surface outcrop mapping, assay from surface sampling and high definition aeromagnetic signatures. Highlights from the most recent drilling are listed below (Table 3).

**Table 3. Results from Byro South ore body. (Cut off = Intersection greater than 30m above 25% Fe)**

| Hole_ID   | Comments          | From |
|-----------|-------------------|------|
| AHRC0051  | 36m @ 35.25 Fe    | 48m  |
| AHRC0053D | 33.3m @ 33.42% Fe | 80m  |
| AHRC0053D | 39.4m @ 30.35% Fe | 125m |
| AHRC0054D | 44.9m @ 33.64% Fe | 90m  |
| AHRC0055  | 36m @ 31.73% Fe   | 88m  |
| AHRC0058  | 86m @ 28.39% Fe   | 56m  |
| AHRC0061  | 46m @ 27.83% Fe   | 32m  |

The 3,030m of drilling comprised 2280.5m of Reverse Circulation drilling, (RC), 300.8m as diamond tails to push some of the RC holes. Total drilling also included 448.6m PQ - NQ diamond drilling of which 270m for geotechnical / metallurgical test work.

Magnetic susceptibility was recorded for all holes drilled throughout the ore body. Readings recorded averaged  $850 \times 10^{-3}$  with peaks up to  $2000 \times 10^{-3}$  (SI Units). The high magnetic susceptibility, coarse grain size up to 1.5mm, and now X-ray Fluorescence (XRF) assay from surface sampling and feed assay from drilling show the ore is of similar high grade common to migmatite found at Byro.

Davis Tube Recoveries, (DTR), were also completed on the magnetite intersection in Hole AHRC0045. The average feed grade over a 34m composite was 34.77% Fe with DTR concentrate at 69.37% Fe. Mass recoveries were up to 48% and magnetite (Fe<sub>3</sub>O<sub>4</sub>) ranged from 95% to 100% using a 75 µm grind. The DTR work completed on this hole was the first for Byro South Ore Body. Metallurgical work is ongoing to investigate the optimum grind, and crush and ball mill indices for processing. The next phase of drilling at the Byro South ore body should generate enough information to proceed to a JORC Compliant inferred resource.

## The Whitmarsh Find Ore Body

At the Whitmarsh Find ore body, there have been 2 Reverse Circulation holes, AHRC0056 and AHRC0064 completed for 286m, Table 6. Drilling followed up high definition aeromagnetic anomalies, surface outcrop mapping and positive rock chip sampling assays previously reported from surface sampling, (best result MBRC260 43.28% Fe).

RC Drill Hole AHRC0056 intersected 24m @ 20.41% Fe from surface and 24m @ 32.76% Fe from 52m of continuous magnetite and AHRC0064 intersected a total of 52m of magnetite from 44m and 88m down hole in two massive bands. Results from down hole magnetic susceptibility recorded average readings of  $865 \times 10^{-3}$ , ranging up to  $1290 \times 10^{-3}$  (SI Units). Fresh rock from the drill sample displays coarse grain size of up to 1.5mm. Results from X-ray Fluorescence (XRF) assay are listed below, and confirm the ore conforms to the high quality migmatite found at Byro to date.

The magnetite ore at the Byro Whitmarsh Find ore body appears in the form of a migmatite similar to the Byro South Ore Body. The ore is matrix to massive, localized in seams that range in thicknesses from 24m to 26m width, dipping steeply to the southwest and strike dominantly northwest. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The full extent of the body is yet to be delineated by drilling; however, the geophysical aeromagnetic anomaly indicates a near surface strike length of 1 kilometre. Successful drilling at the Whitmarsh Find completed a first pass testing of the ore body to 150m depth which when correlated with the magnetic anomaly demonstrates a characteristic of an open dipping ore horizon to depth.

## The Whistle Jack Ore Body

At the Whistle Jack ore body, there have been 2 Reverse Circulation holes completed for 400m. Drill holes AHRC0065 and AHRC0066 followed up on high definition aeromagnetic anomalies, surface outcrop mapping and positive rock chip sampling assays previously reported from surface sampling, (best result MBRC272 42.31% Fe).

Drill hole AHRC0066 intersected 22m @ 36.32% Fe from 86m depth. AHRC0065 ended in ore intersecting 68m @ 36.46% Fe from 132m down hole. The hole was terminated due to time and program constraints and will be continued at a later date.

The magnetite ore at the Whistle Jack ore body appears within upper amphibolite facies gneissic rock in the form of a migmatite. At the location of the drill hole the ore is matrix to massive, in seams that range in thicknesses from 22m to greater than 68m width. The body dips steeply to the south and strikes dominantly east to west. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The full extent of the body is yet to be delineated by drilling; however, the geophysical aeromagnetic anomaly indicates a near surface area of ~600,000m<sup>2</sup>, within a 1.7 kilometres anomalous strike length.

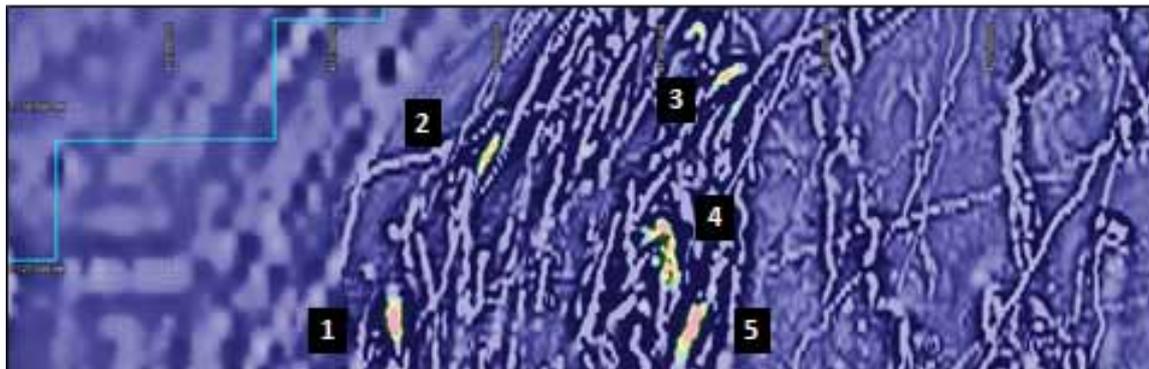
The Whistle Jack ore body demonstrates continued high grade ore determined by magnetic susceptibility (magsus), surface sampling and now assay from drill samples. Results are similar to the high quality magnetite found within the migmatites at the Byro Iron Project. A direct comparison of the quality of the Whitmarsh Find and Whistle Jack magnetite ore can again be made through grain size and magnetic susceptibility, assay and low impurities to the quality of Athena's Byro Iron Ore Project.

## BYRO NORTH Prospects

### Field reconnaissance and outcrop sampling

Within the Byro North Project there are five separate high amplitude magnetic anomalies of significant size that have been sampled. Ethnographic Site Avoidance Surveys have been completed in the locations and the anomalies have been given the all clear of any sites of ethnographic significance. Proposals of Work have been approved by the Department of Mines. Drilling will proceed in the five areas once funding is complete. Drill targets are based on work interpreted to date covering high definition aeromagnetic anomalies, surface outcrop mapping and positive rock chip sampling assays from surface sampling. The areas to be tested are shown in Figure 3.

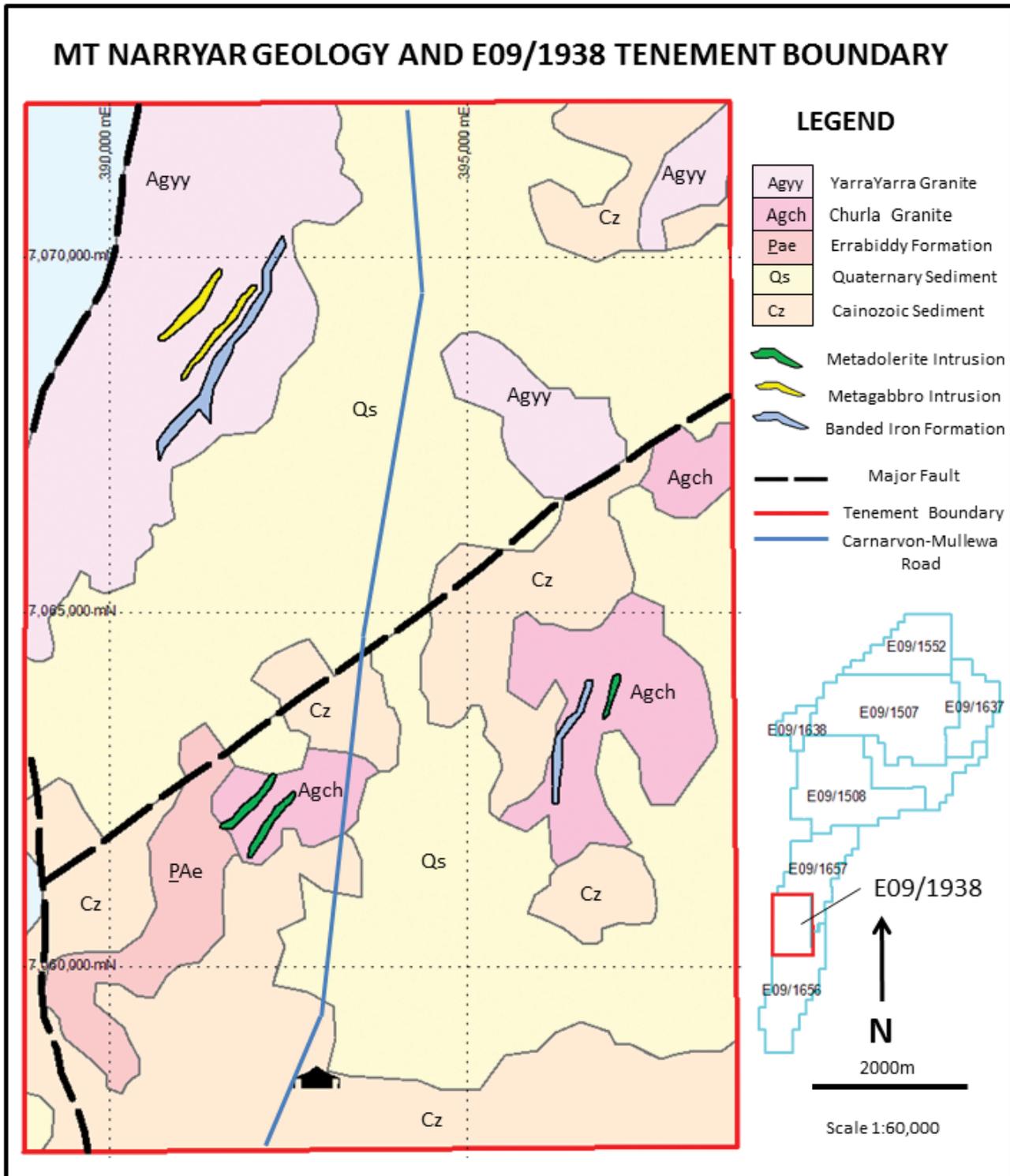
Figure 3. Magnetic Anomalies within the Byro North Prospects.



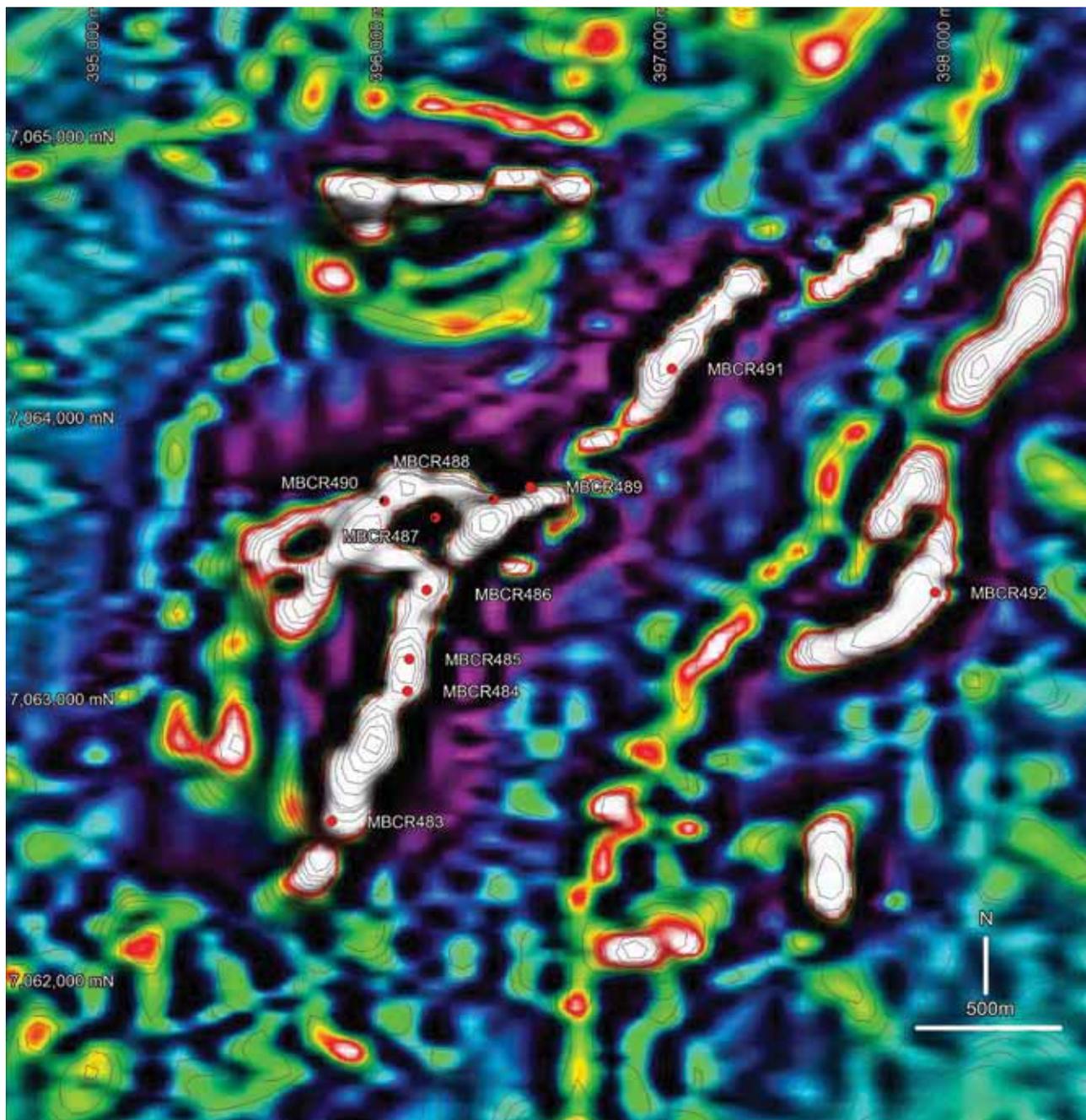
## Mount Narryar Prospect

Tenement E09/1938 was acquired during 2013 and is recognised as a highly prospective area not only for its potential to add significant tonnes to the company's growing iron targets, it has significant base metal prospects. Figure 4 shows the GSWA geology. The outlined light blue regions, top left and at center right, are sampled and mapped magnetite outcrops within the tenement. The outlined yellow regions are sampled and mapped ultramafic outcrop. Results received following reconnaissance have shown multiple areas of interest.

Figure 4. Mount Narryar Geology and Sample Sites



Geology map modified from GSWA 250K map sheet with results from Athena field mapping



**Figure 5. High Resolution Magnetite Signature at Mount Narryar East**

### Mount Narryar East

Magnetite assay results from outcrop sampling, Table 4, were consistently above 40% Fe along the length of the outcrop, (Figure 5 and 6), with only one result, MBCR483 below which was from a weathered hematite pisolite. The magnetite results add to the high grade iron sources being accumulated by Athena as part of the Byro Iron Ore Project.

The magnetite anomaly at outcrop displays variable thickness. At the widest point up to 80m wide and narrows to 25m in some cases. Average width is estimated around 40m. The anomaly is a first order magnetite target given its location, continuity of geology and potential volume. The magnetite exploration target at this anomaly after surface mapping, sampling and geophysics integration is around 30 million m<sup>3</sup>.

The volume is derived from and assumes a consistent dip to 150 meters depth for 5400 meters and average width at outcrop of 40m. Variable width estimates give a potential range between 60 to 90 million tonnes using a conservative specific gravity of 3. The quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource. Further exploration is warranted to improve understanding and reduce uncertainty about this body.

**Figure 6 Magnetite Outcrop at Mount Narryar East**



**Table 4. Magnetite Assays from Outcrop at Mount Narryar East**

| Sample  | East   | North   | Fe    | SiO2  | Al2O3 | P XRF | S XRF | LOI  |
|---------|--------|---------|-------|-------|-------|-------|-------|------|
| MBCR483 | 395840 | 7062566 | 23.27 | 54.27 | 4.25  | 0.026 | 0.084 | 6.36 |
| MBCR484 | 396108 | 7063029 | 40.04 | 39.93 | 0.76  | 0.02  | 0.11  | 1.39 |
| MBCR485 | 396115 | 7063143 | 43.58 | 34.31 | 0.99  | 0.03  | 0.12  | 1.77 |
| MBCR487 | 396206 | 7063646 | 40.33 | 38.38 | 0.92  | 0.02  | 0.04  | 2.47 |
| MBCR488 | 396410 | 7063709 | 46.38 | 27.90 | 1.87  | 0.04  | 0.11  | 2.95 |
| MBCR489 | 396541 | 7063755 | 43.84 | 34.99 | 0.97  | 0.04  | 0.05  | 0.94 |
| MBCR490 | 396027 | 7063704 | 39.17 | 39.20 | 1.56  | 0.03  | 0.07  | 3.02 |
| MBCR491 | 397041 | 7064174 | 36.35 | 44.99 | 1.13  | 0.03  | 0.06  | 1.39 |
| MBCR492 | 397969 | 7063379 | 37.42 | 42.49 | 0.70  | 0.07  | 0.09  | 0.87 |

Assays indicate the surface outcrop sampled is largely oxidised to hematite due to loss on ignition being positive in all cases. Average surface magnetic susceptibility was  $80 \times 10^{-3}$ . The High resolution signature at depth is in excess of 2000nT which is typical of Magnetite in the region.

The Northwest magnetite anomaly comprises a series of close spaced interbedded parallel magnetite sequences interspaced with sheared granite and gneiss. Assay results range from 35 to 40.5% Fe, taken from sporadic outcrop, Table 5. Outcrop strike is towards the short northeast dashed lines. The anomaly appears to have consistent strike to the northeast and steep dip to the north northwest similar to that of the Narryar East anomaly. Although more work needs to be done to understand the stratigraphy at this anomaly drilling should be considered.

**Table 5. Magnetite Outcrop at Mount Narryar North West**

| Sample  | East   | North   | Fe    | SiO2  | Al2O3 | P XRF | S XRF | LOI  |
|---------|--------|---------|-------|-------|-------|-------|-------|------|
| MBCR477 | 390500 | 7066836 | 35.31 | 47.38 | 0.84  | 0.02  | 0.08  | 0.83 |
| MBCR478 | 390441 | 7066679 | 40.53 | 38.83 | 0.28  | 0.02  | 0.24  | 1.98 |
| MBCR479 | 390384 | 7066674 | 37.59 | 44.62 | 0.72  | 0.01  | 0.06  | 0.64 |
| MBCR480 | 390302 | 7066450 | 39.66 | 41.23 | 0.77  | 0.07  | 0.08  | 0.52 |

## 1.2 HEMATITE

Assay returns from drilling and surface rock samples at Byro throughout the project demonstrated common nonmagnetic Fe oxides in the transported regolith as well as nonmagnetic Fe oxides in saprolite, directly and indirectly associated with the Byro migmatite magnetite.

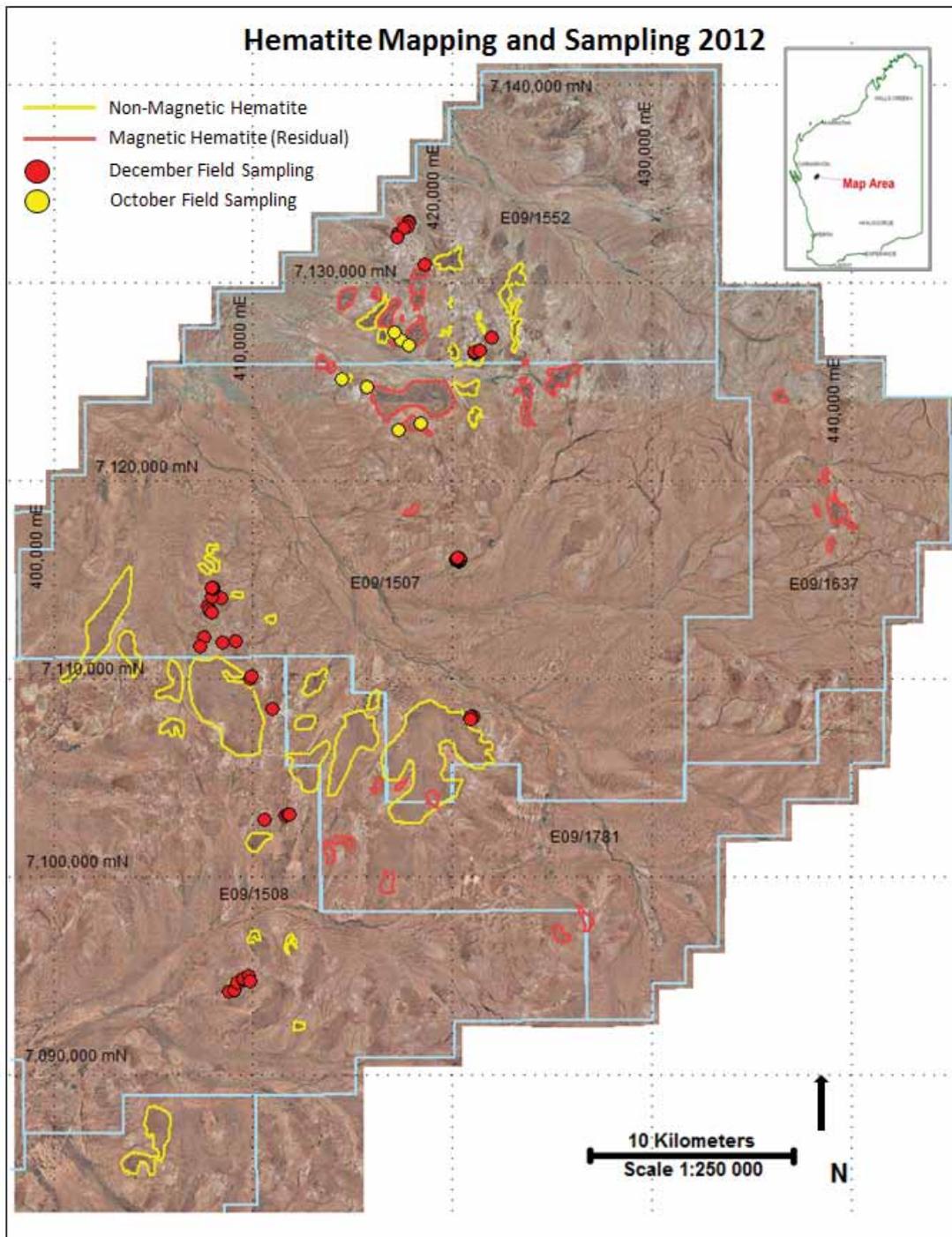
Mapping, Figure 7, revealed three common occurrences of hematite throughout the Byro Project.

**Type 1:** Fluvial deposits of sub to well-rounded hematite pisolites.

**Type 2:** Lateritic caps and concentrations within transported halos

**Type 3:** Outcropping competent and brecciated massive hematite in BIFs,

**Figure 7. Location Map showing mapping and Sampling Areas**



### Type 1: Fluvial deposits of sub to well-rounded hematite pisolites.

The specimen in Figure 8 (left) is a fluvial sorted pisolite, Type 1, cut and polished to better identify the constituent components. The sample contains very little detrital material. The more oxidized sample (right) contains more clay as cement and breaks up easily liberating the hematite oxide balls. Both have variable residual magnetism. The clay content varies dependent on location and deposition process.

**Figure 8. Byro Hematite Pisolites**



Fluvial pisolites have been identified at four significant kilometer size locations occurring with thicknesses of up to 10 meters but more commonly averaging 3 meters. The hematite pisolite concentrations occur at an altitude of approximately 15m to 30m above current regional erosional insizement. As a result of this Athena is investigating the potential of remnant fluvial deposits of hematite pisolites from paleo channels at Byro. Samples to date are proximal to the Yarra Yarra Creek channel environment. Further work is underway to test the extent and variation in grade for the deposits identified.

### Dense Media Gravity Separation and Assay of Pisolites

Hematite has been commonly intersected in the transported regolith at Byro. An example at the Whitmarsh Find is AHRC0056 a 24m @ 20.41% Fe of hematite from surface which assayed at 20.4% Fe. An example at Byro South of pisolites in the regolith is AHRC0046 with 36m @ 33.95% Fe and AHRC0048a with 30m @ 34.48% Fe From 28m, also AHRC0050 with 44m @ 27.5% Fe From 0m. AHRC0045 assayed 47m @ 27.67% Fe From 0m. Samples from this hole were composited and passed through a dense media separation test to investigate potential for processing and upgrade to a furnace grade product.

Sieved fraction analysis followed by Dense Media Separation (DMS) was completed by Amdel, Ultratrace Laboratories on the nonmagnetic composites form AHRC0045. Results demonstrated the Fe contained may be successfully upgraded to a furnace grade ranging from 58% Fe to 62%Fe. Mass recoveries from the oxide material achieved were as expected given that the parent magnetite recoveries are around 35% to 50%.

**Table 6. Hematite Assay Results**

| DMS Size Fraction | SG    | Mass<br>(g) | Mass<br>% | Fe<br>% | SiO <sub>2</sub><br>% | Al <sub>2</sub> O <sub>3</sub><br>% | P<br>% | S<br>% | LOI  |
|-------------------|-------|-------------|-----------|---------|-----------------------|-------------------------------------|--------|--------|------|
| -3.35 + 2.00mm    | >3.70 | 48.7        | 58.22     | 58.1    | 9.29                  | 2.31                                | 0.04   | 0.02   | 3.92 |
| -2.00mm + 500µm   | >3.70 | 65.6        | 51.79     | 62      | 5.3                   | 1.97                                | 0.03   | 0.02   | 2.92 |
| -500 + 45µm       | >3.70 | 48.2        | 52.78     | 63.6    | 3.5                   | 2.12                                | 0.03   | 0.02   | 2.69 |

Note: Fe: Iron; SiO<sub>2</sub>: Silicon Dioxide; Al<sub>2</sub>O<sub>3</sub>: Aluminium Oxide; P: Phosphorus; LOI: Loss On Ignition

## Type 2 Lateritic caps and concentrations within transported halos

The Byro tenements contain multiple ferruginous iron caps with units up to 3m thick, often brecciated at the base with large weathering halos. The caps are a remnant, iron rich surface and form prominent tops on some but not all of the breakaway outcrops. The extent of these outcrops is yet to be constrained.

## Type 3: Outcropping competent and brecciated massive hematite in BIFs

Figure 9 Type 3: Outcrop of both competent and brecciated massive hematite



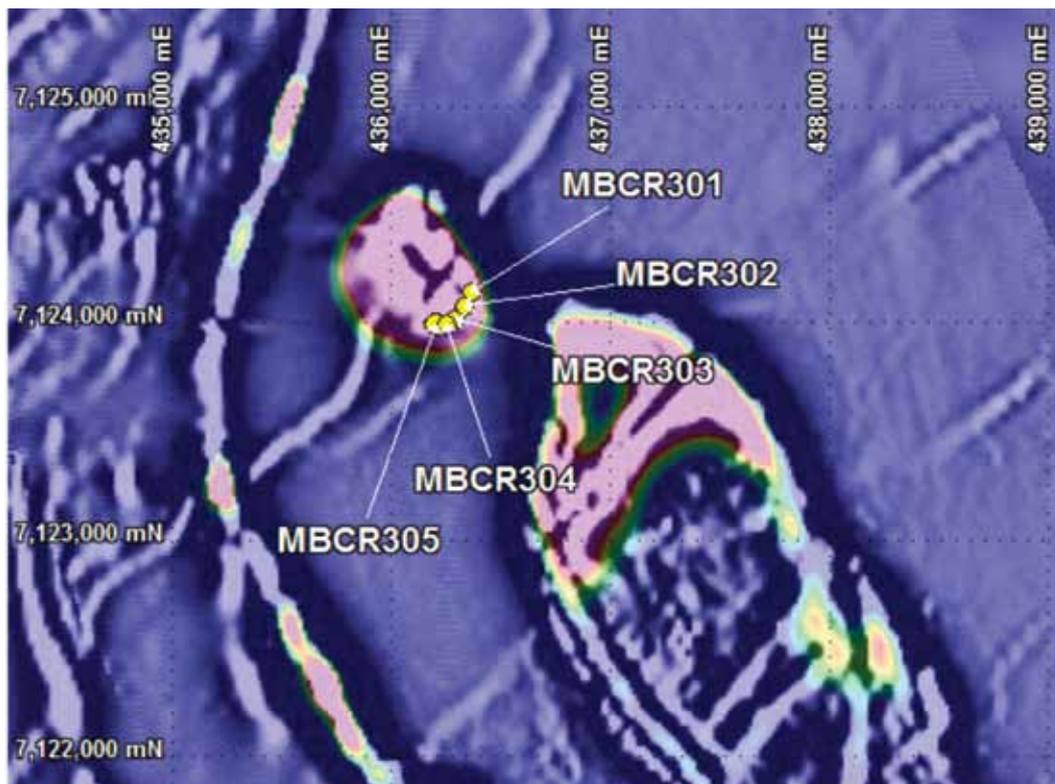
The Type 3 hematite deposit, Figure 9, is found in coarse grain oxidised BIFs with low quartz content, (less than 30%) and commonly have extensive transported halos local to outcrop.

Following the positive DMS results in 2011 surface sampling targeting continuous magnetic to nonmagnetic outcrop was undertaken. The sampling program was directed towards nonmagnetic outcrop at locations associated with nearby anomalously high magnetic responses. The purpose of this was to map high quality magnetite source rock and gain insight into the weathering and oxide state of the associated hematite and martite oxides.

The Company received assay results of up to 68.28% Fe (MBCR304) in oxide from sampling at the northern tip of the Milly Milly intrusion. The samples were taken from sub crop and surface float localized above a strong magnetic anomaly, Figure 10.

Athena completed further mapping, petrological studies and Scanning Electron Microscopy (SEM), in early 2012. Results confirmed the major oxides at Byro to be hematite, goethite and minor martite and ilmanite with remnant magnetite. Martite and partly weathered magnetite hold residual magnetism dependent on whole rock oxidizing conditions.

Figure 10. Byro Sample Location over Aeromagnetic Anomaly



Grid: MGA50 (GDA94), scale 1;10,000

Sampling and field mapping revealed multiple continuous bodies of combined magnetite and hematite over many kilometres. Work completed through to 2013 has now refined the strike length of four continuous iron bodies seen in Figures 11, 12 and Table 7 below. Magnetic susceptibility measured from these bodies showed variable residual magnetism indicating incomplete oxidation from magnetite to hematite including the presence of martite, identified in thin section petroscopy. The martite is a pseudomorph oxide of magnetite that is not necessarily a product of surface weathering and may have oxidised at depth. Assays from rock chip samples show high grade Fe with low impurities typical of Byro migmatite Iron. Impurities such as phosphorous and sulphur are of similar low levels previously found at Byro.

**Table 7. Surface Sample Assay Averages.**

| Prospect      | Strike Length Km | No of Sample Sites | Lowest Grade Fe% | Highest Grade Fe% | Average Grade Fe % |
|---------------|------------------|--------------------|------------------|-------------------|--------------------|
| Think Big     | 5.4              | 33                 | 32.20            | 56.28             | 43.00              |
| Bonecrusher   | 2.5              | 7                  | 31.19            | 53.03             | 43.48              |
| Happy Union   | 1.4              | 6                  | 41.05            | 64.25             | 54.96              |
| Tabaroa South | 4                | 12                 | 29.84            | 56.12             | 45.41              |

All assays % XRF202, detection units 0.01 to 0.001, Assays performed by Ultra Trace - Bureau Veritas

**Figure 11. Think Big Prospect**

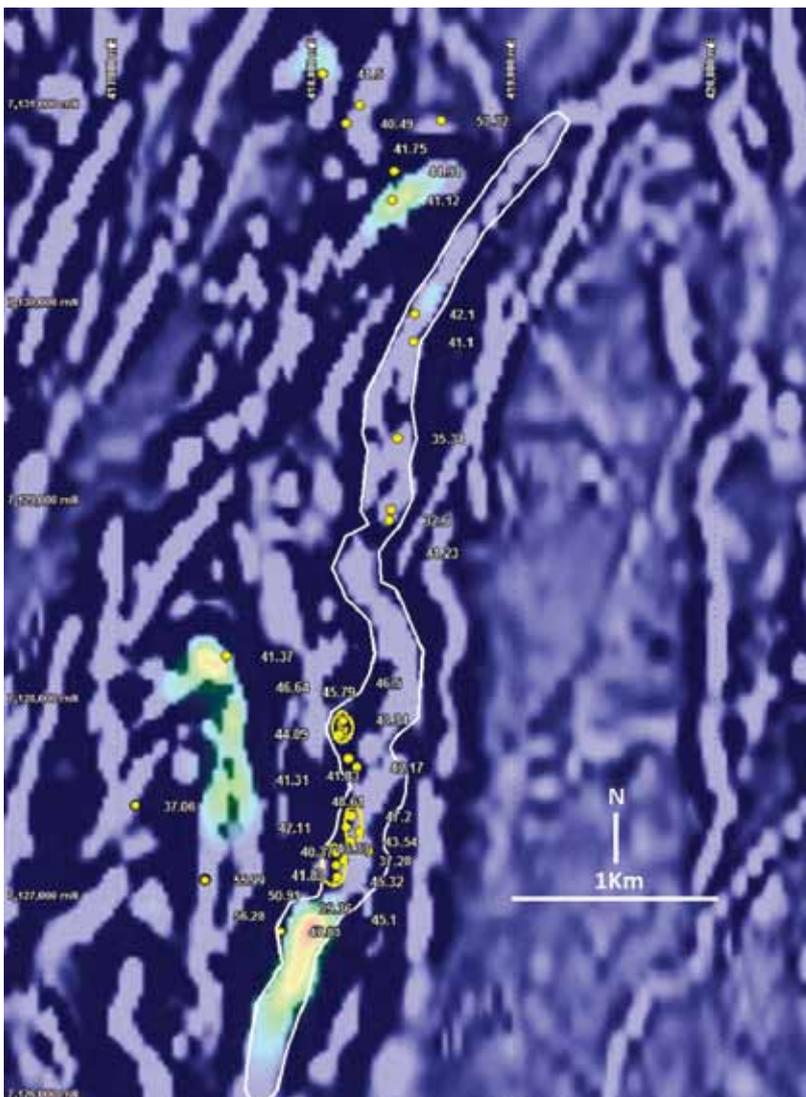
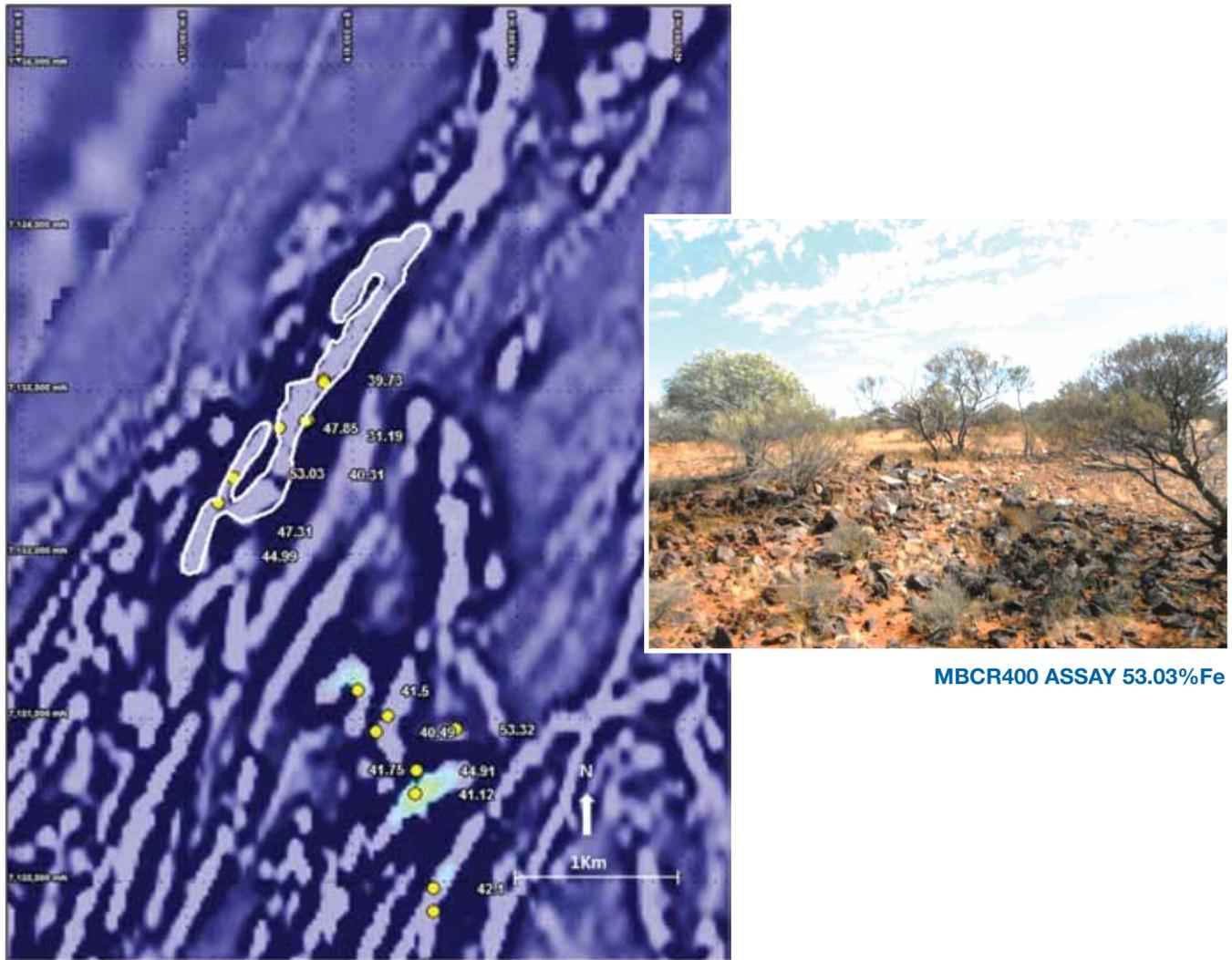


Figure 12. Bonecrusher



### Gravity Separation and concentration of Hematite

A composite of samples from the Think Big Prospect was processed to test potential for upgrade to a furnace grade product. The samples were from outcrop in three separate locations over a 1 kilometer strike, within the yellow circles in Figure 11. The composite was crushed to 500µm and assayed, results below, in Table 8, show the composite sample had a feed assay of 44.6% Fe. The sample was then processed through a gravity separation Wilfley table dividing the sample into seven fractions based on density. The various cuts were assayed and the cumulative results shown in Table 9. A significant upgrade of iron from whole rock assay to 55.3% with a 65.8% recovery as seen in red circled area, Figure 13, was achieved.

Table 8. Composite feed grade

| Conc Sample | Mass (g) | Scaled Mass (g) | % Retained | Cum % Passing | Grade (%) and Distribution |                  |                                |      |      |         |
|-------------|----------|-----------------|------------|---------------|----------------------------|------------------|--------------------------------|------|------|---------|
|             |          |                 |            |               | Fe                         | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | P    | S    | LOI1000 |
| Calc head   | 2985     | 3000            | 100.00%    |               | 44.9                       | 31.77            | 1.55                           | 0.02 | 0.07 | 1.76    |
| Assay Head  |          |                 |            |               | 44.6                       | 32.22            | 1.63                           | 0.02 | 0.08 | 1.76    |

The whole rock feed grade iron content of 44.6% and silica 32.2% combined is approaching 77% of the rock mass. Removal of the silica from the rock mass by simple gravity has been proven possible in the first stage, (Rougher Phase).

Observation of free silica grains remaining in processed concentrate sample is also confirmed by concentrate assay results, Table 9. Tests are continuing to confirm separation of minerals, liberation of iron, and refine the process to remove the remaining silica grains left behind. Work will include petrology, determining a cleaning and scavenging stage to reduce silica content further and achieve a target grade of 60% Fe.

Figure 13. Recovery and Yield Vs Grade

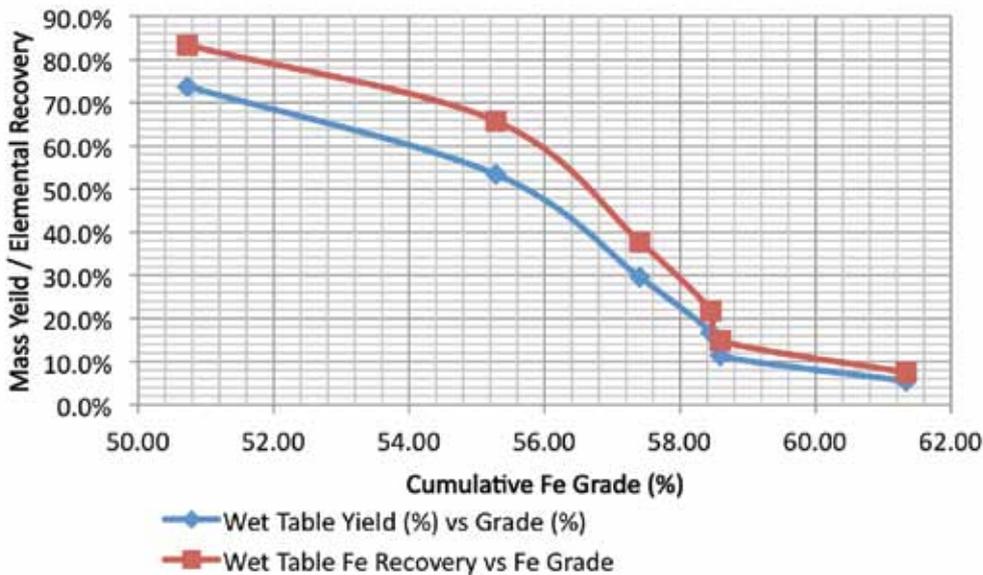


Table 9 shows the cumulative grades achieved with the Cut 1 cumulate to Cut 6, Cut 7 being dominantly fine clays, silica and Al<sub>2</sub>O<sub>3</sub>. The assay shows very low levels of contaminant minerals, sulphur Al<sub>2</sub>O<sub>3</sub> and phosphorous. The results also show contaminant minerals are similar to the Byro magnetite both in JORC resource and from drilling at other locations. Grain size of the hematite within the rock varies from 0.25mm to 1.5mm with distinctive boundaries between the hematite and quartz. A grind size of 500µm was chosen on the basis of grain size and style of grain boundary. These initial results suggest this could be further optimized and will be confirmed with petrological study of the master composite grinds.

Table 9. Cumulative Concentrate Grades

| Cumulate Conc | % Retain | Cum. % Retain | Cumulative Concentrate Grade (%) and Distribution |      |                  |      |                                |      |      |      |      |      |      |
|---------------|----------|---------------|---|------|------------------|------|--------------------------------|------|------|------|------|------|------|
|               |          |               | Fe  |      | SiO <sub>2</sub> |      | Al <sub>2</sub> O <sub>3</sub> |      | P    |      | S    |      | LOI  |
| Cut 1         | 5.5      | 5.5           | 61.3  | 7.5  | 9.0              | 1.6  | 1.15                           | 4.1  | 0.02 | 4.1  | 0.07 | 5.3  | 1.37 |
| Cut 1 - 2     | 5.9      | 11.4          | 58.6  | 14.9 | 12.9             | 4.6  | 1.24                           | 9.1  | 0.02 | 9.2  | 0.07 | 11.7 | 1.49 |
| Cut 1 - 3     | 5.4      | 16.8          | 58.5  | 21.8 | 13.0             | 6.8  | 1.25                           | 13.5 | 0.02 | 13.9 | 0.07 | 16.2 | 1.5  |
| Cut 1 - 4     | 12.8     | 29.5          | 57.4  | 37.8 | 14.5             | 13.5 | 1.27                           | 24.3 | 0.02 | 24.7 | 0.06 | 26.3 | 1.52 |
| Cut 1 - 5     | 23.9     | 53.4          | 55.3  | 65.8 | 17.4             | 29.3 | 1.31                           | 45   | 0.02 | 44.8 | 0.06 | 45.9 | 1.59 |
| Cut 1 - 6     | 20.4     | 73.8          | 50.7  | 83.4 | 24.0             | 55.7 | 1.32                           | 62.9 | 0.02 | 62.9 | 0.06 | 1.57 | 1.57 |



## Insitu Hematite Exploration Target Estimate

Byro regional stratigraphy is dominated by northwest steeply dipping, north-northeast striking, and structurally aligned sequences of insitu rock with large areas of sheet wash cover. The insitu rock formations include iron migmatite which in some locations is oxidised to hematite. Where drilling has been undertaken into the Byro stratigraphy, surface orientations at outcrop tend to conform to orientation at depths tested to 150m. As well as regional drilling Athena has used surface mapping, outcrop sampling and processing of geophysical data and structural imaging to gain a predictable understanding of the area.

Athena now has a hematite exploration target of over 400 million tonnes of insitu stratigraphic iron ore to be drill tested. The target derives from the five large hematite bodies recently delineated, Think Big, Bonecrusher, Tabaroa South, Tabaroa North, and Happy Union. A conservative 150m depth and specific gravity of 3g/cm<sup>3</sup> has been used in calculations for the tonnes below.

| Prospect                        | Length (m) | est. Width | Lower Target | Upper Target |
|---------------------------------|------------|------------|--------------|--------------|
| <b>Think Big</b> (Figure 11.)   | 5400       | 60~80      | 145,800,000  | 194,400,000  |
| <b>Tabaroa South</b>            | 4000       | 20~35      | 36,000,000   | 63,000,000   |
| <b>Bonecrusher</b> (Figure 12.) | 2500       | 40~65      | 45,000,000   | 73,125,000   |
| <b>Happy Union</b>              | 1400       | 20~30      | 12,600,000   | 18,900,000   |
| <b>Tabaroa North</b>            | 720        | 15~20      | 48,600,000   | 64,800,000   |

LOWER TARGET LIMIT FOR STRATIGRAPHIC HEMATITE AT THE FIVE BODIES 288,000,000t

UPPER TARGET LIMIT FOR STRATIGRAPHIC HEMATITE AT THE FIVE BODIES 414,225,000t

## 2. BYRO BASE METAL NICKEL-COPPER AND PGE EXPLORATION

In 2006, Athena was introduced to the prodigious geological credentials and potential for base metal exploration within the Byro area hosting the Milly-Milly intrusion and the Chromite discovery within the Imiagi Well layered ultramafic intrusion, Figure 14. Athena has since identified two new layered intrusive systems at Moonborough and at Central Byro.

Athena considers the newly acquired E09/1938 tenement and greater Byro area to be highly prospective for Ni-Cu and PGE's, The deep sutures adjacent to the Byro tenements including the new Mt Naryer tenement could have sourced Ni-Cu-PGE bearing fluids from depth as seen in the Milly-Milly Ni-Cu and PGE intrusion at Byro East.

Athena considers the area to be highly prospective for Ni-Cu and PGE, The deep crustal sutures could have sourced Ni-Cu-PGE bearing magma at depth as seen in the Milly-Milly intrusion at Byro East and at Nova-Bollinger at the opposite side in the Southeast Yilgarn.

Athena has recently announced to the ASX, confirmation of the fertility of the previously under explored 6.5km x 1.5km Milly-Milly intrusion and successfully demonstrated its potential to host concentrations of Ni-Cu and PGE's. Here the copper appears in the form of native copper and has been shown to form in aggregates with the pentlandite nickel sulphide. The Ultramafic to mafic intrusions found at Byro are rare on a global scale due to the unique geological environment, If successful these systems can be extremely valuable. Best results at Milly-Milly to date are

Best results from soil samples

- Rock/laterite samples up to: 2.5%Ni
- Gossan samples up to: 9.0% Cu  
Best results from shallow drilling (Saprolite)
- Best nickel: 13.7 m @ 1.2% Ni
- Best copper: 67 m @ 0.7% Cu  
including: 18.3 m @ 1.14% Cu

### Best results from deep drilling at Milly-Milly (only one hole to 500m)

|         |         |             |           |         |         |              |
|---------|---------|-------------|-----------|---------|---------|--------------|
| 1.73m@  | 0.31%Ni | from 157.4m | Including | 0.06m @ | 0.57%Ni | from 159.13m |
| 22.7m @ | 0.30%Ni | from 232.3m | Including | 0.5m @  | 0.64%Ni | from 254.5m  |
| 6m @    | 0.30%Ni | from 271m   | Including | 0.2m @  | 0.46%Ni | from 276.5m  |
| 1.5m @  | 0.31%Ni | from 320m   | Including | 0.5m @  | 0.35%Ni | from 321.5m  |
| 2.5m @  | 0.31%Ni | from 328.5m | Including | 0.5m @  | 0.38%Ni | from 328.5m  |

Work completed to date from sampling has included full assay, petrological thin section mineralogy and scanning electron microscopy, (SEM) to better understand the relationship between observed nickel and native copper mineralisation.



## Byro East Thin Section Petrology and Scanning Electron Microscopy

Thin section analysis conducted by Roger Townend and Associates from diamond core at 151.7m identified several types of serpentine, including lizardite and antigorite. Millerite alteration was observed in pentlandite. The process of Serpentinisation appears to have occurred throughout the Byro East intrusive body which has now been linked to an upgrade in tenor of the accumulations of pentlandite to millerite.

Sulphides present are pentlandite, millerite, chalcopyrite pyrite and traces of chrome spinel. The millerite appears to be a secondary metamorphic occurrence and most likely occurred during serpentinisation of the main body of the Byro East Intrusion. The presence of millerite has significant potential for upgrading the nickel equivalent percentage of nickel in the disseminated accumulations

Further thin section petrology investigated the relationship between the multi element sulphides and the native copper observed in core logging and assay. It has been demonstrated that the nickel and copper is very close after observing aggregates of nickel and native copper together displaying similar structural history and common complex boundaries. The occurrence of such an aggregate suggests co-nucleation in an environment of low oxygen fugacity. Further work is being carried out to understand this environment and subsequent controls on mineralisation.

Athena has demonstrated the presence of elevated multi sulphide elements in a finely disseminated fertile ultramafic which demonstrates signs of sulphide concentration and remobilisation. The potential for economic concentrations of nickel and copper are very encouraging. Further drilling and geochemistry is warranted and required to understand the potential of this under explored body.

From 212 meters to 500m the occurrence of grades greater than 0.3%Ni is greater than the first half of the hole. Grades include an interval of 23 meters at 0.301%Ni from 232m, as well as 0.5m @ 0.34%Ni from 370m and 7.5m @ 0.304%Ni from 424m.

## Significance of These Results

The Byro East Intrusives is in a tectonic setting of large scale crustal sutures and extensional rifting, broadly comparable to the major Jinchuan, Voisey's Bay and Raglan deposits. Athena has confirmed the coincidence of undifferentiated mafics, mineralised pyroxenite, gabbros and dunite ultramafic rocks intruding through deeply buried high grade metamorphic country rocks common throughout the Byro Tenements. This derivation is indicative of a pyroxenitic intrusive parentage in an extensional environment through deep feeder conduits incorporating potential assimilation of country rock. Ni-Cu and PGE development in conjunction with high MgO of 40% to 45% and an Mg number between 80 and 90 determined by assays demonstrate a fertile system.

The prospective attributes of the Byro East Intrusive include,

- Fertile altered Serpentine Antigorite c/w abundant olivine adcumulate of consistently high MgO (37.3 % < 44.8%).
- Consistent primary Ni sulphide averaging 2736 ppm.
- Anomalous zones of increased sulphur, chrome, nickel, copper and PGE's.
- Upgrade of pentlandite to millerite during serpentinisation.
- Remobilised sulphides into veinlets.
- High tenor nickel sulphide, millerite from SEM analyses, (76% Ni).

Athena's exploration of this intrusive body has been focused on identifying the primary and possible subsequent styles of mineralisation and triggers for their concentration. Athena has also explored for and found variation in geochemistry at depth and identified possible flow pulses. Thin section petrology from diamond core at 152m down hole indicated the high Ni bearing sulphide as probable millerite from SEM composition of 66% Ni and 1% Co most likely related to serpentinisation processes upgrading the Ni grade. High tenor Ni sulphate has now been confirmed at depth at Byro East and could form an important ore constituent similar to that of the Silver Swan, Wannaway, Cliffs, Honeymoon Well, Yakabindie and Mt Keith (MKD5) ore bodies.

## Assay Results from Previously Untested Ultramafic at Mt Narryar

Samples MBCR501 and MBCR502, Table 10 were taken from a sheared ultramafic intrusive partially intercalated but dominantly at the west contact of the magnetite units. The ultramafic displays bladed amphiboles, actinolite and tremolite with minor magnesite suggesting both hydrous and carbonate alteration. Assays reveal MgO of 24% well above the mafic MgO threshold of 10% confirming ultramafic origin. Sampling contained visible but rare trace sulphides most likely pyrrhotite and pyrite from assay related to magnetite. This body is a new discovery and will require detailed follow up.

**Table 10. Ultramafic Assay**

| Sample  | Fe   | SiO2  | Al2O3 | TiO2 | Mn   | S    | MgO  | Zn   | Pb    | Cu    | Cr   | Ni   | Co   |
|---------|------|-------|-------|------|------|------|------|------|-------|-------|------|------|------|
| MBCR501 | 6.16 | 52.81 | 5     | 0.22 | 0.07 | 0.04 | 24.3 | 0.01 | 0.001 | 0.001 | 0.33 | 0.16 | 0.01 |
| MBCR502 | 5.36 | 71.48 | 2.5   | 0.11 | 0.1  | 0.04 | 13.4 | 0.01 | 0.001 | 0.001 | 0.14 | 0.10 | 0.01 |

In the central region of the tenement are two northeast striking dolerite and gabbro intrusions that are coincident with a significant regional gravity high, The orientation of the gabbro and dolerite intrusions relative to the gravity anomaly is of great interest. There is no indication as to the depth of the source of the anomaly which is surprisingly under explored given its amplitude.

### Forward-looking Statements

This document contains forward-looking statements concerning Athena's Projects that, despite being based on Athena's current expectations about future events, are subject to risks and uncertainties outside the control of Athena and its Directors. Forward-looking statements are not based on historical fact, and actual events or results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and assumptions.

The potential quality and grade of the untested areas of the Byro and Ashburton projects are conceptual in nature and there has been insufficient exploration to define Mineral Resources at these projects and it is uncertain if further exploration will result in the determination of a Mineral Resource.

### Competent Persons Statement

The technical information relating to Athena's exploration projects 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, 2004 edition)". Mr Kelly consents to this inclusion of the information in this report in the context and format in which it appears.

Note 1. The information that relates to the Mineral Resource Estimate at Byro Fe1 was compiled by Mr Jonathan Sharp. Mr Sharp 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, 2004 edition)". Mr Carville consents to this inclusion of the information in this report in the context and format in which it appears.





Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited and its controlled entities ("Athena") for the financial year ended 30 June 2013.

## 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 | Managing Director      |
| Rajakumar Paul Kandiah | Non-Executive Director |

## 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 experience of working with government at the highest level, both in Australia and overseas, is of substantial value to Athena Resources.

#### *Interest in Shares and Options*

2,494,230 Fully Paid Shares

#### *Special Responsibilities*

Mr D 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 D Webster did not serve as a director of any other listed companies.

### Edmond William Edwards Managing Director and Joint Company Secretary

#### *Qualifications*

Mr Edwards is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. He is a Fellow of The Australian Institute of Company Directors.

#### *Experience*

Mr Edwards has over 36 years experience in the mining industry in Western Australia. He has previously been Managing 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*

15,710,790 Fully Paid Shares

#### *Special Responsibilities*

Mr Edwards is responsible for the 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 also served as a director of the following listed companies:

| <i>Company Name</i>        | <i>Appointed</i> | <i>Resigned</i> |
|----------------------------|------------------|-----------------|
| Scotgold Resources Limited | 27/01/2009       | 25/10/2010      |
| Taruga Gold Limited        | 21/10/2011       | 02/09/2013      |

# 03 | Directors' Report

## Rajakumar Paul Kandiah

## Non Executive Director

### Qualification

Mr Kandiah holds a Bachelor of Science from Deakin University and a Masters of Business Administration (Executive) from the Australian Graduate School of Management. He is also a Graduate of the Australian Institute of Company Directors.

### Experience

Mr Kandiah is currently a Director of Kokatu Pty Ltd, a management consultancy firm specialising in business development, strategy, supply chain management, sales, marketing and corporate finance in mining and minerals.

With over 20 years experience in the mining industry he has a wealth of commercial knowledge in commodities from iron ore to bauxite, through to diamonds and base metals. He has held a number of senior management positions in Rio Tinto, Alcoa and Orica as well as junior mining companies. He has also been responsible for business critical strategy and business development initiatives in the companies he has worked for.

Raj has been an adjunct faculty member of the Australian Graduate School of Management for two years. He brings to Athena his vast commercial experience and in particular in the sale of commodities including iron ore into China, Japan and Korea.

### Interest in Shares and Options

60,000 Fully Paid Shares

500,000 Unlisted Incentive Options exercisable at 20 cents expiring 30 April 2014.

### Special Responsibilities

Mr Kandiah is a member of the Audit Committee.

### Directorships held in listed entities

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

## Peter John Newcomb

## Joint Company Secretary

### Qualification

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

### Experience

He has over thirty 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. Mr Newcomb is an executive director of Taruga Gold Limited and Company Secretary and CFO of several other public companies in WA.

## PRINCIPAL ACTIVITIES

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

## OPERATING AND FINANCIAL REVIEW

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

| Operating Results  | 2013<br>\$ | 2012<br>\$  |
|--|------------|-------------|
| Consolidated profit / (loss) after income tax for the financial year | 26,128     | (1,712,609) |

### Financial Position

At 30 June 2013 the Company has cash reserves of \$259,458 and other short term assets readily realisable in cash of \$38,206.

## Dividends

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

## 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 item, 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 subsequent financial years.

## 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 2013, 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 |
|------------------------|---------------------------|-----------------|
| Edmond William Edwards | 3                         | 3               |
| David Arthur Webster   | 3                         | 3               |
| Rajakumar Paul Kandiah | 3                         | 3               |

## AUDIT COMMITTEE

The audit committee is comprised of the non-executive directors Mr D Webster and Mr R Kandiah. During the year ended 30 June 2013 Mr D Webster and Mr R Kandiah attended two meetings of the Audit Committee.

## 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 | Managing Director |
| Rajakumar Paul Kandiah |                   |

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.

# 03 | Directors' Report

## 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 shareholders 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 2013

### Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees 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. Details of the agreements are set out below.

### Agreements in respect of cash remuneration of Directors:

Mr. Edwards is the Managing Director responsible for the day-to-day 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.

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:

| Director                       | Associated Company            | Fees<br>\$     | Total<br>\$    |
|--------------------------------|-------------------------------|----------------|----------------|
| <b>Year ended 30 June 2013</b> |                               |                |                |
| E W Edwards                    | Tied Investments Pty Ltd      | 180,000        | 180,000        |
| D A Webster                    | Cobpen Co Investments Pty Ltd | 48,000         | 48,000         |
| R P Kandiah                    | Kokatu Pty Ltd                | 54,000         | 54,000         |
|                                |                               | <b>282,000</b> | <b>282,000</b> |

| Director                       | Associated Company            | Fees<br>\$     | Total<br>\$    |
|--------------------------------|-------------------------------|----------------|----------------|
| <b>Year ended 30 June 2012</b> |                               |                |                |
| E W Edwards                    | Tied Investments Pty Ltd      | 180,000        | 180,000        |
| A P Thomson                    | Qiupingdo Pte Ltd             | 75,000         | 75,000         |
| C Wang                         | Multiple Resources            | 22,500         | 22,500         |
| D A Webster                    | Cobpen Co Investments Pty Ltd | 24,000         | 24,000         |
| R P Kandiah                    | Kokatu Pty Ltd                | 6,000          | 6,000          |
|                                |                               | <b>307,500</b> | <b>307,500</b> |

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

## SHARE OPTIONS

As at the date of this report, there were 5,000,000 options over unissued ordinary shares in the parent entity. Of these options 1,000,000 are unlisted, and are exercisable at \$0.20 on or before 31 March 2014. The remaining 4,000,000 are unlisted, and are exercisable at \$0.06 on or before 30 April 2016. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

## 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 indemnity as follows:

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

## 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 2013.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 36 has been received for the year ended 30 June 2013 and forms part of this directors' report.

# 03 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**

Managing Director

Dated at Perth this 27 day of September, 2013.



## CORPORATE GOVERNANCE

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. This statement reports on Athena Resources Limited's key governance principles and practices.

## COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

| Principle #        | ASX Corporate Governance Council Recommendations   | Reference                             | Comply |
|--------------------|--|---------------------------------------|--------|
| <b>Principle 1</b> | <b>Lay solid foundations for management and oversight</b>  |                                       |        |
| 1.1                | Establish the functions reserved to the board and those delegated to senior executives and disclose those functions. | 2(a)                                  | Yes    |
| 1.2                | Disclose the process for evaluating the performance of senior executives.  | 2(h), 3(b), Remuneration Report       | Yes    |
| 1.3                | Provide the information indicated in the Guide to reporting on principle 1.  | 2(a), 2(h), 3(b), Remuneration Report | Yes    |

| Principle 2 | Structure the board to add value   |                              |     |
|-------------|--|------------------------------|-----|
| 2.1         | A majority of the board should be independent directors.   | 2(e)                         | Yes |
| 2.2         | The chair should be an independent director.   | 2(c), 2(e)                   | Yes |
| 2.3         | The roles of chair and chief executive officer should not be exercised by the same individual.             | 2(b), 2(c)                   | Yes |
| 2.4         | The Board should establish a nomination committee.   | 2(d)                         | No  |
| 2.5         | Disclose the process for evaluating the performance of the board, its committees and individual directors. | 2(h)                         | Yes |
| 2.6         | Provide the information indicated in the Guide to reporting on principle 2.                                | 2(b), 2(c), 2(d), 2(e), 2(h) | Yes |

| Principle 3 | Promote ethical and responsible decision-making   |            |     |
|-------------|---|------------|-----|
| 3.1         | Establish a code of conduct and disclose the code or a summary as to:   | 4(a)       | Yes |
|             | <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> </ul>  |            |     |
|             | <ul style="list-style-type: none"> <li>the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and</li> </ul> |            |     |
|             | <ul style="list-style-type: none"> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>                  |            |     |
| 3.2         | Establish a policy concerning achieving gender diversity and for the Board to establish measurable objectives.  | 4(c)       | No  |
| 3.3         | Disclose in each Annual Report the measurable objectives for achieving gender diversity   |            | No  |
| 3.3         | Provide the information indicated in the Guide to reporting on principle 3.   | 4(a), 4(c) |     |

# 04 Corporate Governance Statement

## CORPORATE GOVERNANCE STATEMENT (Continued)

| Principle #        | ASX Corporate Governance Council Recommendations  | Reference              | Comply |
|--------------------|---|------------------------|--------|
| <b>Principle 4</b> | <b>Safeguard integrity in financial reporting</b>   |                        |        |
| 4.1                | The Board should establish an audit committee.  | 3(a)                   | Yes    |
| 4.2                | The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the Board; and</li> <li>• has at least three members.</li> </ul>   | 3(a)                   | No     |
| 4.3                | The audit committee should have a formal charter  | 3(a)                   | Yes    |
| 4.4                | Provide the information indicated in the Guide to reporting on principle 4.   | 3(a)                   | Yes    |
| <b>Principle 5</b> | <b>Make timely and balanced disclosure</b>  |                        |        |
| 5.1                | Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.   | 5(a), 5(b)             | Yes    |
| 5.2                | Provide the information indicated in the Guide to reporting on principle 5.   | 5(a), 5(b)             | Yes    |
| <b>Principle 6</b> | <b>Respect the rights of shareholders</b>   |                        |        |
| 6.1                | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.   | 5(a), 5(b)             | Yes    |
| 6.2                | Provide the information indicated in the Guide to reporting on principle 6.   | 5(a), 5(b)             | Yes    |
| <b>Principle 7</b> | <b>Recognise and manage risk</b>  |                        |        |
| 7.1                | Establish policies for the oversight and management of material business risks and disclose a summary of those policies.  | 6(a)                   | Yes    |
| 7.2                | The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.                     | 6(a), 6(b), 6(d)       | Yes    |
| 7.3                | The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | 6(c)                   | Yes    |
| 7.4                | Provide the information indicated in the Guide to reporting on principle 7.   | 6(a), 6(b), 6(c), 6(d) | Yes    |

## CORPORATE GOVERNANCE STATEMENT (Continued)

| Principle #        | ASX Corporate Governance Council Recommendations   | Reference                 | Comply |
|--------------------|--|---------------------------|--------|
| <b>Principle 8</b> | <b>Remunerate fairly and responsibly</b>   |                           |        |
| 8.1                | The Board should establish a remuneration committee.   | 3(b)                      | No     |
| 8.2                | Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives. | 3(b), Remuneration Report | No     |
| 8.3                | Provide the information indicated in the Guide to reporting on principle 8.  | 3(b),                     | Yes    |

## 2. THE BOARD OF DIRECTORS

### 2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately;
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

### 2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions

## **CORPORATE GOVERNANCE STATEMENT (Continued)**

The Board is currently comprised of two Non-Executive Directors and an Executive Director. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

### **2(c) Chairman and Chief Executive Officer**

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

### **2(d) Nomination Committee**

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

### **2(e) Independent Directors**

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Athena Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

**CORPORATE GOVERNANCE STATEMENT (Continued)**

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently includes two independent non-executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Athena Resources Limited are considered to be independent:

| <b>Name</b>  | <b>Position</b>        |
|--------------|------------------------|
| Mr D Webster | Chairman               |
| Mr R Kandiah | Non Executive Director |

The term in office held by each Director in office at the date of this report is as follows:

| <b>Name</b>  | <b>Term in Office</b> |
|--------------|-----------------------|
| Mr D Webster | Since 9 December 2011 |
| Mr E Edwards | Since 11 April 2005   |
| Mr R Kandiah | Since 14 May 2012     |

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be a Non-Executive Director.

**2(f) Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

**2(g) Board access to information and independent advice**

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

**2(h) Review of Board performance**

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Athena Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

## CORPORATE GOVERNANCE STATEMENT (Continued)

### 3 BOARD COMMITTEES

#### 3 (a) Audit Committee

The board has established an Audit Committee. Due to the size of the board the Audit Committee comprises the Chairman Mr D Webster and non-executive Director Mr R Kandiah. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

#### *External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is HLB Mann Judd's policy to rotate engagement Partners on listed companies at least every five years in accordance with the Corporations Act 2001.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

#### 3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

**CORPORATE GOVERNANCE STATEMENT (Continued)**

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 'Non-executive directors should not receive options or bonus payments'. The Company may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Athena Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

**4. ETHICAL AND RESPONSIBLE DECISION MAKING****4(a) Code of Ethics and Conduct**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

**4(b) Policy concerning trading in Company securities**

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

## CORPORATE GOVERNANCE STATEMENT (Continued)

### 4(c) Policy Concerning Gender Diversity

Athena is committed to establishing a policy concerning diversity and disclosure of the policy. The policy will include requirements for the board to establish measurable objectives for achieving gender diversity and for the Board to assess annually the objectives and report in the Annual Report.

As a company with a small market capitalisation, the company has a small board. The company has no established policy in relation to gender diversity at present but is aware of the principle and will be alert for opportunities when board changes are contemplated. Given the size of the company and the limited number of employees, reporting the numbers of employees by gender is not regarded as a meaningful statistic.

## 5. TIMELY AND BALANCED DISCLOSURE

### 5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

### 5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

## 6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

**CORPORATE GOVERNANCE STATEMENT (Continued)****6(a) Board oversight of the risk management system**

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

**6(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

**6(c) Chief Executive Officer and Chief Financial Officer Certification**

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;

The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and

The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

**6(d) Internal review and risk evaluation**

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

**7. OTHER INFORMATION**

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at [www.athenaresources.com.au](http://www.athenaresources.com.au)



## 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 2013, 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.

This declaration is in respect of Athena Resources Limited and the entities it controlled during the year.

Perth, Western Australia  
27 September 2013

M R W Ohm  
Partner

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# Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 2013

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|   | Note | Consolidated Entity |                    |
|---|------|---------------------|--------------------|
|   |      | 2013<br>\$          | 2012<br>\$         |
| Revenue   | 2    | 2,672               | 10,260             |
| Expenses  |      |                     |                    |
| Depreciation  | 8    | (12,656)            | (13,569)           |
| Employee and Consultant Costs                         |      | (357,050)           | (425,972)          |
| Exploration Written Off                               |      | -                   | (1,660,902)        |
| Loss on Sale of Exploration Tenements                 |      | (97,554)            | -                  |
| Listing and Share Registry Costs                      |      | (27,821)            | (38,017)           |
| Office and Communication Costs                        |      | (63,290)            | (22,611)           |
| Other expenses  |      | (146,979)           | (237,092)          |
| <b>LOSS BEFORE INCOME TAX EXPENSE</b>                 |      | <b>(702,678)</b>    | <b>(2,387,903)</b> |
| Income tax benefit                                    | 4    | 728,806             | 675,294            |
| <b>NET PROFIT (LOSS) FOR THE YEAR</b>                 |      | <b>26,128</b>       | <b>(1,712,609)</b> |
| Other comprehensive income                            |      | -                   | -                  |
| <b>TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR</b> |      | <b>26,128</b>       | <b>(1,712,609)</b> |
| Basic profit (loss) per share (cents per share)       | 21   | 0.02                | (1.52)             |

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

|                                    |             | <b>Consolidated Entity</b> |                          |
|------------------------------------|-------------|----------------------------|--------------------------|
|                                    | <b>Note</b> | <b>2013</b><br><b>\$</b>   | <b>2012</b><br><b>\$</b> |
| <b>CURRENT ASSETS</b>              |             |                            |                          |
| Cash and cash equivalents          | 5           | 259,458                    | 413,616                  |
| Trade and other receivables        | 6           | 38,206                     | 80,595                   |
| Prepayments                        | 7           | 81,185                     | -                        |
| <b>Total Current Assets</b>        |             | <u>378,849</u>             | <u>494,211</u>           |
| <b>NON CURRENT ASSETS</b>          |             |                            |                          |
| Plant and equipment                | 8           | 26,154                     | 31,073                   |
| Mineral exploration and evaluation | 9           | 5,725,313                  | 5,331,186                |
| <b>Total Non Current Assets</b>    |             | <u>5,751,467</u>           | <u>5,362,259</u>         |
| <b>TOTAL ASSETS</b>                |             | <u>6,130,316</u>           | <u>5,856,470</u>         |
| <b>CURRENT LIABILITIES</b>         |             |                            |                          |
| Trade and other payables           | 10          | 471,443                    | 280,465                  |
| <b>Total Current Liabilities</b>   |             | <u>471,443</u>             | <u>280,465</u>           |
| <b>TOTAL LIABILITIES</b>           |             | <u>471,443</u>             | <u>280,465</u>           |
| <b>NET ASSETS</b>                  |             | <u>5,658,873</u>           | <u>5,576,005</u>         |
| <b>EQUITY</b>                      |             |                            |                          |
| Issued capital                     | 11          | 10,996,771                 | 10,980,031               |
| Reserves                           | 12          | 52,500                     | 32,500                   |
| Accumulated losses                 | 12          | (5,390,398)                | (5,436,526)              |
| <b>TOTAL EQUITY</b>                |             | <u>5,658,873</u>           | <u>5,576,005</u>         |

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

# Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 2013

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| Consolidated Entity                | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Share<br>Option<br>Reserve<br>\$ | Total<br>\$      |
|------------------------------------|-------------------------|-----------------------------|----------------------------------|------------------|
| <b>Year ended 30 June 2012</b>     |                         |                             |                                  |                  |
| Balance at 1 July 2011             | 9,604,452               | (3,959,600)                 | 358,005                          | 6,002,857        |
| Shares issued (net of issue costs) | 454,677                 | -                           | -                                | 454,677          |
| Issue of Incentive Options         | -                       | -                           | 12,500                           | 12,500           |
| Exercise of Options                | 818,580                 | -                           | -                                | 818,580          |
| Transfer from Option Reserve       | 102,322                 | -                           | (102,322)                        | -                |
| Expiry of Options                  | -                       | 235,683                     | (235,683)                        | -                |
| Comprehensive loss for the year    | -                       | (1,712,609)                 | -                                | (1,712,609)      |
| Balance at 30 June 2012            | <u>10,980,031</u>       | <u>(5,436,526)</u>          | <u>32,500</u>                    | <u>5,576,005</u> |
| <b>Year ended 30 June 2013</b>     |                         |                             |                                  |                  |
| Balance at 1 July 2012             | 10,980,031              | (5,436,526)                 | 32,500                           | 5,576,005        |
| Shares issued (net of issue costs) | 16,740                  | -                           | -                                | 16,740           |
| Issue of Options                   | -                       | -                           | 40,000                           | 40,000           |
| Expiry of Options                  | -                       | 20,000                      | (20,000)                         | -                |
| Comprehensive profit for the year  | -                       | 26,128                      | -                                | 26,128           |
| Balance at 30 June 2013            | <u>10,996,771</u>       | <u>(5,390,398)</u>          | <u>52,500</u>                    | <u>5,658,873</u> |

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

|  | Note | Consolidated Entity |             |
|--|------|---------------------|-------------|
|  |      | 2013<br>\$          | 2012<br>\$  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                     |             |
| Payments to suppliers  |      | (332,735)           | (638,937)   |
| Interest received  |      | 2,672               | 10,260      |
| Interest and other finance costs paid                        |      | (4,479)             | (1,376)     |
| Research and Development tax offset                          |      | 728,806             | 675,294     |
| <b>Net Cash Inflow From Operating Activities</b>             | 17   | 394,264             | 45,241      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                     |             |
| Payments for exploration expenditure                         |      | (597,240)           | (1,609,360) |
| Payment for other fixed assets                               |      | (7,737)             | (745)       |
| Proceeds from sale of exploration assets                     |      | 15,000              | -           |
| <b>Net Cash (Outflow) From Investing Activities</b>          |      | (589,977)           | (1,610,105) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                     |             |
| Proceeds from issue of shares and options                    |      | -                   | 1,294,335   |
| Share and option issue transaction costs                     |      | (24,445)            | (21,080)    |
| Proceeds from borrowings from related party                  |      | 266,000             | -           |
| Repayment of borrowings from related party                   |      | (200,000)           | -           |
| <b>Net Cash Inflow From Financing Activities</b>             |      | 41,555              | 1,273,255   |
| Net (decrease) in cash held                                  |      | (154,158)           | (291,609)   |
| Cash and cash equivalents at beginning of the financial year |      | 413,616             | 705,225     |
| Cash and cash equivalents at the end of this financial year  | 5    | 259,458             | 413,616     |

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

## **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.

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 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.

### **Statement of Compliance**

The financial report was authorised for issue on 27 September 2013.

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 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its 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 its business and therefore, no change is necessary to accounting policies of the consolidated entity.

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, 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.

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.

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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.

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

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(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.

**(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.

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

On the basis of this review, the Directors are satisfied that no impairment is present at June 30 2013.

|                                       | <b>Consolidated Entity</b> |               |
|---------------------------------------|----------------------------|---------------|
|                                       | <b>2013</b>                | <b>2012</b>   |
| <b>NOTE 2 - REVENUE</b>               | <b>\$</b>                  | <b>\$</b>     |
| Revenue from non-operating activities |                            |               |
| Interest received                     | 2,672                      | 10,260        |
| Total revenue                         | <u>2,672</u>               | <u>10,260</u> |

**NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSE**

**(a) Expenses**

Depreciation of non-current assets:

|  |               |               |
|--|---------------|---------------|
| Plant and equipment                      | 375           | 1,358         |
| Office furniture and equipment           | 1,719         | 1,372         |
| Motor vehicles                           | 10,562        | 10,839        |
| Total depreciation of non-current assets | <u>12,656</u> | <u>13,569</u> |

**(b) Loss on sale of tenements**

During the year, the group disposed of tenements E08/1954, M08/474 and P08/493 for consideration of \$15,000. The associated capitalised exploration was written off realising a loss on sale of \$97,554.

|   | <b>Consolidated Entity</b> |                |
|---|----------------------------|----------------|
|   | <b>2013</b>                | <b>2012</b>    |
|   | <b>\$</b>                  | <b>\$</b>      |
| <b>NOTE 4 - INCOME TAX</b>  |                            |                |
| 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: |                            |                |
| Loss for the year   | (702,678)                  | (1,712,609)    |
| Income tax calculated at 30%  | (210,803)                  | (513,783)      |
| <b>Tax effect of permanent differences:</b>   |                            |                |
| Non-allowable provisions and write-downs  |                            | -              |
| Non-allowable expenditure   |                            | -              |
| R&D Tax Offset  | 728,806                    | 675,294        |
| Deferred tax asset not recognised   | 210,803                    | 513,783        |
| <b>Income Tax Attributable To Operating Loss</b>  | <b>728,806</b>             | <b>675,294</b> |

The directors estimate the unrecognised deferred tax asset attributable to the company and its controlled entities at 30% is as follows:

|                       |                  |                  |
|-----------------------|------------------|------------------|
| <b>Revenue Losses</b> | <b>3,227,930</b> | <b>2,466,496</b> |
|-----------------------|------------------|------------------|

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2013 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.

|   | <b>Consolidated Entity</b> |                |
|---|----------------------------|----------------|
|   | <b>2013</b>                | <b>2012</b>    |
|   | <b>\$</b>                  | <b>\$</b>      |
| <b>NOTE 5 - CASH AND CASH EQUIVALENTS</b> |                            |                |
| Cash at bank and on hand                  | 259,458                    | 413,616        |
|   | <b>259,458</b>             | <b>413,616</b> |

**Consolidated Entity**

**NOTE 6 - TRADE AND OTHER RECEIVABLES**

**Current**

|                | 2013<br>\$    | 2012<br>\$    |
|----------------|---------------|---------------|
| GST Receivable | 20,668        | 8,756         |
| Other          | 17,538        | 71,839        |
|                | <u>38,206</u> | <u>80,595</u> |

**NOTE 7 - PREPAYMENTS**

|                               |               |          |
|-------------------------------|---------------|----------|
| Prepaid Share Issue Costs (i) | <u>81,185</u> | <u>-</u> |
|-------------------------------|---------------|----------|

(i) The Group has engaged external consultants during the year to assist in raising capital and issued 500,000 shares and 4,000,000 options exercisable at 6 cents on or before 30 April 2016 as consideration (see Note 11).

**NOTE 8 - PLANT AND EQUIPMENT**

|                            |               |               |
|----------------------------|---------------|---------------|
| Plant and equipment        |               |               |
| Cost                       | 179,282       | 171,545       |
| Provision for depreciation | (153,128)     | (140,472)     |
|                            | <u>26,154</u> | <u>31,073</u> |
| Movement for the year      |               |               |
| Opening balance            | 31,073        | 43,897        |
| Additions                  | 7,737         | 745           |
| Depreciation expensed      | (12,656)      | (13,569)      |
| Closing balance            | <u>26,154</u> | <u>31,073</u> |

**NOTE 9 - MINERAL EXPLORATION AND EVALUATION**

|  |                  |                  |
|--|------------------|------------------|
| At cost brought forward – exploration and evaluation phase | 5,331,186        | 5,580,238        |
| Expenditure during the year                                | 491,680          | 1,411,850        |
| Expenditure arising on purchase of Byro Tenement           | 15,000           | -                |
| Loss on Sale of Ashburton Tenements                        | (112,553)        |                  |
| Expenditure written off                                    | -                | (1,660,902)      |
| At cost less impairment                                    | <u>5,725,313</u> | <u>5,331,186</u> |

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploration, or sale of the respective areas

**NOTE 10 – TRADE AND OTHER PAYABLES**

**Current**

|                                 | Note | 2013<br>\$     | 2012<br>\$     |
|---------------------------------|------|----------------|----------------|
| Trade creditors and accruals    |      | 118,559        | 147,643        |
| Due to directors - remuneration |      | 286,884        | 132,822        |
| Borrowings from Related Party   | 19   | 66,000         | -              |
|                                 |      | <u>471,443</u> | <u>280,465</u> |

| NOTE 11 - ISSUED CAPITAL   | Consolidated Entity |            |
|--|---------------------|------------|
|  | 2013<br>\$          | 2012<br>\$ |
| <b>(a) Issued capital:</b>   |                     |            |
| 123,019,392 ordinary shares fully paid<br>(2012: 122,519,392 ordinary shares fully paid) | 10,996,771          | 10,980,031 |

**(b) Movements in ordinary share capital of the Company were as follows:**

| Date     | Details   | No. Of Shares | Issue Price<br>Cents / Share | Value<br>\$ |
|----------|---|---------------|------------------------------|-------------|
|          | <b>Balance June 30 2011</b>                     | 107,000,974   |                              | 9,604,452   |
|          | Exercise of Options                             | 10,232,246    | 8.00                         | 818,580     |
|          | Transfer from Option Reserve                    | -             | 1.00                         | 102,322     |
| 18/11/11 | Rights Issue                                    | 5,286,172     | 9.00                         | 475,757     |
|          | Less: Transaction costs arising on share issues | -             |                              | (21,080)    |
|          | <b>Balance June 30 2012</b>                     | 122,519,392   |                              | 10,980,031  |
| 01/05/13 | Placement (i)                                   | 500,000       | 4.00                         | 20,000      |
|          | Less: Transaction costs arising on share issues | -             |                              | (3,260)     |
|          | <b>Balance June 30 2013</b>                     | 123,019,392   |                              | 10,966,771  |

(i) Shares issued in payment of Share Issue Costs and included as Prepaid Share Issue Costs (Note 7)

**(c) Movement in Options:**

|          | Details   | No. Of Options | Issue Price<br>Cents / Share | Value<br>\$ |
|----------|---|----------------|------------------------------|-------------|
|          | <b>Balance June 30 2011</b>                         | 34,300,465     |                              | 358,005     |
|          | Transfer to Accumulated Losses on Expiry of Options | (23,568,219)   | 1.0                          | (235,683)   |
| 19/04/12 | Transfer to Issued Capital on Exercise of Options   | (10,232,246)   | 1.0                          | (102,322)   |
| 27/06/12 | Incentive Options Issued (ii)                       | 500,000        | 2.0                          | 10,000      |
|          | Incentive Options Issued (ii)                       | 500,000        | 0.5                          | 2,500       |
|          | <b>Balance June 30 2012</b>                         | 1,500,000      |                              | 32,500      |
|          | Expiry of Options                                   | (500,000)      |                              | (20,000)    |
| 01/05/13 | Incentive Options Issued (iii)                      | 4,000,000      | 1.0                          | 40,000      |
|          | <b>Balance June 30 2013</b>                         | 5,000,000      |                              | 52,500      |

(ii) Issue of Incentive Options. Options exercisable at 20 cents on or before 31 March 2014

(iii) Issue of Incentive Options and included as prepaid Share Issue Costs (Note 7). Options exercisable at 6 cents on or before 30 April 2016.

**(d) 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.

|  | <b>Consolidated Entity</b> |             |
|--|----------------------------|-------------|
| <b>NOTE 12 - RESERVES AND ACCUMULATED LOSSES</b> | <b>2013</b>                | <b>2012</b> |
|  | <b>\$</b>                  | <b>\$</b>   |

|                          |             |             |
|--------------------------|-------------|-------------|
| Share Option Reserve (a) | 52,500      | 32,500      |
| Accumulated Losses (b)   | (5,390,398) | (5,436,526) |

**(a) Share Option Reserve**

|   |          |           |
|---|----------|-----------|
| Balance at beginning of the year                    | 32,500   | 358,005   |
| Transfer to Accumulated Losses on Expiry of Options | (20,000) | (235,683) |
| Transfer to Issued Capital on Exercise of Options   | -        | (102,322) |
| Issue of Options (ii)                               | 40,000   | 12,500    |
| Balance at end of the year                          | 52,500   | 32,500    |

(i) Nature and purpose of reserve

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the company.

(ii) The issue of options during the year at no consideration was valued at 1.0 cent (1 May 2013) per option using the Black-Scholes model with the following assumptions:

- (1) The underlying value of each share in the company was the closing share price of 2.5 cents as at 1 May 2013.
- (2) Risk free rate of return – 5.00%;
- (3) A volatility of the share price of 1.25%;
- (4) The Incentive Options issued are exercisable at 6 cents per share on or before 30 April 2016;
- (5) The appropriate discount factor to be applied to the value of each of the options due to the lack of marketability would be 30%.

**(b) Accumulated Losses**

|   |             |             |
|---|-------------|-------------|
| Balance at beginning of the year                    | (5,436,526) | (3,959,600) |
| Net Profit / (Loss) for the year                    | 26,128      | (1,712,609) |
| Transfer to Accumulated Losses on Expiry of Options | 20,000      | 235,683     |
| Balance at end of the year                          | (5,390,398) | (5,436,526) |

**NOTE 13 - COMMITMENTS FOR EXPENDITURE**

**(a) Mineral Tenement Leases**

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$6,540,405 (2012: \$4,938,375) 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                       | 1,308,081 | 987,675   |
| Later than 1 year but not later than 2 years  | 1,308,081 | 987,675   |
| Later than 2 years but not later than 5 years | 3,924,243 | 2,963,025 |
|   | 6,540,405 | 4,938,375 |

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.

**NOTE 14 - CONTINGENT LIABILITIES**

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2013.

|  | <u>Class of Shares</u> | <u>Book Value of Athena's Investments</u> |             |
|--|------------------------|---|-------------|
|  |                        | <u>2013</u>                               | <u>2012</u> |
|  |                        | \$  | \$          |

**NOTE 15 - INVESTMENT IN CONTROLLED ENTITIES****Class of Shares**

|  |          |      |           |           |
|--|----------|------|-----------|-----------|
| Athena Resources Limited - Parent Entity | Ordinary | 100% | -         | -         |
| 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 |
|  |          |      | 1,390,300 | 1,390,300 |

(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 16 - SEGMENT INFORMATION**

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

|  | <u>Consolidated Entity</u> |             |
|--|----------------------------|-------------|
|  | <u>2013</u>                | <u>2012</u> |
|  | \$                         | \$          |

**NOTE 17 - NOTES TO THE STATEMENT OF CASH FLOWS****(a) Reconciliation of profit (loss) after income tax to net operating cash flows**

|  |          |             |
|--|----------|-------------|
| Profit (Loss) from ordinary activities | 26,128   | (1,712,609) |
| Depreciation                           | 12,656   | 13,569      |
| Value of Incentive Options Issued      | -        | 12,500      |
| Write off of Mineral Exploration       | -        | 1,660,902   |
| Loss on Sale of Mining Tenements       | 97,554   | -           |
| Movement in assets and liabilities     |          |             |
| Receivables                            | (41,054) | (4,253)     |
| Payables                               | 298,980  | 75,132      |
| Net cash used in operating activities  | 394,264  | 45,241      |

**NOTE 18 - 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 | Managing Director      |
| Rajakumar Paul Kandiah | Non Executive Director |

(b) Remuneration Policies

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

(c) Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees 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. Details of the agreement are set out below.

Agreement in respect of cash remuneration of Directors:

Mr. Edwards is the Managing Director responsible for the day-to-day 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 and Mr Rajakumar Kandiah are Non-Executive Directors. Fees payable to Mr Webster and Mr Kandiah are detailed below.

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:

| <b>Year ended 30 June 2013</b> |                               | <b>Fees</b>    | <b>Total</b>   |
|--------------------------------|-------------------------------|----------------|----------------|
|                                |                               | <b>\$</b>      | <b>\$</b>      |
| <b>Director</b>                | <b>Associated Company</b>     |                |                |
| E W Edwards                    | Tied Investments Pty Ltd      | 180,000        | 180,000        |
| D A Webster                    | Cobpen Co Investments Pty Ltd | 48,000         | 48,000         |
| R P Kandiah                    | Kokatu Pty Ltd                | 54,000         | 54,000         |
|                                |                               | <u>282,000</u> | <u>282,000</u> |

| <b>Year ended 30 June 2012</b> |                               | <b>Fees</b>    | <b>Total</b>   |
|--------------------------------|-------------------------------|----------------|----------------|
|                                |                               | <b>\$</b>      | <b>\$</b>      |
| <b>Director</b>                | <b>Associated Company</b>     |                |                |
| E W Edwards                    | Tied Investments Pty Ltd      | 180,000        | 180,000        |
| A P Thomson                    | Qiupingdo Pte Ltd             | 75,000         | 75,000         |
| C Wang                         | Multiple Resources            | 22,500         | 22,500         |
| D A Webster                    | Cobpen Co Investments Pty Ltd | 24,000         | 24,000         |
| R P Kandiah                    | Kokatu Pty Ltd                | 6,000          | 6,000          |
|                                |                               | <u>307,500</u> | <u>307,500</u> |

**NOTE 18 - KEY MANAGEMENT PERSONNEL (Continued)**

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

|                               | 2013<br>\$ | 2012<br>\$ |
|-------------------------------|------------|------------|
| Current                       |            |            |
| Accounts payable              | 286,884    | 132,822    |
| Borrowings from Related Party | 66,000     | -          |
|                               | 352,884    | 132,822    |

(e) Shareholding

|             | Balance<br>1 July 2012 | Purchase<br>Sale on market | Balance<br>30 June 2013 |
|-------------|------------------------|----------------------------|-------------------------|
| E W Edwards | 14,685,790             | 575,000                    | 15,260,790              |
| D A Webster | 1,330,626              | 1,163,604                  | 2,494,230               |
| R P Kandiah | 60,000                 | -                          | 60,000                  |
|             | 16,076,416             | 1,738,604                  | 17,815,020              |

Mr Kandiah holds 500,000 Incentive Options exercisable at 20 cents expiring on 31 March 2014.

**NOTE 19 - RELATED PARTY INFORMATION**
**Parent Entity**

| 2013<br>\$ | 2012<br>\$ |
|------------|------------|
|------------|------------|

**Transactions within the Consolidated Entity**

Aggregate amount receivable within the consolidated entities at balance date

|   |             |             |
|---|-------------|-------------|
| Non-current receivables – Controlled Entities | 7,280,800   | 6,333,383   |
| Less : Provision for non recovery             | (1,554,985) | (1,457,432) |
|   | 5,725,815   | 4,875,951   |

All loans to related parties and controlled entities are interest free and repayable on demand.

During the year, loans of \$266,000 were extended to the Company by a Director, Mr Edwards, for the purposes of supporting short-term cash flow. The loans are unsecured and \$200,000 plus \$4,480 interest (5.95% per annum) was repaid from the proceeds of the refundable research and development offset of \$728,806. The maximum amount outstanding during the period was \$204,480. The balance of the loan outstanding at 30 June 2013 of \$66,000 is interest free.

**Consolidated Entity**

| 2013<br>\$ | 2012<br>\$ |
|------------|------------|
|------------|------------|

**NOTE 20 - 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 | 21,850 | 20,220 |
|   | 21,850 | 20,220 |

|  | Number of Shares |             |
|--|------------------|-------------|
|  | 2013<br>\$       | 2012<br>\$  |
| <b>NOTE 21 – PROFIT (LOSS) PER SHARE</b>   |                  |             |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share | 122,602,954      | 112,775,183 |
| Profit (Loss) used in the calculation of loss per share  | 26,128           | (1,712,609) |

**(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.

**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<br>\$ |         | Weighted Average Effective Interest Rate<br>% |      | Floating Interest Rate<br>\$ |         |
|-----------------------------------|----------------------------|---------|---|------|------------------------------|---------|
|                                   | 2013                       | 2012    | 2013  | 2012 | 2013                         | 2012    |
| <b>Financial Assets</b>           |                            |         |   |      |                              |         |
| - Cash at bank                    | -                          | -       | 1.22  | 2.82 | 259,458                      | 413,616 |
| - Trade debtors                   | 38,206                     | 80,595  |   |      | -                            | -       |
| Total Financial Assets            | 38,206                     | 80,595  |   |      | 259,458                      | 413,616 |
| <b>Financial Liabilities</b>      |                            |         |   |      |                              |         |
| - Payable and accruals            | 118,559                    | 148,224 |   |      | -                            | -       |
| - Amounts payable related parties | 352,884                    | 132,241 |   |      | -                            | -       |
| Total Financial Liabilities       | 471,443                    | 280,465 |   |      | -                            | -       |

**NOTE 22 - FINANCIAL RISK MANAGEMENT (Continued)****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.

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 performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2013 the effect on the loss and equity as a result of a 2% change in the interest rate with all other variables remaining constant is as follows:

|                              | 2013<br>\$ | 2012<br>\$ |
|------------------------------|------------|------------|
| Change in Loss               |            |            |
| - Increase in interest by 2% | 4,390      | 5,742      |
| - Decrease in interest by 2% | (4,390)    | (5,742)    |
| Change in equity             |            |            |
| - Increase in interest by 2% | 4,390      | 5,742      |
| - Decrease in interest by 2% | (4,390)    | (5,742)    |

**NOTE 23 - EVENTS AFTER THE REPORTING PERIOD**

There are no matters or circumstances that have arisen after the balance date that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

| <b>NOTE 24 - PARENT ENTITY DISCLOSURES</b> | <b>2013</b><br>\$  | <b>2012</b><br>\$  |
|--|--------------------|--------------------|
| <b>Financial Position</b>                  |                    |                    |
| <b>CURRENT ASSETS</b>                      |                    |                    |
| Cash and cash equivalents                  | 258,658            | 412,816            |
| Trade and other receivables                | 38,206             | 80,596             |
| Prepayments                                | 81,185             | -                  |
| Total Current Assets                       | <u>378,049</u>     | <u>493,411</u>     |
| <b>NON CURRENT ASSETS</b>                  |                    |                    |
| Plant and equipment                        | 26,154             | 31,073             |
| Investment in subsidiaries                 | 300                | 300                |
| Mineral exploration and evaluation         | -                  | -                  |
| Loans to subsidiaries (I)                  | 5,270,010          | 4,875,951          |
| Total Non Current assets                   | <u>5,296,534</u>   | <u>4,907,324</u>   |
| <b>TOTAL ASSETS</b>                        | <u>5,674,583</u>   | <u>5,400,735</u>   |
| <b>CURRENT LIABILITIES</b>                 |                    |                    |
| Trade and other payables                   | 471,445            | 280,465            |
| Total Current Liabilities                  | <u>471,445</u>     | <u>280,465</u>     |
| <b>TOTAL LIABILITIES</b>                   | <u>471,445</u>     | <u>280,465</u>     |
| <b>NET ASSETS</b>                          | <u>5,203,138</u>   | <u>5,120,270</u>   |
| <b>EQUITY</b>                              |                    |                    |
| Issued capital                             | 10,996,771         | 10,980,031         |
| Share Option Reserve                       | 52,500             | 32,500             |
| Accumulated losses                         | (5,846,133)        | (5,892,261)        |
| <b>TOTAL EQUITY</b>                        | <u>5,203,138</u>   | <u>5,120,270</u>   |
| <b>Financial Performance</b>               |                    |                    |
| Profit (Loss) for the year                 | 26,128             | (2,168,342)        |
| Other comprehensive income                 | -                  | -                  |
| Total comprehensive income                 | 26,128             | (2,168,342)        |
| Accumulated losses prior year              | (5,892,261)        | (3,959,602)        |
| Transfer to Reserve on expiry of options   | 20,000             | 235,683            |
|  | <u>(5,846,133)</u> | <u>(5,892,261)</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.

# 11 Directors' Declaration

1. In the opinion of the directors of Athena Resources Limited 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 2013 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 2013.



**E W Edwards**

Managing Director

Date at Perth this 27 September 2013





## INDEPENDENT AUDITOR'S REPORT

To the members of Athena Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Athena Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714  
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HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.



### **Auditor's opinion**

In our opinion:

- (a) the financial report of Athena Resources Limited is 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 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company will require additional funding to ensure it can continue to fund its operations and further develop its mineral exploration and evaluation assets. If the company is unable to raise additional funding there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

### **Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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.

### **Auditor's opinion**

In our opinion the remuneration report of Athena Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

A stylized signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd  
Chartered Accountants

A stylized signature in blue ink that reads 'M R W Ohm'.

M R W Ohm  
Partner

Perth, Western Australia  
27 September 2013

| ANALYSIS OF SHAREHOLDING – 10 September 2013 | SHARES     |
|--|------------|
| 1 – 1,000                                    | 20         |
| 1,001 – 5,000                                | 55         |
| 5,001 – 10,000                               | 91         |
| 10,001 – 100,000                             | 320        |
| 100,001 – or more                            | 157        |
|  | <b>643</b> |

|                |             |
|----------------|-------------|
| Total on issue | 123,019,392 |
|----------------|-------------|

|  |     |
|--|-----|
| Shareholders holding less than marketable parcel | 224 |
|--|-----|

### 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.

|   |            |        |
|---|------------|--------|
| <b>Edmond William Edwards</b>                 | 15,710,790 | 12.77% |
| <b>Ishine International Resources Limited</b> | 8,300,000  | 6.75%  |
| <b>Denis Hugh Kelly</b>                       | 7,584,352  | 6.17%  |

### Directors' Shareholding

Interest of each director in the share capital of the Company is detailed at Note 17.

| TOP TWENTY SHAREHOLDERS 10 September 2013         |                   |              |      |
|---|-------------------|--------------|------|
| NAME AND ADDRESS                                  | SHARES            | %            | RANK |
| Tied Nominees Pty Ltd (T P Edwards Superfund A/c) | 15,666,790        | 11.95        | 1    |
| Ishine International Resources Limited            | 8,300,000         | 6.75         | 2    |
| Kelanco Pty Ltd                                   | 7,584,352         | 6.17         | 3    |
| Mr Andrew Peter Thomson                           | 4,432,500         | 3.60         | 4    |
| Mr Peter John Newcomb                             | 3,700,250         | 3.01         | 5    |
| Corridor Nominees Pty Ltd                         | 3,103,375         | 2.52         | 6    |
| Lightwave Investments (WA) Pty Ltd                | 3,000,000         | 2.44         | 7    |
| Mr Terence Weston                                 | 2,961,000         | 2.41         | 8    |
| Befavo Pty Ltd (H G Shore Super Fund)             | 2,504,409         | 2.04         | 9    |
| Julia Edwards Superannuation Pty Ltd              | 2,220,000         | 1.80         | 10   |
| Rasco Holdings Pty Ltd                            | 1,925,972         | 1.57         | 11   |
| Tandem Technical Consultants Pty Ltd              | 1,750,000         | 1.42         | 12   |
| Mr James Gregory Puklowski                        | 1,648,100         | 1.34         | 13   |
| Mr Andrew John Puklowski                          | 1,500,000         | 1.22         | 14   |
| Mr Liam Kelly                                     | 1,450,000         | 1.18         | 15   |
| Mr James Goodwin                                  | 1,250,000         | 1.02         | 16   |
| Orpheo Pty Ltd (The Eric Lucas A/c)               | 1,250,000         | 1.02         | 17   |
| Mr Eryk and Mrs Dzanet Matusik                    | 1,172,851         | 0.95         | 18   |
| Cobpen Co Investments Pty Ltd                     | 1,163,604         | 0.95         | 19   |
| Mr Douglas and Mrs Debrah Clarke                  | 1,102,500         | 0.90         | 20   |
| <b>TOP 20 TOTAL</b>                               | <b>67,685,703</b> | <b>55.02</b> |      |

# 14 Interest in Mining Tenements

| Byro     |
|----------|
| E09/1507 |
| E09/1508 |
| E09/1552 |
| E09/1637 |
| E09/1638 |
| E09/1656 |
| E09/1657 |
| E09/1781 |
| E09/1938 |
| LA09/30  |
| LA09/31  |
| LA09/32  |
| LA09/37  |
| LA09/38  |

- E** Exploration License
- ELA** Exploration License Application
- L** Miscellaneous Water Search Licence Application
- M** Mining Lease
- MLA** Mining Lease Application
- P** Prospecting License







# Athena

Resources

**Athena Resources Limited**

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