



Athena
Resources

ABN 69 113 758 900

**INTERIM FINANCIAL REPORT
31 DECEMBER 2014**

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AND CONTROLLED ENTITIES

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DIRECTORS' REPORT



AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The following persons were directors of Athena Resources Limited during the whole of the half-year period and up to the date of this report.

David Webster	Non Executive Chairman
Edmond Edwards	Managing Director
Rajakumar Kandiah	Non Executive Director

REVIEW OF OPERATIONS

1. BYRO PROJECT (Athena Resources 100%)

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 Talling 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 a deep water bulk shipping port north of Geraldton to cater for the export of the many billions of tonnes of iron ore currently in JORC compliant resources in the region.

TENURE

Athena's Byro Project covers approximately 1,800 square kilometres and consists of eight 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.

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 quartzofeldspathic 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 magnetite 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.

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BYRO BASE METALS PROJECT (Milly Milly Copper - Nickel Intrusion)

During the December half year Athena Resources finalised the Milly Milly Base Metal Program.

The Base Metal Program included a detailed gravity survey and drilling of three diamond drill holes AHDH0006 (279.7m), AHDH0007 (537.1m) and AHDH0008a (680.9m).

On completion of the diamond drilling in October, Down Hole Electro-Magnetic surveys (DHEM) were conducted for a total of 1497.7 survey meters on holes AHDH0006, AHDH0007 and AHDH0008a.

The Milly Milly Base Metal Program was supported and co-funded by the WA Government and Industry Drilling Program initiative with a preliminary report and draft of the final report submitted in December 2014. The completion of site work, analysis and compilation for a preliminary and draft final report comprise the majority of base metal work completed this half year and is summarised below.

During 2011 Exploration Athena confirmed the fertility of the primary magma within the central margin and sheer scale of contained disseminated Ni sulphide at levels approaching 0.3% in bulk mass. The exploration focus targeted potential sites where accumulations of primary Ni sulphide from nucleation and saturation could exist. A second and equally important accumulation mechanism targeted structurally controlled secondary deposition of potential massive sulphide within dilation zones and vein systems.

Targeting for this program was completed in the September quarter and included data collation from geochemistry on surface soils and total magnetic intensity which produced 4 areas of interest. Also used for targeting were rock chip and drill assay; historical geophysical IP, TEM, DHEM and VTEM data; structural analysis of regional strain and dilation zones in conjunction with analysis of topography and drainage systems. A first, high resolution gravity survey was completed over the intrusion and proximal area. Results identified a compelling high amplitude gravity anomaly. This data was incorporated in a final layer for targeting.

Gravity Survey Results

The high resolution gravity survey identified three significant and untested anomalous zones prior to drill target selection. The anomalous zones rise in amplitude by up to 10 milliGals compared to amplitudes commonly associated with the intrusive body. Other localized gravity anomalies were coincident with nickel in soils and dilation structures within the body of the intrusion.

Gravity data was acquired over an area of 39 square kilometers and included 950 stations for a total of 65 line kilometers. The sample stations were at 50m, 100m and 200m spacing's. Seven anomalous zones were interpreted. Results highlighted three standalone, high amplitude anomalies on a large scale and four lower amplitude gravity anomalies which are coincident with existing zones of interest. The three standalone high amplitude zones are

- Anomaly 1 is located at the western contact of the northern lobe and is aligned with the western magnetic anomaly for a strike length of 2.5 kilometers
- Anomaly 2 is located approximately 1 km northwest of anomaly 1 and carries amplitude of -3.2 milliGals which is a significant 10 milliGals higher than the central southern lobe of the intrusion and significantly higher than the density of the overlying sedimentary package. This is interpreted to be at depth, approximately 1000m
- Anomaly 3 is located approximately 2.5 km north of anomaly 2 and carries amplitude of -3.6 milliGals which is a significant 9.6 milliGals higher than the central northern lobe.

The gravity anomalies, have an exciting signature of high contrast and display an unmistakable proximal relationship with the western contact and the northwest of the Milly Milly Intrusion. Due to the scale of Anomaly

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1, AHDH0007 and AHDH0008a targeted the west contact at locations of greatest change to test the high density signature.

AHDH0006 targeted a local gravity anomaly, coincident nickel soils anomaly and a structural zone. The above criteria used in targeting AHDH0006 exist at Areas 1, 2 and 3, within the intrusion and due to budget constraints remain, with merit, as targets for drill testing at the earliest opportunity.

DRILLING RESULTS

Inspection of core and geological logging from this program define large scale variable zones of siliceous, hydrous and carbonate altered uninterrupted ultramafic. Zones largely controlled by structures display variable mineralisation with depletion of magnesium oxide towards the contact. The western contact has been tested at three locations and has been found to be barren determined by geological logging, assay and to the extents of DHEM coverage on AHDH0007, AHDH0008a with no conductors and AHRC0026 from assay.

On the western boundary and in contact with the ultramafic is a 6m wide crush zone followed by strongly foliated amphibolite facies graphitic pelitic sediment with common cordierite. Iron sulphide development is common in most structures on both sides of the faulted contact.

AHDH0006

AHDH0006 was drilled within the west side of the northern lobe at the Milly Milly Intrusion targeting a local gravity anomaly, coincident nickel soils anomaly and a structural zone. End of hole was at 279.7m. Figures 4 and 5 show disseminated and stringer metal sulphides in core from two zones of mineralisation. Initial assay analysis showed total metal sulphide from 225m to 230m is approaching 8.3% of the rock mass. In this location the nickel tenor is low with the majority being iron, in magnetite, and in sulphide as Pyrite and Pyrrhotite. The iron component accounts for 7.5% of whole rock total metal. Nickel in this zone was 0.25%, chrome 0.25%, with minor zinc 0.01%, cobalt 0.012% and trace copper ranging from 18ppm to 114ppm. Background sulphur ranges from 150ppm to 400ppm and jumps to up to 1% in some structures.

A distinct increase in lithium, lanthanum, sulphur, lead and aluminum occurs with the change in lithology to sediment coincident with a drop in magnesium MgO and chrome.

AHDH0007

AHDH0007 was drilled vertically near to the west contact but within the Milly Milly Intrusion targeting Anomaly 1, the peak of a high amplitude gravity anomaly also coincident with a magnetic anomaly alongside the west contact, striking 2.5 kilometers along the body. End of hole was 537.1m. The western contact is the closest physical feature to anomalous nickel in soils at four broad locations along the western margin of the northern lobe, AHDH0007 intersected stringer and disseminated sulphides of low tenor dominated by the iron sulphides pyrite and pyrrhotite. Structures in the hole are interpreted to be parallel to the contact with the sediment package to the west. In several locations, due to these structures it is interpreted the hole is proximally very close to the contact.

AHDH0008 and AHDH0008a

AHDH0008 was drilled to test the northern section of the western contact and the gravity Anomaly 1 at depth. AHDH0008 was drilled at -70 degrees dip to the west perpendicular to the contact. This hole was positioned 1.2km kilometers to the north of AHDH0007 in an effort to test for a higher tenor sulphide assemblage at the contact and to test the gravity response at depth and potentially below the sediment package.

AHDH0008 was originally cased off in HQ at 74.8m. NQ Drilling continued until the hole intersected the Ultramafic / Sediment contact at 246.45m traversing an intensely sheared zone for 6.35m. Drilling continued a further 20m but torque on the drill string reached unmanageable levels and it was decided to case the hole to

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just beyond the contact. This decision meant the program would cost more both in direct drilling costs and in time onsite but it was considered worthwhile in order to test the gravity anomaly. The extension to the casing ran off the original hole at 88.6 and the hole was then named AHDH0008a and drilled to 680.9m.

Where possible following successful orientation of the core, logging included alpha and beta angle readings on foliations and structures. Analysis of these readings is ongoing. In large scale, the contact has been defined as steeply dipping at an average 85 degrees to the west from surface to 247m down hole where the contact was intercepted. A dominant foliation within the core at the ultramafic contact of α angle = 10° ~ 15° to core axis (TCA). At and near the contact the β angle was not measured due to incompetent core, however β angles measured further down hole at 338.5m onwards are 330° ~ 350° to a depth of 666.4m. This angle is consistent with the outcrop strike orientation and the magnetic signature of the body suggesting the orientation of the contact is relatively consistent to that depth.

The chemistry of the ultramafic component within AHDH0008 has a considerably lower MgO at 26.4% and is consistent with the geochemistry from AHRC0026 and AHDH0007. A total of four holes have been drilled through or near the outer margin of the intrusion. The Ni vs MgO global normative in all four holes near the margin is consistent with the Pyroxenite to Peridotite normative. Holes AHDH0001 (2011 campaign) and AHDH0006 (current campaign Sept Quarter), drilled within the central lobe have average MgO above 40%. This Ni vs MgO ratio is consistent with an Olivine Peridotite / Dunite. The difference in MgO is consistent with phase of flow and partial fractionation in the primary chamber. The optimum nickel potential exists at the mixing boundary of the outer pyroxenitic layer and the inner dunite flow assuming a dynamic flow through system as seen by the MgO (wt%) : (Al₂O₃)% ratio.

In summary

The gravity survey conducted this campaign has shown two very large anomalous zones with an unmistakable proximal relationship to the west contact. This has been drill tested and now interpreted to be at depth below the sediment. More work is needed to understand this anomaly which has the potential to be an indication of a mineralised feeder tube, a mixing zone or sub chamber.

The West contact has been intercepted twice (AHRC0026 and AHDH0008), and the east contact has been intercepted once (AHRC0025). Four holes have been drilled at depth within the outer margin of the intrusion (AHRC0025, AHRC0026, AHDH0007, AHDH0008 and 8a), east and west sides. In all cases the outer pyroxenitic margin and contact show little sign of nickel fertility, accumulation or reasonable tenor. The optimum nickel potential remains at the mixing boundary of the pyroxenitic layer and the inner dunite flow assuming a dynamic flow through system where drilling has intersected nickel mineralisation of 22.7m @ 0.301%Ni from 232.3m including 0.5m @ 0.64% Ni.

Athena and its subsidiary, Complex Exploration, have only scratched the surface of this intrusion with a total of 8 holes drilled using modern geochemistry and geophysics techniques. The indicators or credentials for this system still point to a fertile intrusion and further exploration is warranted.

BYRO IRON ORE PROJECT (Mt Narryer Magnetite Prospect)

Davis Tube Recovery Results received for the Byro Iron Project during the December half year were taken from two reverse circulation drill holes, AHRC0067 and AHRC0068 drilled at the Mt Narryer Prospect during the September Quarter.

Preliminary test work for optimum grind and recovery was completed first using a representative bulk composite sample of the intersection from the two drill holes.

Davis Tube Test Work Details

Test work undertaken determined optimum grind and grade of coarse 90 μ m grind and high 66.8% Fe listed below. The grades and grind size are very good and when considered in terms of proximity to the Port of

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Geraldton, have made the Mt Narryer Body a priority for the companies iron exploration program in the Murchison district.

Results show very low levels of impurities, notably low levels of the common contaminants phosphorous and sulphur.

Significantly the three major constituents are Magnetite, Silica and Oxygen forming 90% of the rock mass. Removal of the discrete metamorphic silica fraction in a coarse grind is relatively simple as a result of the discrete quartz grains forming at the boundary of the relatively pure magnetite and not within the magnetite itself.

Grind times are low at below ten minutes to achieve milling to a P80 of 90µm, a precursor to favourable impact, bond and ball mill indices. More detailed metallurgical test work will follow diamond drilling to establish the criteria for processing design.

Following the establishment of a 90micron grind the composites for the two magnetite intersections were processed.

Feed Assay Results

AHRC0067 Intersected 30m of iron ore including 4m of hematite plus 26m magnetite @ 29.38% Fe from 42m. of coarse grain magnetite This intersection includes 8m @ 41.39% Fe from 54m down hole with maximum magnetic susceptibility of 1131 SI units.

AHRC0068 Intersected 16m of magnetite iron ore @ 31.85% Fe from 32m down hole of coarse grain magnetite This intersection includes 4m @ 41.39% Fe from 54m down hole with maximum magnetic susceptibility of 1004 SI units.

DTR Assay Results

- AHRC0067 - 26m @ 66.16%^{DTR} Fe from 42m
Including 8m at 70.41%^{DTR} Fe from 54m
- AHRC0068 16m @ 67.14%^{DTR} Fe from 28m
Including 4m @ 69.68%^{DTR} Fe from 32m

The Mount Narryer magnetite body is within tenement E09/1938 located 210 Km north from Mullewa and 310Km by road north from the Port of Geraldton. Drilling was completed by Mt Magnet Drilling and sample was recovered from the two holes for metallurgical tests and sent to Perth laboratories for optimum grind, liberation and recovery analysis. This was followed by head grade assay and DTR analysis. The samples display a large grain size of up 0.5mm. This is promising as this is similar to the grain size found at the Athena FE1 Resource in neighbouring tenement E09/1507. Metallurgical results completed indicate similarities to the coarse grain magnetite at FE1 which also resulted in a coarse optimum grind size and other subsequent low cost processing characteristics.

From both holes drilled to date, AHDH00067 and AHDH0068 at Mt Narryer, it has been demonstrated the mineralised zone continues to depth from outcrop and remains open on strike.

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DSO Drilling at Tabaroa South and Thing Big North

The September quarter program included 6 reverse circulation drill holes at Tabaroa South and two at Think Big North to test DSO depths. These holes were completed as a first pass for a total of 250m. Drilling vertical and designed to test the depth of the DSO laterite and to determine the requirement for further work. From lithology logging it appears the average depth of the laterite through the central area is approximately 10m thick.

JORC Code Compliance Statement

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

Competent Person's Statement

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

Competent Persons Disclosure

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

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Edmond W Edwards
Managing Director
Dated at Perth this 11 day of March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Athena Resources Limited for the half-year ended 31 December 2014, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
11 March 2015



M R W Ohm
Partner

CONDENSED STATEMENT OF COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AND CONTROLLED ENTITIES

		Consolidated	
	Note	31 December 2014 \$	31 December 2013 \$
Interest Revenue		1,327	1,007
Employee and Consultant Costs		(164,142)	(168,593)
Share Issue Costs Written off		-	(153,898)
Exploration Written Off	2	(102,271)	(762)
Listing and Securities Exchange fees		(26,341)	(18,260)
Office and Communication Costs		(40,084)	(35,151)
Other expenses		(62,094)	(73,633)
Depreciation		(4,167)	(6,822)
Loss before income tax		<u>(397,772)</u>	<u>(456,112)</u>
Income tax benefit	7	361,655	386,814
Net (loss) / profit for the period		<u>(36,117)</u>	<u>(69,298)</u>
Other comprehensive income		-	-
Total comprehensive result for the period		<u>(36,117)</u>	<u>(69,298)</u>
Basic (loss) / profit per share (cents per share)		(0.02)	(0.06)

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2014

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		Consolidated	
	Note	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents		73,134	78,869
Trade and other receivables		<u>522,429</u>	<u>23,151</u>
Total Current Assets		<u>595,563</u>	<u>102,020</u>
NON CURRENT ASSETS			
Property, plant and equipment		8,452	12,619
Deferred exploration and evaluation expenditure	2	<u>6,832,361</u>	<u>6,185,350</u>
Total Non Current Assets		<u>6,840,813</u>	<u>6,197,969</u>
TOTAL ASSETS		<u>7,436,376</u>	<u>6,299,989</u>
CURRENT LIABILITIES			
Trade and other payables	6	<u>694,534</u>	<u>999,568</u>
Total Current Liabilities		<u>694,534</u>	<u>999,568</u>
TOTAL LIABILITIES		<u>694,534</u>	<u>999,568</u>
NET ASSETS		<u>6,741,842</u>	<u>5,300,421</u>
EQUITY			
Issued capital	3	12,446,700	10,969,162
Reserves		40,000	40,000
Accumulated losses		<u>(5,744,858)</u>	<u>(5,708,741)</u>
TOTAL EQUITY		<u>6,741,842</u>	<u>5,300,421</u>

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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	Consolidated			Total Equity \$
	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	
Half-year to 31 December 2014				
Balance at 1 July 2014	10,969,162	(5,708,741)	40,000	5,300,421
Shares issued (net of issue costs)	1,477,538			1,477,538
Comprehensive loss for the half year	-	(36,117)	-	(36,117)
As at 31 December 2014	<u>12,446,700</u>	<u>(5,744,858)</u>	<u>40,000</u>	<u>6,741,842</u>
Half-year to 31 December 2013				
Balance at 1 July 2013	10,996,771	(5,390,398)	52,500	5,658,873
Net loss for the period	-	(69,298)	-	(69,298)
As at 31 December 2013	<u>10,996,771</u>	<u>(5,459,696)</u>	<u>52,500</u>	<u>5,589,575</u>

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AND CONTROLLED ENTITIES

		Consolidated	
	Note	6 months to 31 December 2014 \$	6 months to 31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(213,597)	(104,345)
Interest income received		1,326	1,007
Net cash used in operating activities		(212,271)	(103,338)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(634,951)	(246,564)
Net cash used in investing activities		(634,951)	(246,564)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		908,000	-
Share issue costs		(41,513)	(49,307)
Proceeds from borrowings from related party	6	(25,000)	150,000
Net cash provided by financing activities		841,487	100,693
Net decrease in cash held		(5,735)	(249,209)
Cash and cash equivalents at the beginning of the period		78,869	259,458
Cash and cash equivalents at the end of the period		73,134	10,249

The accompanying notes from part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that the financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Athena Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

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 the Group's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund the Group's operations, repay debt funding and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from either one or a combination of the following:

- 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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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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.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

In the half-year ended 31 December 2014, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to profit or loss. As part of this review, \$102,271 (2013: \$762) exploration expenditure was written off in the half-year. The directors are satisfied with the carrying value of the remaining capitalised exploration costs.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised standards and interpretations on the Group's business and therefore, no change is necessary to Group accounting policies.

The directors has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. 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 the Group's business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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NOTE 2 - DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 Months to 31 December 2014	12 Months to 30 June 2014
	\$	\$
Balance at beginning of period	6,185,350	5,725,313
Expenditure incurred during the period	749,282	460,799
Exploration written off during period	(102,271)	(762)
Total deferred exploration and evaluation expenditure	<u>6,832,361</u>	<u>6,185,350</u>

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

NOTE 3 - ISSUED CAPITAL

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Issued and fully paid	<u>12,446,700</u>	<u>10,969,162</u>

Movements in ordinary share capital of the Company were as follows:

	Number	\$
At 1 July 2014	123,019,392	10,969,162
11 August 2014 Placement at 3 cents	13,400,000	402,000
12 September 2014 Placement at 3 cents	1,500,000	45,000
26 Sept 2014 Share Purchase Plan at 3.1 cents	8,258,063	256,000
26 Sept 2014 Directors' Debt Conversion at 3.1c	20,000,000	620,000
11 December 2014 Placement at 3 cents	6,833,334	205,000
Share Issue Costs	-	(50,462)
At 31 December 2014	<u>173,010,789</u>	<u>12,446,700</u>
At 1 July 2013	<u>123,019,392</u>	<u>10,996,771</u>
At 31 December 2013	<u>123,019,392</u>	<u>10,996,771</u>

Movements in options were as follows:

	Number	\$
At 1 July 2014	<u>4,000,000</u>	<u>40,000</u>
At 31 December 2014	<u>4,000,000</u>	<u>40,000</u>
	Number	\$
At 1 July 2013	<u>5,000,000</u>	<u>52,500</u>
At 31 December 2013	<u>5,000,000</u>	<u>52,500</u>

4,000,000 Incentive Options are exercisable at \$0.06 on or before 30 April 2016

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AND CONTROLLED ENTITIES

NOTE 4 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2014.

NOTE 5 - SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Athena Resources Limited.

The Group operates in one business and geographical segment being mineral exploration in Australia. Accordingly, under the management approach outlined above only one operating segment has been identified and no further disclosure is required in the half-year financial statements.

NOTE 6 – TRADE AND OTHER PAYABLES

	6 Months to 31 December 2014	12 Months to 30 June 2014
Current	\$	\$
Trade creditors and accruals	384,703	102,984
Due to directors - remuneration	265,874	491,484
Due to other officers - remuneration	43,957	59,100
Borrowings from Related Parties	-	346,000
	<u>694,534</u>	<u>999,568</u>

As at June 30 2014, loans of \$346,000 had been extended to the Company by Directors, Mr Edwards, (\$246,000) and Mr Webster (\$100,000) for the purposes of supporting short-term cash flow. The loans were unsecured. The maximum amount outstanding during the period was \$346,000. The balance of the loans outstanding at 30 June 2014 of \$346,000 was interest free. The loans were converted to equity on 26 September 2014 following shareholder approval to the issue of a total of 20,000,000 shares at 3.1 cents per share in satisfaction of remuneration due and loans advanced by the directors totalling \$620,000. Shareholders approved the resolution on 25 September and the shares were issued on 26 September 2014.

NOTE 7 – INCOME TAX BENEFIT

The income tax benefit arose from the research and development taxation incentive.

DIRECTORS' DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AND CONTROLLED ENTITIES

The Directors of the company declare that:

- 1) The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year then ended.
- 2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Edmond W Edwards

Dated at Perth this 11 day of March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Athena Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Athena Resources Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-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 half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Athena Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial statements which indicates that additional funding is required to ensure that the Company can continue to fund the Group's operations, repay debt funding and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. These conditions, along with others matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
11 March 2015



M R W Ohm
Partner