



Athena
Resources
Limited

ABN 69 113 758 900

ANNUAL FINANCIAL REPORT 2015

COMPANY INFORMATION

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

DIRECTORS' REPORT

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 2015.

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

Interest in Shares

9,891,798 Fully Paid Shares

Special Responsibilities

Mr 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 of 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.

DIRECTORS' REPORT (*Continued*)

Interest in Shares

30,503,066 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:

Company Name	Appointed	Resigned
Taruga Gold Limited	21/10/2011	02/09/2013

Rajakumar Paul Kandiah **Non Executive Director**

Qualifications

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

2,043,871 Fully Paid Shares

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.

DIRECTORS' REPORT (Continued)

Peter John Newcomb

Joint Company Secretary

Qualifications

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

Review of Operations

Athena Resources has the Byro project which is described below.

THE BYRO PROJECT

LOCATION AND TENURE

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 Karara Iron Project, Sinosteel's Weld Range Project, the proposed Jack Hills Expansion Project, Padbury's Robinson Range Project, and Mt Gibson's Extension Hill project, amongst others. Access and improved infrastructure to the maturing iron ore province is growing with development of the CSIRO SKA Project and increased capacity and further development at the Port of Geraldton. 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 900 square kilometres and consists of five exploration licences. Athena has a 100% interest in the project. The Company has applied and received authorisation to explore for iron ore on the exploration licences.

GEOLOGY AND MINERALISATION

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

Outcropping sequences of mafic to ultramafic lithologies suggest a series of prospective intrusions, the extent of which has been refined with gravity and detailed magnetic surveys where alluvial cover persists. Past exploration in the region indicates the presence of anomalous copper-nickel-PGE and chromite mineralisation. Two altered, layered mafic-ultramafic bodies are found at Taccabba Well and Imagi Well where iron-rich chromite occurrences have been discovered. At the Milly Milly Project, copper gossans exist at the edge of the Milly Milly Intrusion. Nearby historic drilling intersected copper and nickel mineralisation. Further drilling by Athena has advanced the understanding of this intrusive body as being a highly prospective fertile system.

DIRECTORS' REPORT (Continued)

BYRO IRON ORE PROJECT

Work completed during the year included data compilation, metallurgical test work review of the FE1 resource and preliminary suitability testing to a variety of industrial applications. Key to suitability was identifying industrial requirements compatible with the unique characteristics of the Byro premium magnetite.

Work included examining the requirements of the industrial magnetite marketplace in which the Company recognises the benefits of marketing its high grade premium magnetite product.

The majority of magnetite producers in Australia have large capital expenditure and high debt. This is common because the majority of production in Australia and globally is a fine grain product below 40µm destined for furnace feed and smelting. Processing costs for fine grind operations drives the operators to large volume requirements. The margin generated by the small volumes of premium product have an insignificant effect on the balance sheet of large producers with high capital expenditure and debt levels.

Athena has found continuous global supply of *high grade - coarse grain industrial magnetite* is unreliable due to the limited supply of a coarse grain product with a high level of purity. Irregularities of supply would improve if Athena focused its development on the combination of unique attributes found at Byro to supply this premium market.

The Company considers its current position of no debt and no supply commitments for its high quality resource opens a path to develop a purpose built, low volume operation. A purpose designed plant would allow the company to benefit from the current downward correction in operating costs, minimal debt servicing, and low capitalisation on the premiums generated in the industrial magnetite marketplace while supplying a finer grind, high purity magnetite to the steel industry.

Test Work

The Company has previously completed extensive test work characterising the Byro metamorphic magnetite. Testing was completed in laboratories in Australia and in China which defined the major work indices required to develop bulk processing designs and costs. Emphasis on results was placed on producing a furnace feed product. Results from this work were announced on the ASX platform in July and August 2011. The full metallurgical characterisation at that time also highlighted other qualities and reassessment has now been made with reference to industrial uses for the premium Byro magnetite.

The magnetite from Byro has unique characteristics because of its development within the ancient, deeply buried terrain of the north western Yilgarn Craton. This terrain produced the granulite grade metamorphic magnetite very different to the common banded iron formations commonly mined in the Pilbara. Data review has shown that the Byro Magnetite is a valuable fit for multiple industrial applications. This is because the Byro Magnetite's natural attribute of purity becomes significantly more useful to industry with increased grain size.

FE1 Metallurgical Review - Key Attributes

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

- Observed crystal is granular
- Grain size up to 4mm (4,000 µm)
- Dissemination Granularity 95% between 0.2mm < 1.65mm (200µm < 1,650 µm)
- Hardness on Mohs scale 6.5 with Vickers Hardness Number (VHN₁₀₀=681 - 792 kg/mm²)
- Specific gravity calculated at 5.18 g/cm³
- Uneven fracture parting on surface {111}
- Negligible cleavage planes within the crystal matrix.

FE1 Chemistry Review - Key Attributes

The concentrate chemistry key attributes are,

- Mineral composition of the ore is simple.
- No significant secondary alteration.
- K₂O, Na₂O, P, and S, all low and with P and S particularly low.
- Product is a high-quality concentrate of primary acidic magnetite.

DIRECTORS' REPORT (Continued)

- SiO₂, Al₂O₃, CaO, and MgO decrease as TFe increases.
- Magnetite represents the major iron-bearing mineral, while quartz represents the major gangue mineral.
- Tailings component of the ore is SiO₂, accounting for 80.99% of the total
- Product and tailings have no significant environment impacts.

Table 1. Chemical Components of the Ore (%)

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

Table 2. Results of Chemical Phase of Iron in the Ore

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

The major recoverable content in the ore is iron, at a grade of 37.52%; and 70% on concentration. Total iron over iron oxide ratio of the ore is 2.05, and the coefficient of basicity (CaO+MgO) / (SiO₂+Al₂O₃) equals 0.09. This is important for the ammonia production industry as low impurities and oxygen reduction is helpful for improved ammonia synthesis.

Minerals to be disposed by separation for iron enrichment on concentration include mainly SiO₂, followed by Al₂O₃, CaO, and MgO, altogether amounting 46.83% of the total weight. Contents of phosphorus and sulphur, which are the common hazardous contents, in like ores, are too low to cause any substantial influence on the quality of concentrate. Common Byro magnetite grains contain only microscopic impurities. The grain shown in Figure 1 displays a rare example of a 5µm (0.005mm) impurity within a 2,000µm (2mm) magnetite crystal.

FE1 Grain Size and Granularity Review - Key Attributes

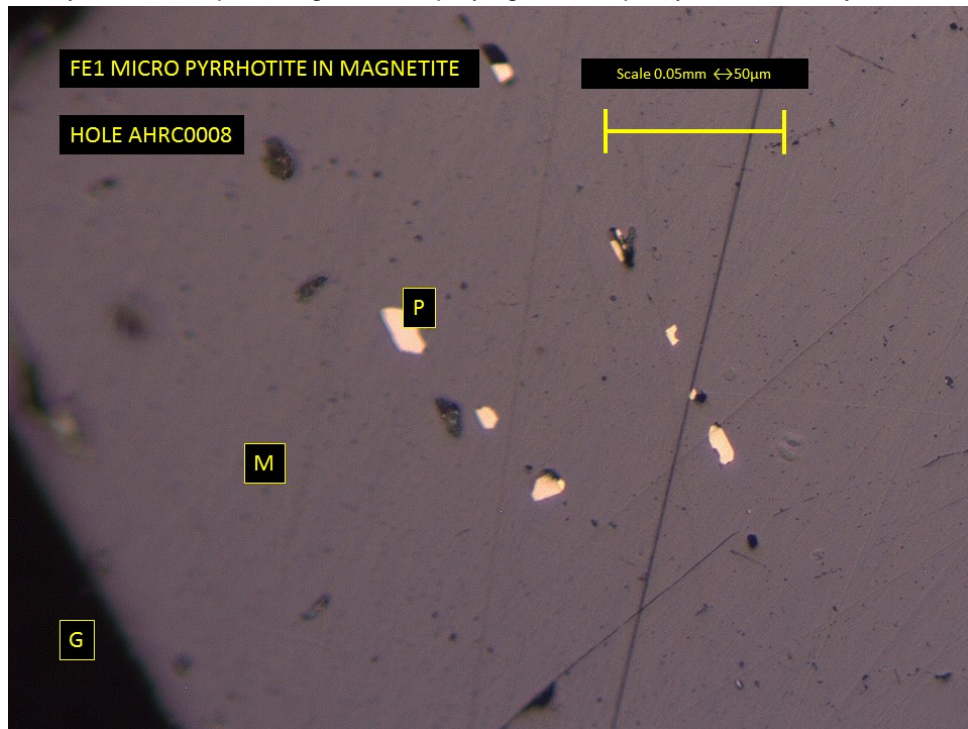
Magnetite grain size at the FE1 Resource is distributed mostly as moderate to fine grains, 1.65mm > 0.30mm in size. More than 94% of the magnetite grains can be separated free under the milling fineness of -0.21mm, which is equivalent to 65% of the minerals under -200 mesh (expressed as “-200mesh / 45%”).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

Grain Size and key attributes are,

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

DIRECTORS' REPORT (Continued)

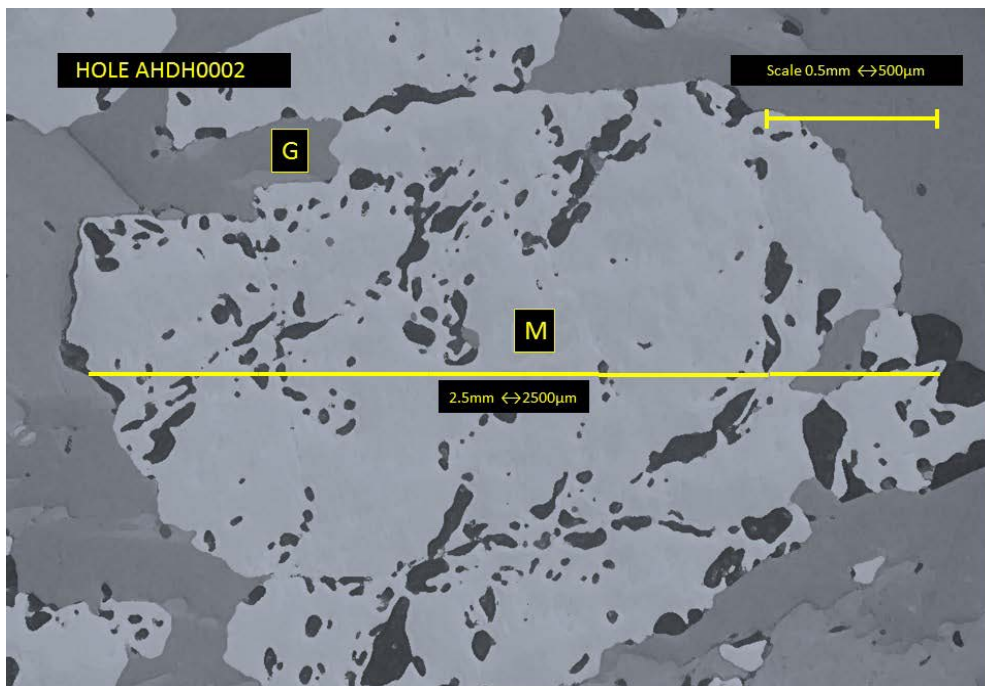
Figure 1 Byro Metamorphic Magnetite Displaying Rare Impurity within the Crystal Grain.



M - LIGHT GREY = MAGNETITE, G - MEDIUM/DARK GERY = SILICATE GANGUE, P - LIGHT SPOTS = PYRRHOTITE IMPURITIESS. (PHOTMICRGRAPH BY Roger Townend and Associates –Consulting Mineralogists)

The image below, (Figure 2), is an example of a large grain tested at the Changsha Research Institute of Mining and Metallurgy in China

Figure 2. Photomicrograph of a 2.5mm magnetite grain from core from AHDH0002 at FE1



M - LIGHT GREY = MAGNETITE, G - MEDIUM/DARK GERY = SILICATE GANGUE, DARK SPOTS = SCRATCHES, JOINTS AND VOIDS. (Photomicrograph by Changsha Research Institute of Mining and Metallurgy–Consulting Mineralogists)

DIRECTORS' REPORT (Continued)

The most useful attributes of premium grading for industrial magnetite are purity and size. Dissemination granularity is a consequence of the physical characteristics of the metamorphic magnetite and is the start point for targeting a product size. Table 3 shows the granularity range for the Byro Magnetite is relatively large with the majority of grains in a wide spread of coarse fractions. The bulk group increasing at 0.3mm (300µm) up to 1.65mm (1,650 µm).

Table 3. Dissemination Granularity range of FE1 Magnetite

Granularity (mm)	Distribution rate	Accumulative distribution rate
2.3 > 1.65	8.31	8.31
1.65 > 1.17	20.77	29.08
1.17 > 0.83	18.69	47.77
0.83 > 0.59	15.58	63.35
0.59 > 0.42	12.98	76.33
0.42 > 0.30	10.65	86.98
0.30 > 0.21	7.46	94.44
0.21 > 0.15	2.92	97.36
0.15 > 0.105	1.65	99.01
0.105 > 0.074	0.61	99.62
0.074 > 0.052	0.2	99.82
0.052 > 0.037	0.12	99.94
0.037 > 0.026	0.05	99.99
0.026 > 0.019	0.01	100
>0.019	Trace amount	

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

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

Byro Magnetite Work Indices Review

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

Work Indices already determined are

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

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

Industrial Magnetite Markets and Capacity for Increased Demand

The industrial magnetite product at Byro is suitable for a large range of industrial uses. The company has been in discussion with several industries and specific product users. Market gaps identified by Athena include common use areas as well specialist industries where coarse grain size and or purity are in high demand.

DIRECTORS' REPORT (Continued)

- **Dense Media Separation – Ragging**

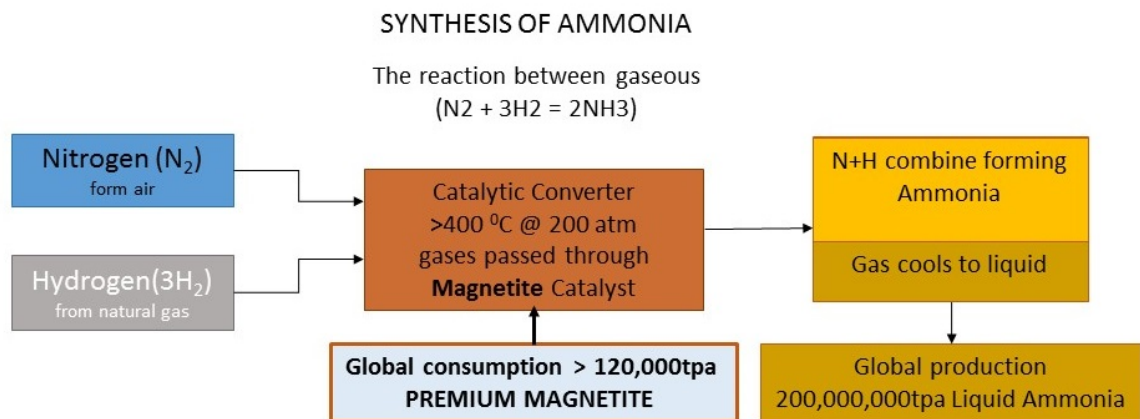
An extraordinary premium is paid for Dense Media Separation, (DMS), material with high specific gravity above 5g/cm^3 , where size requirements range from $150\mu\text{m}$ to $4,000\mu\text{m}$ ($0.15\text{mm} < 4.0\text{mm}$). This grade of magnetite is used for recovery of heavy metals and is called ragging. It is used in recovery of materials such as platinum, tungsten and also high density gemstones such as diamonds. Athena has identified, to date, a potential market shortfall of up to 20,000 tpa for very coarse media ragging with good premiums in consumption for finer grades as well. The company expects the requirement of coarser grade could be greater once the product is available. Research in this field is ongoing.

- **Dense Media Separation – Coal Washing**

A common and higher volume application for magnetite outside steel manufacture is in the coal industry where dense-media washing, a suspension of sized magnetite in water, separates impurities such as environmentally harmful sulphides. The application and demand for coal washing technologies is increasing with pressure from global environmental awareness and government policies. Magnetite used for coal washing is of overall high purity and ranges in size from $50\mu\text{m}$ to $150\mu\text{m}$, (0.05mm to 0.15mm), well suited to Byro magnetite. The current consumption for this purpose in Australia is between 200,000 < 300,000 tpa. There is a 100,000 tpa space in this market for a competitive low cost, coarse grain high purity product.

- **Catalyst in Ammonia Production**

A premium is paid for magnetite used in the synthesis of ammonia which relies on a particularly contaminant free product with maximum surface area for nitrogen absorption. Magnetite is the most economic reagent used as a catalyst in ammonia production in over 400 production plants around the globe which collectively produce 200,000,000 liquid tonnes of ammonia a year.



Ammonia production increases in proportion to global food demand and is directly linked to population growth. Current annual consumption of magnetite in the global ammonia industry is estimated to be 100,000 tpa based on a magnetite requirement of one tonne of catalyst per 2000 tonnes of liquid ammonia produced. Ammonia production capacity is expected to rise from current 200M tpa to 250M tpa by 2018, according to Department of Primary Industries and research data and RnR Market Research. There is a 25,000tpa space through growth in this market for a competitive low cost, coarse grain, high purity product. On the basis of purity, grade and cost there is also a potential share in current markets.

- **Liquid Hydrocarbon Fuel Production from Coal and Natural Gas**

Liquid fuel production is a similar technology in principal to ammonia, using a magnetite iron catalyst but focused on producing a synthetic hydrogen fuel from either natural gas or gasified coal. Production of this hydrocarbon fuel utilizes high pressure, high temperature reactors which operate upon a blend of micronized coal, a magnetite catalyst, and steam. The temperature of the reactor is raised to a level to efficiently convert the coal and steam into hydrogen and carbon monoxide then combining to form hydrocarbons. This is a growing industry and a relief valve for future liquid fuel supply. Supply growth of 25,000tpa of magnetite consumption into global synthetic fuel production is similar in volume to the ammonia industry at present and it is expected to increase in proportion to the perceived depletion of liquid fossil fuel stock.

DIRECTORS' REPORT (Continued)

- **Industrial abrasives, sand blasting and ablation**

A moderate premium non silicate - low toxicity and reclaimable abrasive for industrial ablation. This includes sand blasting as well as emery sand paper manufacture. In both cases premiums are paid for the product sizes. Athena has identified a 30,000 tpa shortfall from suppliers in the Southern Hemisphere.

- **Aggregate in high-density concrete.**

Magnetite is used as an aggregate in concrete to increase density for applications such as counterweights, high density material such as underwater pipelines. It is also used as an additive in concrete as a thermal and chemical stabiliser for specialist construction materials.

- **Magnetite is also used as ‘**

Toner in electrophotography,
Micronutrient in fertilizers,
Pigment in paints,
Waste water management and
Absorbent to remove arsenic from drinking water.

This work indicates that Athena Resources could undertake and benefit from a relatively low volume mining operation requiring relatively low levels of capital. The major benefits being higher revenue from a primary premium product supplying a more stable industrial market while also providing a high grade, fine grain, byproduct to the steel industry.

The company is currently considering mining development and processing options that will form the framework towards low volume production and supply of premium quality industrial magnetite products.

Mt Narryer Magnetite Prospect Drilling and Metallurgy

Davis Tube Recovery Results received for the Mt Narryer Prospect during the year were taken from two reverse circulation drill holes, AHRC0067 and AHRC0068 drilled at the Mt Narryer Prospect during September 2014.

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.

Test work undertaken determined optimum grind and grade of coarse 90µm 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 Geraldton, have made the Mt Narryer Body a priority for the company's iron exploration program.

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.

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.

DIRECTORS' REPORT (Continued)

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.

Whistlejack Magnetite Prospect Metallurgy

Grind establishments and Davis Tube Recovery results received in March 2015 were taken from reverse circulation drilling from drill hole AHRC0065, drilled at the Whistlejack Prospect during 2012. The average Fe from assay, over all 2m intervals throughout the 68m intersection was 36.4% Fe. The sample intervals from 132m to 200m were composited to form one bulk sample representative of the intersection for grind size analysis.

Test work was undertaken for grade over the range of coarse size fractions from 75 µm, 90µm and 105 µm. The tests determined optimum grind at 75µm.

Following the establishment of the grind size, the composite for the 68m magnetite intersection was processed yielding a high 66.28% Fe, (Table 6).

Grind times were relatively short, and are a precursor to favourable impact, bond and ball mill indices. More detailed metallurgical test work will follow to establish the criteria for processing plant design.

Results show very low levels of impurities, notably low levels of the common contaminants phosphorous and sulphur, (Table 6) as well as expected negative LOI demonstrating a favourable product for the furnace and environment.

Significantly the three major constituents are Magnetite, Silica and Oxygen forming 90% of the rock mass, (Table 6). Removal of the discrete metamorphic silica fraction in a coarse grind is relatively simple as a result of the discrete quartz grains forming outside the boundary of the relatively pure magnetic magnetite and not within the magnetite itself.

Table 4 AHRC0065 Collar Location and Survey

Hole ID	EOH	Easting	Northing	Dip	Azi	Tenement
AHRC0065	200m	417,201E	7,104,389N	-60	180	E09/1507

Feed Assay Results

AHRC0065 Intersected 68m of iron ore (magnetite) @ 36.4% Fe from 132m of coarse grain magnetite. The composite head grade from these samples after grinding was 39.28% Fe, (Table 5).

DIRECTORS' REPORT (Continued)

Table 5 Composite Feed Assay

Head Assay Grade							
Sample ID	Assays						
	Fe	SiO ₂	Al ₂ O ₃	TiO ₂	P	S	LOI
Whistlejack	39.28	38.72	1.31	0.16	0.050	0.177	-1.69

Table 6 Concentrate

DTR Concentrate Assays										
Actual P ₈₀ (µm)	Feed	Mags		Assays (%)						
	g	g	%	Fe	SiO ₂	Al ₂ O ₃	TiO ₂	P	S	LOI
105	20.01	9.92	49.6	63.5	9.65	0.97	0.25	0.011	0.14	-2.94
83	20	9.7	48.5	64.7	7.92	0.96	0.26	0.009	0.12	-3.04
74	20.02	9.4	46.9	66.3	6.04	0.93	0.27	0.007	0.14	-3.11

The Whistlejack magnetite body is on the boundary of tenements E09/1507 and E09/1781. The samples display a large grain size of up to 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, (Tables 5 and 6) 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 of a high grade magnetite.

The grades and grind size are very good and when considered in terms of proximity to the Port of Geraldton, bonuses on purity, grade and coarse grind the Whistlejack ore body can now be considered a priority for further development within the companies iron exploration program along with the Mt Narryer, Byro South and FE1 ore bodies in the Southern Byro region.

From drilling to date at Whistlejack, it has been demonstrated the mineralised zone continues to depth from outcrop and remains open beyond 180m below surface. This result is supported along strike by the magnetic geophysical data. The result also supports the magnetite exploration target estimates, published ASX August 2014, particularly in regards to depth and strike of the stratigraphy.

True width calculations suggest the body has up to 43m thickness perpendicular to the dip of the body. Calculations are based on outcrop dip of 80 degrees, drilled perpendicular to the strike at a -60 degree drill dip into the body. The hole finished in ore due to drilling conditions at the time. The 43m true width is a calculated minimum true width at the drill intercept location.

Byro Project Magnetite Exploration Potential to Date.

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

FE1 JORC Compliant Inferred Resource

Mt	DTR Fe	DTR SiO ₂	DTR Al ₂ O ₃	DTR P	DTR S	DTR LOI %	DTR
18.1	70.7%	1.16%	0.32%	0.003%	0.014%	-3.26	35.1%

DIRECTORS' REPORT (Continued)

Magnetite Exploration Target July 2014

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

	Range	Tonnes	Mt	% Fe
FE1	Maximum	6,300,000.00	6.3	42.1
	Minimum	2,021,250.00	2.0	31.1
Byro North	Maximum	90,956,250.00	90.9	44.0
	Minimum	32,340,000.00	32	21.6
Byro Deeps	Maximum	34,965,000.00	34.9	36.1
	Minimum	12,432,000.00	12.4	25.4
Byro South Region	Maximum	164,587,500.00	164.6	38.6
	Minimum	23,940,000.00	23.9	21.6
Milly Milly Region	Maximum	56,700,000.00	56.7	42.4
	Minimum	22,680,000.00	22.6	24.8
Mt Narryer	Maximum	127,575,000.00	127.5	46.4
	Minimum	37,800,000.00	37.8	36.4
Combined Total	Maximum	481,083,750.00	480.9	30
	Minimum	131,213,250.00	131	16

Estimate of Magnetite Exploration Target assuming the parameters defined on slide 12 (previous slide) based on the maximum and minimum cases. The range estimated is in accordance with JORC (2012) guidelines represented in Tables 3 and 4. Grade range at the six projects is taken from the from surface rock chip sampling of outcrop and RC drilling assays where drilling has been executed. No cuts or averaging have been applied. All assay results reported as per ASX -AHN announcements through the period July 2010-2014. All surface dimensions are from surface mapping programs. More drilling is needed to prove depth or true thickness. Depth estimates in the absence of drilling have been made based on outcrop and field relationships. The potential quantity and grade of the exploration target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource or to understand the potential of any of the exploration targets. Further exploration is warranted to improve understanding and reduce uncertainty. It is uncertain if further exploration will result in the estimation on a mineral resource

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

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

DIRECTORS' REPORT (Continued)

In September 2014 high resolution 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.

The gravity survey 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 has only scratched the surface of this intrusion. A total of only 8 holes have been drilled using modern geochemistry and geophysics techniques. The indicators or credentials for this system remain as a fertile intrusion with several interpreted accumulation zones identified from structural analysis yet untested and further exploration is warranted, along with, the discovery of the massive gravity high directly to the east and north contacts of the intrusion which remain unresolved.

Cautionary Notes

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

JORC Code Compliance Statement

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

Competent Persons Statement

The 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.

DIRECTORS' REPORT (Continued)

Operating Results	2015	2014
	\$	\$
Consolidated (loss) / profit after income tax for the financial year	<u>(768,676)</u>	<u>(330,843)</u>

Financial Position

At 30 June 2015 the Company has cash reserves of \$122,503.

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 matter, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in the current or subsequent financial years.

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 2015, 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	10	10
David Arthur Webster	10	10
Rajakumar Paul Kandiah	10	10

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 2015 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.

DIRECTORS' REPORT (Continued)

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.

Remuneration policy

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

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

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

Performance-based remuneration

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

Details of remuneration for year ended 30 June 2015

Directors' Remuneration

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

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.

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.

DIRECTORS' REPORT (Continued)

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees \$	Total \$
Year ended 30 June 2015			
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	48,000	48,000
		<u>276,000</u>	<u>276,000</u>

Director	Associated Company	Fees \$	Total \$
Year ended 30 June 2014			
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	48,000	48,000
		<u>276,000</u>	<u>276,000</u>

Aggregate amounts payable to Directors and their personally related entities.

	2015 \$	2014 \$
Current		
Accounts payable	417,674	491,484
Borrowings from Related Parties	-	346,000
	<u>417,674</u>	<u>837,484</u>

During the year, an interest free loan of \$50,000 was extended to the Company by a Director, Mr Edwards, for the purpose of supporting short-term cash flow. The loan was unsecured. The maximum amount outstanding during the period was \$75,000. The balance of the loan outstanding at 30 June 2015 was nil.

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

Director Shareholdings in the Company

Director	Balance 1 July 2014	Share Purchase Plan	Debt Conversion	Purchase Sale on market	Balance 30 June 2015
E W Edwards	16,876,435	967,742	12,500,000	158,889	30,503,066
D A Webster	2,924,056	967,742	6,000,000	-	9,891,798
R P Kandiah	60,000	483,871	1,500,000	-	2,043,871
	<u>19,860,491</u>	<u>2,419,355</u>	<u>20,000,000</u>	<u>158,889</u>	<u>42,438,735</u>

End of Remuneration Report

SHARE OPTIONS

As at the date of this report, there were 4,000,000 options over unissued ordinary shares in the parent entity. The 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.

DIRECTORS' REPORT (Continued)

ENVIRONMENTAL ISSUES

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

INDEMNIFICATION OF DIRECTORS

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

The Company has entered into agreements with Mr E Edwards, Mr D Webster and Mr 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 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 19 has been received for the year ended 30 June 2015 and forms part of this directors' report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors.

.....
E W EDWARDS
Managing Director

Dated at Perth this 18 day of September, 2015.

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015



Accountants | Business and Financial Advisers

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 2015, 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.

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

Perth, Western Australia
18 September 2015

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>
Liability limited by a scheme approved under Professional Standards Legislation

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015



		Consolidated Entity	
		2015	2014
		\$	\$
Revenue	2	2,844	1,810
Expenses			
Depreciation	3(a)	(5,642)	(13,535)
Employee and Consultant Costs		(359,102)	(337,448)
Exploration Written Off		(572,585)	(762)
Listing and Share Registry Costs		(31,217)	(23,981)
Share Issue Costs	3(a)	-	(147,598)
Office and Communication Costs		(45,377)	(57,262)
Other expenses		(119,251)	(138,881)
LOSS BEFORE INCOME TAX BENEFIT		<u>(1,130,330)</u>	<u>(717,657)</u>
Income tax benefit	4	361,654	386,814
NET (LOSS) / PROFIT FOR THE YEAR		<u>(768,676)</u>	<u>(330,843)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR		<u><u>(768,676)</u></u>	<u><u>(330,843)</u></u>
Basic (loss) / earnings per share (cents per share)	20	(0.48)	(0.27)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015



	Note	Consolidated Entity	
		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	122,503	78,869
Trade and other receivables	6	-	23,151
Total Current Assets		<u>122,503</u>	<u>102,020</u>
NON-CURRENT ASSETS			
Plant and equipment	7	6,977	12,619
Mineral exploration and evaluation	8	6,494,119	6,185,350
Total Non-Current Assets		<u>6,501,096</u>	<u>6,197,969</u>
TOTAL ASSETS		<u>6,623,599</u>	<u>6,299,989</u>
CURRENT LIABILITIES			
Trade and other payables	9	600,270	999,568
Total Current Liabilities		<u>600,270</u>	<u>999,568</u>
TOTAL LIABILITIES		<u>600,270</u>	<u>999,568</u>
NET ASSETS		<u>6,023,329</u>	<u>5,300,421</u>
EQUITY			
Issued capital	10	12,460,746	10,969,162
Reserves	11	40,000	40,000
Accumulated losses	11	(6,477,417)	(5,708,741)
TOTAL EQUITY		<u>6,023,329</u>	<u>5,300,421</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015



Consolidated Entity	Issued Capital	Accumulated Losses	Share Option Reserve	Total
	\$	\$	\$	\$
Year ended 30 June 2015				
Balance at 1 July 2014	10,969,162	(5,708,741)	40,000	5,300,421
Shares issued (net of issue costs)	1,491,584	-	-	1,491,584
Comprehensive loss for the year	-	(768,676)	-	(768,676)
Balance at 30 June 2015	<u>12,460,746</u>	<u>(6,477,417)</u>	<u>40,000</u>	<u>6,023,329</u>
Year ended 30 June 2014				
Balance at 1 July 2013	10,996,771	(5,390,398)	52,500	5,658,873
Shares issued (net of issue costs)	(27,609)	-	-	(27,609)
Expiry of Options	-	12,500	(12,500)	-
Comprehensive loss for the year	-	(330,843)	-	(330,843)
Balance at 30 June 2014	<u>10,969,162</u>	<u>(5,708,741)</u>	<u>40,000</u>	<u>5,300,421</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015



	Note	Consolidated Entity	
		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(306,706)	(318,916)
Interest received		2,844	1,810
Interest and other finance costs paid		-	(340)
Research and Development tax offset		361,654	386,814
Net Cash Inflow From Operating Activities	16	<u>57,792</u>	<u>69,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration/evaluation expenditure		(973,242)	(435,935)
WA Gov't Industry Drilling Co Funding		112,500	-
Net Cash (Outflow) From Investing Activities		<u>(860,742)</u>	<u>(435,935)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		923,000	-
Share and option issue transaction costs		(51,416)	(94,022)
Proceeds from borrowings from related party		50,000	280,000
Repayment of borrowings from related party		(75,000)	-
Net Cash Inflow From Financing Activities		<u>846,584</u>	<u>185,978</u>
Net increase (decrease) in cash held		43,634	(180,589)
Cash and cash equivalents at beginning of the financial year		<u>78,869</u>	<u>259,458</u>
Cash and cash equivalents at the end of this financial year	5	<u><u>122,503</u></u>	<u><u>78,869</u></u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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 approval of this financial report. The company has access to the following potential source of funding:

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

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

Statement of Compliance

The financial report was authorised for issue on 18 September 2015.

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 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations and effective for the current annual reporting period.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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 2015. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015



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 “Exploration for and Evaluation of Mineral Resources”.

On the basis of this review, the Directors have written off \$572,585 during the financial year and are satisfied that no impairment is present at June 30 2015.

Consolidated Entity	
2015	2014
\$	\$

NOTE 2 - REVENUE

Revenue from non-operating activities

Interest received	2,844	1,810
Total revenue	<u>2,844</u>	<u>1,810</u>

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSE

(a) Expenses

Depreciation of non-current assets:		
Plant and equipment	1,059	1,059
Office furniture and equipment	1,914	1,914
Motor vehicles	2,669	10,562
Total depreciation of non-current assets	<u>5,642</u>	<u>13,535</u>
Share issue costs expensed (i)	<u>-</u>	<u>147,598</u>
(i) During the 2014 year, \$147,598 of prepaid share issue costs were expensed as the anticipated capital raisings to which they related did not occur.		

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015



Consolidated Entity
2015 **2014**
\$ **\$**

NOTE 4 - INCOME TAX

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

Loss for the year	(1,130,330)	(717,657)
Income tax calculated at 30%	(339,099)	(215,297)
Tax effect of permanent differences:		
Non-allowable provisions and write-downs		-
Non-allowable expenditure		-
R&D Tax Offset	361,655	386,814
Deferred tax asset not recognised	339,099	215,297
Income Tax Attributable To Operating Loss	<u>361,655</u>	<u>386,814</u>

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

Revenue Losses	<u>3,516,759</u>	<u>3,300,785</u>
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The potential deferred tax asset has not been brought to account in the financial report at 30 June 2015 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.

Consolidated Entity
2015 **2014**
\$ **\$**

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	122,503	78,869
	<u>122,503</u>	<u>78,869</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



Consolidated Entity

2015	2014
\$	\$

NOTE 6 - TRADE AND OTHER RECEIVABLES

Current

GST Receivable	-	5,283
Other	-	17,868
	<u>-</u>	<u>23,151</u>

NOTE 7 - PLANT AND EQUIPMENT

Plant and equipment		
Cost	179,282	179,282
Provision for depreciation	<u>(172,305)</u>	<u>(166,663)</u>
	<u>6,977</u>	<u>12,619</u>
Movement for the year		
Opening balance	12,619	26,154
Additions	-	-
Depreciation expensed	<u>(5,642)</u>	<u>(13,535)</u>
Closing balance	<u>6,977</u>	<u>12,619</u>

NOTE 8 - MINERAL EXPLORATION AND EVALUATION

Note

At cost brought forward – exploration and evaluation phase	6,185,350	5,725,313
Expenditure during the year	993,854	460,799
WA Gov't Industry Drilling Co Funding	(112,500)	-
Expenditure written off	<u>(572,585)</u>	<u>(762)</u>
At cost less impairment	<u>6,494,119</u>	<u>6,185,350</u>

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

NOTE 9 – TRADE AND OTHER PAYABLES

Current

Trade creditors and accruals		115,796	102,984
Due to directors - remuneration		417,674	491,484
Due to other officers - remuneration		66,800	59,100
Borrowings from Related Party	19	<u>-</u>	<u>346,000</u>
		<u>600,270</u>	<u>999,568</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



Consolidated Entity
2015 **2014**
\$ **\$**

NOTE 10 - ISSUED CAPITAL

(a) Issued capital:

173,760,789 ordinary shares fully paid (2014: 123,019,392 ordinary shares fully paid)	12,460,746	10,969,162
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(b) Movements in ordinary share capital of the Company were as follows:

Date	Details	No. Of Shares	Issue Price Cents / Share	Value \$
	Balance June 30 2013	123,019,392		10,996,771
	Less: Transaction costs arising on share issues	-		(27,609)
	Balance June 30 2014	123,019,392		10,969,162
11/08/14	Placement	13,400,000	3.00	402,000
12/09/14	Placement	1,500,000	3.00	45,000
26/09/14	Share Purchase Plan	8,258,063	3.10	256,000
26/09/14	Directors Debt Conversion	20,000,000	3.10	620,000
11/12/14	Placement	6,833,334	3.00	205,000
26/06/15	Placement	750,000	2.00	15,000
	Less: Transaction costs arising on share issues	-		(51,416)
	Balance June 30 2015	173,760,789		12,460,746

(c) Movement in Options:

Details	No. Of Options	Issue Price Cents / Share	Value \$
Balance June 30 2013	5,000,000		52,500
Transfer to Accumulated Losses on Expiry of Options	(1,000,000)		(12,500)
Balance June 30 2014	4,000,000		40,000
	-		-
Balance June 30 2015	4,000,000		40,000

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.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



NOTE 11 - RESERVES AND ACCUMULATED LOSSES

Share Option Reserve (a)	40,000	40,000
Accumulated Losses (b)	<u>(6,477,417)</u>	<u>(5,708,743)</u>

(a) Share Option Reserve

Balance at beginning of the year	40,000	52,500
Transfer to Accumulated Losses on Expiry of Options	-	(12,500)
Balance at end of the year	<u>40,000</u>	<u>40,000</u>

(i) Nature and purpose of reserve

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

(b) Accumulated Losses

Balance at beginning of the year	(5,708,741)	(5,390,398)
Net Profit / (Loss) for the year	(768,676)	(330,843)
Transfer to Accumulated Losses on Expiry of Options	-	12,500
Balance at end of the year	<u>(6,477,417)</u>	<u>(5,708,741)</u>

NOTE 12 - 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 \$2,924,740 (2014: \$6,659,185) 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	584,948	1,331,837
Later than 1 year but not later than 2 years	584,948	1,331,837
Later than 2 years but not later than 5 years	1,754,844	3,995,511
	<u>2,924,740</u>	<u>6,659,185</u>

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

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

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



NOTE 13 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2015.

NOTE 14 - INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Book Value of Athena's Investments	
			2015	2014
			\$	\$
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
			<u>1,390,300</u>	<u>1,390,300</u>

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

NOTE 15 - SEGMENT INFORMATION

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

Consolidated Entity	
2015	2014
\$	\$

NOTE 16 - NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of (loss) / profit after income tax to net operating cash flows

(Loss) / Profit from ordinary activities	(768,676)	(330,843)
Depreciation	5,642	13,535
Write off of Mineral Exploration	572,585	762
Movement in assets and liabilities		
Receivables	30,499	14,300
Payables	217,742	232,878
Net cash used in operating activities	<u>57,792</u>	<u>69,368</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



NOTE 17 - KEY MANAGEMENT PERSONNEL

(a) Directors

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

David Arthur Webster	Chairman
Edmond William Edwards	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) The total remuneration paid to Directors is summarised below:

	2015 \$	2014 \$
Year ended 30 June		
Short-term employee benefits	276,000	276,000
Post-employment benefits	-	-
Other-long term benefits	-	-
Other – based payments	-	-
	<u>276,000</u>	<u>276,000</u>

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

	2015 \$	2014 \$
Current		
Accounts payable	417,674	491,484
Borrowings from Related Parties	-	346,000
	<u>417,674</u>	<u>837,484</u>

NOTE 18 - RELATED PARTY INFORMATION

Parent Entity

2015 \$	2014 \$
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Transactions within the Consolidated Entity

Aggregate amount receivable within the consolidated entities at balance date

Non-current receivables – Controlled Entities	8,049,606	7,740,837
Less : Provision for non recovery	<u>(1,554,985)</u>	<u>(1,554,985)</u>
	<u>6,494,621</u>	<u>6,185,852</u>

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

During the year, a loan of \$50,000 was extended to the Company by a Director, Mr Edwards, for the purpose of supporting short-term cash flow. The loan was unsecured. The maximum amount outstanding during the period was \$75,000. The balance of the loan outstanding at 30 June 2015 was nil.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015



NOTE 19 - REMUNERATION OF AUDITORS

Consolidated Entity	
2015	2014
\$	\$

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

23,000	23,245
<u>23,000</u>	<u>23,245</u>

NOTE 20 – (LOSS) / PROFIT PER SHARE

Number of Shares	
2015	2014

Weighted average number of ordinary shares outstanding during the
year used in the calculation of basic loss per share

<u>161,289,757</u>	<u>123,019,392</u>
\$	\$

(Loss) / Profit used in the calculation of loss per share

<u>(768,676)</u>	<u>(330,843)</u>
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**NOTE 21 - FINANCIAL RISK
MANAGEMENT**

(a) Financial Risk Management Policies

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

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

(i) Financial Risk Exposures and Management

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

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:

NOTE 21 - FINANCIAL RISK MANAGEMENT (Continued)

	Non-Interest Bearing		Weighted Average Effective		Floating Interest Rate	
	\$		Interest Rate %		\$	
	2015	2014	2015	2014	2015	2014
Financial Assets						
- Cash at bank	-	-	2.01	2.01	78,869	78,869
- Trade debtors	-	23,151			-	-
Total Financial Assets	<u>-</u>	<u>38,206</u>			<u>78,869</u>	<u>78,869</u>
Financial Liabilities						
- Payable and accruals	182,596	162,084			-	-
- Amounts payable related parties	417,674	837,484			-	-
Total Financial Liabilities	<u>600,270</u>	<u>999,568</u>			<u>-</u>	<u>-</u>

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.

(b) 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 2015 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:

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015



NOTE 21 - FINANCIAL RISK MANAGEMENT (Continued)

	2015	2014
	\$	\$
Change in Loss		
- Increase in interest by 2%	3,070	1,803
- Decrease in interest by 2%	(3,070)	(1,803)
Change in equity		
- Increase in interest by 2%	3,070	1,803
- Decrease in interest by 2%	(3,070)	(1,803)

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015



NOTE 22 - PARENT ENTITY DISCLOSURES

Financial Position

	2015	2014
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	121,703	78,069
Trade and other receivables	-	23,151
Total Current Assets	<u>121,703</u>	<u>101,220</u>
NON-CURRENT ASSETS		
Plant and equipment	6,977	12,619
Investment in subsidiaries	300	300
Loans to subsidiaries (i)	6,494,621	6,185,852
Total Non-Current assets	<u>6,501,898</u>	<u>6,198,771</u>
TOTAL ASSETS	<u>6,623,601</u>	<u>6,299,991</u>
CURRENT LIABILITIES		
Trade and other payables	600,272	999,570
Total Current Liabilities	<u>600,272</u>	<u>999,570</u>
TOTAL LIABILITIES	<u>600,272</u>	<u>999,570</u>
NET ASSETS	<u>6,023,329</u>	<u>5,300,421</u>
EQUITY		
Issued capital	12,460,746	10,969,162
Share option reserve	40,000	40,000
Accumulated losses	(6,477,417)	(5,708,741)
TOTAL EQUITY	<u>6,023,329</u>	<u>5,300,421</u>
Financial Performance		
Profit (Loss) for the year	(768,676)	(330,843)
Other comprehensive income	-	-
Total comprehensive income	<u>(768,676)</u>	<u>(330,843)</u>
Accumulated losses prior year	(5,708,741)	(5,390,398)
Transfer to Reserve on expiry of options	-	12,500
	<u>(6,477,417)</u>	<u>(5,708,741)</u>

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

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

DIRECTORS' DECLARATION

1. In the opinion of the directors of Athena Resources Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 2015.

E W Edwards
Managing Director

Date at Perth this 18 September 2015



Accountants | Business and Financial Advisers

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 2015, 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.



Accountants | Business and Financial Advisers

Independence

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

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 2015 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 additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of approval of this financial report. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable 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 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
18 September 2015



M R W Ohm
Partner

SHAREHOLDER DETAILS
FOR THE YEAR ENDED 30 JUNE 2015



ANALYSIS OF SHAREHOLDING – 16 September 2015	SHARES
1 – 1,000	21
1,001 – 5,000	50
5,001 – 10,000	77
10,001 – 100,000	290
100,001 – or more	161
	<hr/>
	599
	<hr/>
Total on issue	173,760,789
Shareholders holding less than marketable parcel	362

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.

Edmond William Edwards	30,503,066	17.55%
David Arthur Webster	9,891,798	5.69%

Directors' Shareholding

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

SHAREHOLDER DETAILS
FOR THE YEAR ENDED 30 JUNE 2015



TOP TWENTY SHAREHOLDERS 16 September 2015

NAME AND ADDRESS	SHARES	%	RANK
Tied Nominees Pty Ltd (T P Edwards Superfund A/c)	21,071,695	12.13	1
Tied Nominees Pty Ltd (E Edwards Family Trust)	9,387,371	5.40	2
Ishine International Resources Limited	8,300,000	4.78	3
Kelanco Pty Ltd	8,261,721	4.75	4
Cobpen Co Investments Pty Ltd	8,077,301	4.65	5
Vitor Pty Ltd	6,666,667	3.84	6
Mr Andrew Peter Thomson	4,432,500	2.55	7
Julia Edwards Superannuation Pty Ltd	4,020,000	2.31	8
Corridor Nominees Pty Ltd	3,803,375	2.19	9
Mr Peter John Newcomb	3,710,250	2.14	10
Mr Terence Weston	3,661,000	2.11	11
Lightwave Investments (WA) Pty Ltd	2,822,581	1.62	12
Befavo Pty Ltd (H G Shore Super Fund)	2,504,409	1.44	13
Mr James Gregory Puklowski	2,183,225	1.26	14
Mr Andrew Peter Puklowski	2,019,471	1.16	15
B C & K D Kelly	1,973,047	1.14	16
Mr Liam Kelly	1,954,889	1.13	17
Rasco Holdings Pty Ltd	1,925,972	1.11	18
Tandem Technical Consultants Pty Ltd	1,850,000	1.06	19
Leet Investments Pty Ltd	1,800,000	1.04	20
TOP 20 TOTAL	67,685,703	57.80	

INTEREST IN MINING TENEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



INTEREST IN MINING TENEMENTS

Byro

E09/1507

E09/1552

E09/1637

E09/1781

E09/1938

E – Exploration License

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

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

Details of the Corporate Governance Statement can be found on the Athena Resources Limited's website at <http://www.athenaresources.com.au/corporate/corporate-governance/>