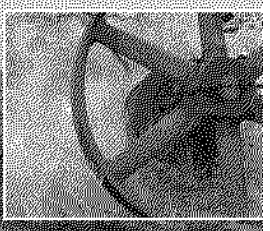
Athena
RESOURCES LIMITED

ACN 119 768 900

PROSPECTUS 2006



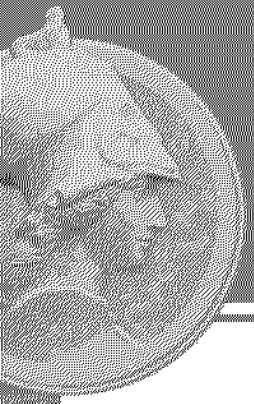




For the issue of 12,000,000 Shares at an issue price of 20 cents each to raise a total of $2,400,000

IMPORTANT NOTICE. This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered as speculative. The Offer is not underwritten.



Important Notice

Important Notice

This Prospectus is dated 25 September 2006 and was lodged with ASIC on that date. ASIC and ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus applies.

No Shares may be issued on the basis of this Prospectus later than the expiry date of the Prospectus being the date that is 13 months after the date of this Prospectus.

Application will be made to ASX within seven (7) days after the date of the Prospectus for Official Quotation of the Shares to be issued pursuant to this Prospectus.

The Prospectus and the Application Form are available in paper and electronic formats. The electronic version of the Prospectus can be found on the Company's internet website at www.athenaresources.com.au

This Prospectus (and the Application Form) should only be accessed from within Australia (whether in printed or electronic form) as the Shares have only been qualified for issuance in Australia. Where this Prospectus has been dispatched to, or accessed electronically in, a jurisdiction outside Australia and that jurisdiction's securities legislation requires registration of this Prospectus, this Prospectus is provided for information purposes only. Applicants who are not residents of Australia should refer to Section 4.9.

This Prospectus does not constitute an issue or invitation in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) who would, or otherwise intend to, forward this Prospectus to any jurisdiction outside Australia should seek appropriate advice before taking any action.

No person is authorised to give any information or to make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised in connection with the Offers.

The Company reserves the right to refuse any Application, including an Application from a person where the Company has reason to believe that when the person was given the Application Form he was not provided with a complete and unaltered copy of this Prospectus and any relevant supplementary or replacement Prospectus. If you have received an Application Form without a complete and unaltered copy of this Prospectus, please contact the Company who will send you, free of charge, either a printed or electronic version of this Prospectus.

The Corporations Act 2001 prohibits any person passing an Application Form on to another person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

Potential investors should read this Prospectus in its entirety before making an investment decision. Shares offered by this Prospectus should be considered speculative. Potential investors should consider the risk factors that may affect the financial performance of the Company. A summary of these factors is contained in Section 3.9 and Section 11. Potential investors should consider carefully these factors in the light of the potential investor's personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Certain terms and abbreviations used in this Prospectus have defined meanings that are explained in the Glossary.

Any assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

Exposure Period

In accordance with Chapter 6D of the Corporations Act 2001, this Prospectus is subject to an exposure period of seven (7) days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of seven (7) days. The purpose of the exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, any Application Forms received during the exposure period will be dealt with in accordance with Section 724 of the Corporations Act 2001. Application Forms received prior to the expiration of the exposure period will not be processed until after the exposure period. All Application Forms received during the exposure period will be treated as if they were received simultaneously on the Opening Date.

Contents

Company Directory
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Board of Directors
Edmond Edwards
Donald Thomson
Shane Sadleir

Company Secretary
Edmond Edwards

Registered Office
63 Lindsay Street
Perth WA 6000
Ph: 08 9328 8277
Fax: 08 9328 5188

Principal Office
63 Lindsay Street
Perth WA 6000
Ph: 08 9328 8277
Fax: 08 9328 5188
Email: ahn@athenaresources.com.au
Website: www.athenaresources.com.au

Independent Accountants & Auditors
HLB Mann Judd
15 Rheola Street
WEST PERTH WA 6005

Solicitors Reporting on Tenements
Price Sierakowski
Level 24, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Independent Geologist
Maprock Pty Ltd
85 Hubble Street
East Fremantle WA 6158

Share Registry
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace Perth WA 6000
PO Box D182, Perth WA 6840
Ph: 08 9323 2000
Fax: 08 9323 2033

ASX Code
AHN (Reserved)

Chairman's Letter

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Dear Investor

I am pleased to present the Athena Resources Limited Prospectus to you on behalf of my fellow Directors.

The purpose of the Offer is to raise $2,400,000 by the issue of 12,000,000 Shares at $0.20 per share to fund exploration for nickel sulphides and gold in Western Australia.

Athena Resources Limited is a highly focussed exploration company which offers:

- Entry to exploration programs in the 1,600km^2 Ravensthorpe Project in the South East and the 970km^2 Ashburton Project in the Pilbara, both targeting nickel and gold mineralisation in Proterozoic orogenic belts that have been previously overlooked as exploration targets in Western Australia in favour of greenstone belts within the Archeaen cratons.
- Geological models and corresponding approaches to exploration which have not previously been applied to mineral exploration in these areas of Western Australia.
- A three-man Board of Directors combining 86 years of successful professional experience encompassing the disciplines of geology, land management, development, finance and administration in the mining industry.

With the Ravensthorpe and Ashburton projects Athena is targeting nickel sulphide and gold mineralisation on the margins of the Yilgarn and Pilbara cratons in areas that contain lucrative mineral deposits. The ultimate objective is to define a world class nickel sulphide or copper-gold resource.

At the Ravensthorpe Project the Company is exploring for nickel sulphides associated with a series of differentiated dykes informally termed the Coujinup dyke swarm. Little previous exploration has been carried out specifically targeting mafic rocks of this age and type in the Ravensthorpe area.

The Ashburton Project area was initially selected on the basis of the regional geophysics which show a number of features often associated with large mineral systems. The combination of folds and thrust faults in rocks of the Ashburton and Capricorn formations, and granite intrusions are of particular interest.

To assist in achieving the objectives defined above, Athena has appointed a small Board of Directors which collectively has the necessary skills and experience. Donald Thomson, who is an Executive Director, and Shane Sadleir, who is a non-executive Director, are both very experienced geologists with a history of successful mineral exploration, discovery, mine development and production. As the Company's Chairman and Secretary, I am a Chartered Accountant with a record of success as a Financial Director or Managing Director, responsible for positioning a number of exploration companies to become mineral producers.

In addition to utilising the considerable expertise of its Directors, Athena will also optimise opportunities by engaging the services of specialist personnel, and by applying advanced technologies and the latest exploration methods.

On behalf of by fellow Directors, I invite you to become a shareholder of Athena Resources Limited and to participate in the success of our projects.

E W Edwards
Chairman

Investment Overview
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3.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Shares under this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Summary of Offer

By this Prospectus, the Company invites investors to apply for 12,000,000 shares at an issue price of 20 cents to raise $2,400,000.

3.3 Indicative Timetable

Lodgement of Prospectus with ASIC and ASX	25 September 2006
Opening Date	3 October 2006
Closing Date	6 November 2006
Expected date for allotment and issue of Shares	13 November 2006
Expected date for issue of holding statements	14 November 2006
Proposed date for trading of Shares to commence on ASX	17 November 2006

The above dates are indicative only. The Directors reserve the right to extend the Offer or close the Offer early without prior notice, which may have a consequential effect on other dates. Applicants are encouraged to apply for Shares as soon as possible after the Offer opens.

Please note that the Offer is subject to conditions. Please refer to Section 4.4 of this Prospectus for details of the conditionality of the Offer. If the conditions are not satisfied, the Offer will not proceed and all application monies in respect of the Offer will be returned to applicants.

3.4 Purpose of the Offer and Use of Funds

The purpose of the Offer is to raise sufficient funds to progress the Company's projects as outlined in Section 7 and in the independent Geologist's Report in Section 8 and to provide ongoing working capital.

Pursuant to the Offer, Athena Resources is seeking to raise $2,400,000. It is proposed that these funds will be utilised in the two years after listing as follows:

	$
Pre-Offer Cash	80,000
Total Raised in the Offer	2,400,000
Total Funds Available	**2,480,000**
Expenses of the Issue (including fees and commissions)	210,000
Exploration expenditure (refer Section 7)	1,600,000
Administration, corporate overheads & working capital	670,000
Total Funds Applied	**2,480,000**

The information set out in the above table is a statement of present intention as at the date of this Prospectus. The exact quantum of funds expended by the Company on any particular item will be dependent on many factors that cannot be ascertained with complete accuracy at the date of this Prospectus.

The Directors are satisfied that upon completion of the Issue, the Company will have sufficient funds to undertake its stated objectives and exploration programs as detailed in this Prospectus.

3.5 Pro Forma Capital Structure of the Company

The pro forma capital structure of the Company following completion of the Offer and the further issues more particularly described in Section 4.2, is summarised below:

Shares	Number of Shares	%
On issue as at date of this Prospectus	10,100,000	43.48
Issued under Offer	12,000,000	52.17
Issued to Vendors	1,000,000	4.35
Total shares on issue	**23,100,000**	**100.00**

3.6 Effect of the Offers

The principal effect of the Offer, assuming the Offer becomes unconditional, is fully subscribed and no further Shares are issued before the Closing Date, will be to:

- increase cash reserves immediately after completion of the Offers and estimated expenses of the Offers by approximately $2,190,000
- increase the number of Shares on issue from 10,100,000 as at the date of this Prospectus, to 23,100,000 Shares; and
- acquire all of the issued capital in Capricorn Resources Pty Ltd, with the result that Capricorn Resources Pty Ltd will become a wholly owned subsidiary of the Company.

3.7 Rights Issue of Options after Listing

The Company intends to undertake a rights issue of Options. The issue will be to all shareholders registered on the date approximately two months after the Shares commence trading on the ASX. These Shareholders will be entitled to participate in a non-renounceable entitlement issue of options on the basis of one (1) option for every one (1) Share held. The options will be issued at a price of one (1) cent each with an exercise price of 20 cents and an expiry date of 30 November 2009. A disclosure document for the entitlements issue of options will be issued when the securities are offered. Application will be made for the Options to be granted Official Quotation.

The terms and conditions of the Options to be issued pursuant to the rights issue are set out in Section 13.10

3.8 Restricted Shares

ASX may require that certain shareholders enter into agreements that restrict dealings in Shares held by them. These agreements will be entered into in accordance with the Listing Rules.

3.9 Investment Risk

Prospective investors in the Company should be aware that subscribing for Shares under this Prospectus involves a number of risks. These risks are set out in greater detail in Section 11 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

There are both general and specific risks associated with an investment in the Company. Among the specific risks which investors should consider carefully are the following:

- The Company's investment in exploration is uncertain and may not deliver any return on that investment to the Company; and
- There is the risk that applications for mining tenements by the Company may not be granted and therefore impede or delay the Company's ability to develop mining operations.

Details of the Offer

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This section is not intended to provide full information for those intending to apply for Shares under this Prospectus. This Prospectus should be read and considered in its entirety.

4.1 The Offer

The Offer is for a total of 12,000,000 Shares at an issue price of $0.20 per share, payable in full on application. The Shares the subject of the Offer will be issued as fully paid and will rank pari passu with the existing Shares on issue. The terms and conditions and rights and liabilities attaching to Shares are set out in Section 13.8. Those wishing to apply for Shares under the Offer should refer to Section 5.

The Directors will not accept oversubscriptions.

4.2 Vendors Shares

Pursuant to the terms of the Capricorn Resources Sale of Shares Agreement, and subject to the conditions contained therein, the Company will, prior to the Issue, acquire all of the issued capital of Capricorn Resources for a total consideration of 1,000,000 Shares.

Material terms of the Capricorn Resources Sale of Shares Agreement are summarised in Section 10 of this Prospectus.

No funds will be raised from the issue of Shares to the Vendors as the Shares to be issued are as consideration for the acquisition of all the issued capital of Capricorn Resources Pty Ltd. Upon completion of the Issue, Lightwave Investments Pty Ltd will have an interest in 500,000 Shares which will represent 2% of the total issued Shares. Tied Nominees Pty Ltd a company associated with a Director Mr E W Edwards will have an interest of 2,050,000 Shares which will represent 9% of the total issued Shares. Tied Investments a company associated with Mr E W Edwards has an interest of 250,000 Shares. Mr Edwards will have a total interest of 2,300,000 Shares which will represent 10% of the total issued Shares at completion of the Capricorn Resources Sale of Shares Agreement.

4.3 Minimum subscription

The minimum subscription pursuant to the Offer is $2,400,000.

In accordance with section 723 of the Corporations Act 2001, the Company will allot no Shares until the minimum subscription has been subscribed. Should the minimum subscription not be reached within 3 months after the date of issue of the Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies. Interest will not be paid on Application monies refunded.

4.4 Conditionality of Offer

The allotment and issue of Shares under the Offer is conditional on completion of the Capricorn Resources Sale of Shares Agreement.

The Capricorn Resources Sale of Shares Agreement is conditional on the Company raising a minimum of $2,400,000 under the Offer. The terms and conditions of the Capricorn Resources Sale of Shares Agreement are summarised in Section 10 of this Prospectus.

If completion of the Capricorn Resources Sale of Shares Agreement does not occur, the Offer will not proceed and all application monies in relation to the Offer will be returned to investors as soon as practicable (without interest).

4.5 Opening and Closing Dates

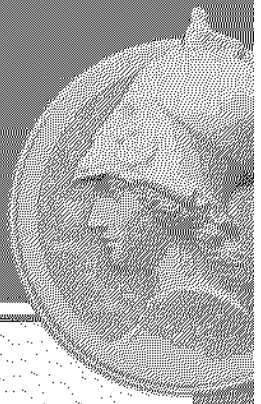
The Opening Date for acceptances of the Offer will be upon expiry of the exposure period required by the Corporations Act 2001. Under the proposed timetable this is 3 October 2006. The Closing Date for the Offer is 6 November 2006.

These dates are indicative only and the Directors reserve the right, at their discretion, to close the Offer at any other time after the Opening Date.

4.6 Underwriting and Handling Fee

The Offer is not underwritten.

The Company will pay a handling fee of 5% in respect of Offer Applications lodged by any member organisation of ASX, or the holder of an Australian financial services licence, and accepted by the Company, provided the relevant stamp for the organisation is on the Application Form.



4.7 Allotment under the Offer

Subject to completion of the Capricorn Resources Sale of Shares Agreement and the ASX granting Official Quotation of the Shares, the allotment and issue of Shares under the Offer will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies for the Offer shall be held in trust in a separate bank account on behalf of the Applicants until the Shares are issued. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right, in their absolute discretion, to allot the Shares applied for under any Application in full or to allot any lesser number or to decline any Application. Directors may in their absolute discretion give preference to certain investors in accepting Applications under the Offer. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus Application monies will be returned by cheque to the applicant within (seven) 7 days of the allotment date.

4.8 Granting of Official Quotation on ASX

The Company will apply to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act 2001, none of the Shares offered by this Prospectus will be allotted or issued and the Company will repay all application monies received (without interest).

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

Following the allocation of Shares, successful Applicants will receive a statement of shareholding that sets out the number of Shares they have been allocated in the Offer. It is expected that statements of shareholding together with any refunds of application money in the event of oversubscriptions will be dispatched by standard post as soon as practicable after the Closing Date.

It is the responsibility of Applicants to determine their allocation before trading in the Shares. Applicants trading Shares before receiving a statement of shareholding will do so at their own risk.

The Company participates in CHESS and, in accordance with the Listing Rules and the ASTC Settlement Rules, maintains an electronic issuer-sponsored sub-register and an electronic CHESS sub-register.

See Section 4.10 for further details on the Company's participation in CHESS.

4.9 Jurisdiction of Offer

This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form by Applicants outside Australia will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained and that the Company may lawfully issue the Shares applied for to the Applicant.

4.10 CHESS

The Company will apply to the ASX to participate in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. The Company will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. Shareholders will receive a notice advising them of their holder identification number and sponsoring issuer number, participant identifier in the case of a holding on the CHESS sub-register, or security holders reference number in the case of a holding on the issuer sponsored sub-register, allowing the Shares to be traded electronically. Following distribution of the original holding statements and CHESS notifications to all shareholders, a holding statement will be provided to a Shareholder at the end of a subsequent month during which there has been a movement in their shareholding.

4.11 Dividend Policy

The Directors intend to give priority to maximising the development and growth of the Company. Accordingly, the Directors do not anticipate paying a dividend in the immediate future.

4.12 Financial Forecasts and Forward-Looking Statements

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the proposed operations of the Company for the foreseeable future are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

4.13 Privacy

If you complete and submit an Application Form, you will be providing personal information to the Company (either directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to the Share Registry, persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers and mail houses.

You can access, correct and update the personal information that we hold about you. Please contact the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act 2001 and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the relevant Application Forms, the Company may not be able to accept or process your Application.

4.14 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Edmond Edwards on (08) 9328 8277.

How To Invest
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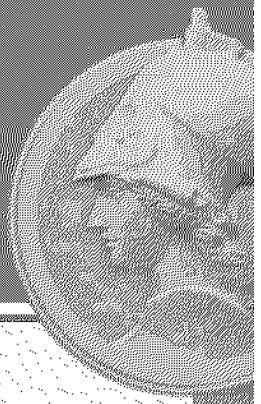

Applications for Shares pursuant to the Offer can only be made on an Application Form attached to and forming part of this Prospectus. Please read carefully the instructions on the Application Form before completing it.

All applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

Payment will be accepted only in Australian dollars by cheque or bank draft drawn on, and payable at any Australian bank.

Cheques or drafts should be made payable to "Athena Resources Limited Share Issue Account" and crossed "Not Negotiable". Applicants are asked not to send cash. Receipts for payment will not be issued.

Personal cheques drawn on overseas banks in Australia or a foreign currency will not be accepted. These will be returned and the application deemed invalid.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted by the Company. The Company's decision as to whether to accept the Application or how to construe, amend or complete it, shall be final, but no Applicant will be treated as having offered to purchase more Shares than is indicated by the amount of the cheque for the application monies.

Completed Application Forms and accompanying cheques must be mailed to:

Athena Resources Limited
C/- Computershare Investor Services Pty Ltd
PO Box D182
Perth WA 6840.

Or delivered to:

Athena Resources Limited
C/- Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace Perth WA 6000

Or

Athena Resources Limited
63 Lindsay Street
Perth WA 6000

Applicants are encouraged to submit their Applications as soon as possible as the Offer may be closed prior to the scheduled date without prior notice.

If you have any questions about how to participate in the Offer you should consult your stock broker, accountant, or financial adviser.

Directors

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Edmond William Edwards (Executive Chairman)
BCom, ACA, FAICD

Mr Edwards is a Chartered Accountant with extensive experience in the resources sector, combining knowledge of public company capital raisings and finance with corporate compliance. He has been involved in taking mineral projects from the conceptual stage to public listing. This expertise is exemplified by the success of both Fox Resources Ltd and Aztec Resources Ltd. As the Finance Director he was responsible for the successful floats of those companies through to the successful re-commissioning of the Radio Hill Project for Fox and the strong position of Aztec to develop the Koolan Iron Ore Project.

He was also previously a Director of Matlock Mining NL which with Eagle Mining successfully developed the Nimary Gold Mine and Acclaim Exploration NL.

Mr Edwards was a partner at Hendry Rae & Court (now Grant Thornton) until 1989 having joined that firm in 1975. He was the partner in charge of the Robe River Iron Ore Project audit for 8 years.

He recently resigned as Managing Director of Resource Mining Corporation Ltd having successfully taken that company to the feasibility stage at its Argyle Iron Ore Project and Wowo Gap Nickel Laterite Project.

Mr Edwards also acts as Company Secretary to Athena Resources Limited.

Donald Fergusson Thomson (Executive Director)
BSc (Hons)(Geol), MAusIMM

Mr Thomson is a geologist with extensive experience in mineral exploration, project management and resource evaluation. Commencing in 1981, his expertise covers a diverse range of commodities including gold, nickel, copper, lead, zinc, tin and iron in a number of deposit styles and geological settings.

This experience was gained while working for both large and small companies including, Newcrest Mining Limited, Johnson's Well Mining NL (now Regis), Fox Resources Ltd and most recently Legend Mining Limited. He has held directorships with Acclaim Exploration NL and Azec Resources Limited.

His industry experience ranges from the development of predictive geological models, leading to the recognition of new opportunities and the acquisition and development of strategic tenement holdings, to successful land access negotiations with stakeholders including pastoralists and indigenous representative organisations. Projects have been located in a variety of Archaean, Proterozoic and Palaeozoic terranes including remote regions of central and northern Australia.

He has recently established his own consulting business providing advice on all aspects of exploration including planning, resource estimation, project and environmental management, and land access negotiations. He holds a Bachelor of Science Degree with Honors in Geology from La Trobe University and is a Member of the Australasian Institute of Mining and Metallurgy.

Shane Beatty Sadleir (Non Executive Director)
BSc (Hons), FAusIMM

Mr Sadleir is a soil scientist and geologist with over 30 years experience in exploration, mining and environmental aspects of the mining industry.

Between 1977 and 1990 he gained extensive operating experience in bauxite mines with Alcoa of Australia Ltd (Darling Ranges, Mitchell Plateau) and open cut gold mines in the Pilbara and Murchison Goldfields.

Between 1990 and 2006 Mr Sadleir has been active in the exploration and assessment of gold, uranium, nickel, base metals, bauxite and mineral sands projects in Australia and overseas. During this time he was also involved in the environmental impact assessment of major industrial, mining and land use projects and remediation of contaminated sites in Western Australia.

Mr Sadleir brings significant technical experience in the Ravensthorpe project to Athena Resources through his association with Morning Star Resources Limited, the company that, upon recognising the mineral potential of the main project area, undertook the initial phase of prospecting and geophysical and geochemical surveys in 1997-98.

Mr Sadleir was involved in the float of nickel and uranium explorer Bannerman Resources Limited in 2005 where he was Managing Director until his resignation in early 2006. During 2006 he assisted in the project acquisition and float of Trafford Resources Limited where he remains a non-executive director today.

Athena Resources and its Projects

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7.1 The Company

Athena Resources is a Western Australian based exploration company incorporated on 11 April 2005 with the objective of acquiring mineral projects with the potential to be developed into profitable mining operations.

The Company is exploring for nickel sulphide and gold mineralisation in Proterozoic mobile belts that contain lucrative mineral deposits on the margins of the Yilgarn and Pilbara cratons. It has applied for and holds tenements in its own right as well as through the proposed acquisition of Capricorn Resources Pty Ltd. Copper, lead, zinc, silver and uranium deposits are attractive alternative exploration targets that are also likely to occur in these areas.

Athena Resources will continue to secure prospective areas in its own right or through acquisition or joint venture as new opportunities arise, the ultimate objective being to define a world class nickel sulphide or copper-gold resource. High-grade, smaller discoveries may be of economic benefit to the Company by generating early cash flow to fund on-going exploration.

The Company will optimise opportunities by engaging the services of experienced personnel, applying advanced technologies and the latest exploration methods. The emphasis will be on field work and drilling. To control costs staffing levels will be kept to the minimum necessary to meet the Company's immediate objectives.

7.2 Project Overview

Western Australia's Proterozoic orogenic belts have commonly been over-looked as exploration targets in favour of exploration within the Archaean cratons. The Company believes that these orogenic belts are similar to other areas of the globe which host large nickel sulphide and gold-copper deposits, and that considerable potential exists for their discovery in the areas held by the Company.

Athena Resources strategy is to target these under-explored late-Archaean and Proterozoic terrains on the margins of Western Australia's Archaean cratons. Consequently the Company has been able to assemble or acquire the rights to a portfolio of strategic tenements over areas with known mineralisation or with untested geochemical and geophysical anomalies.

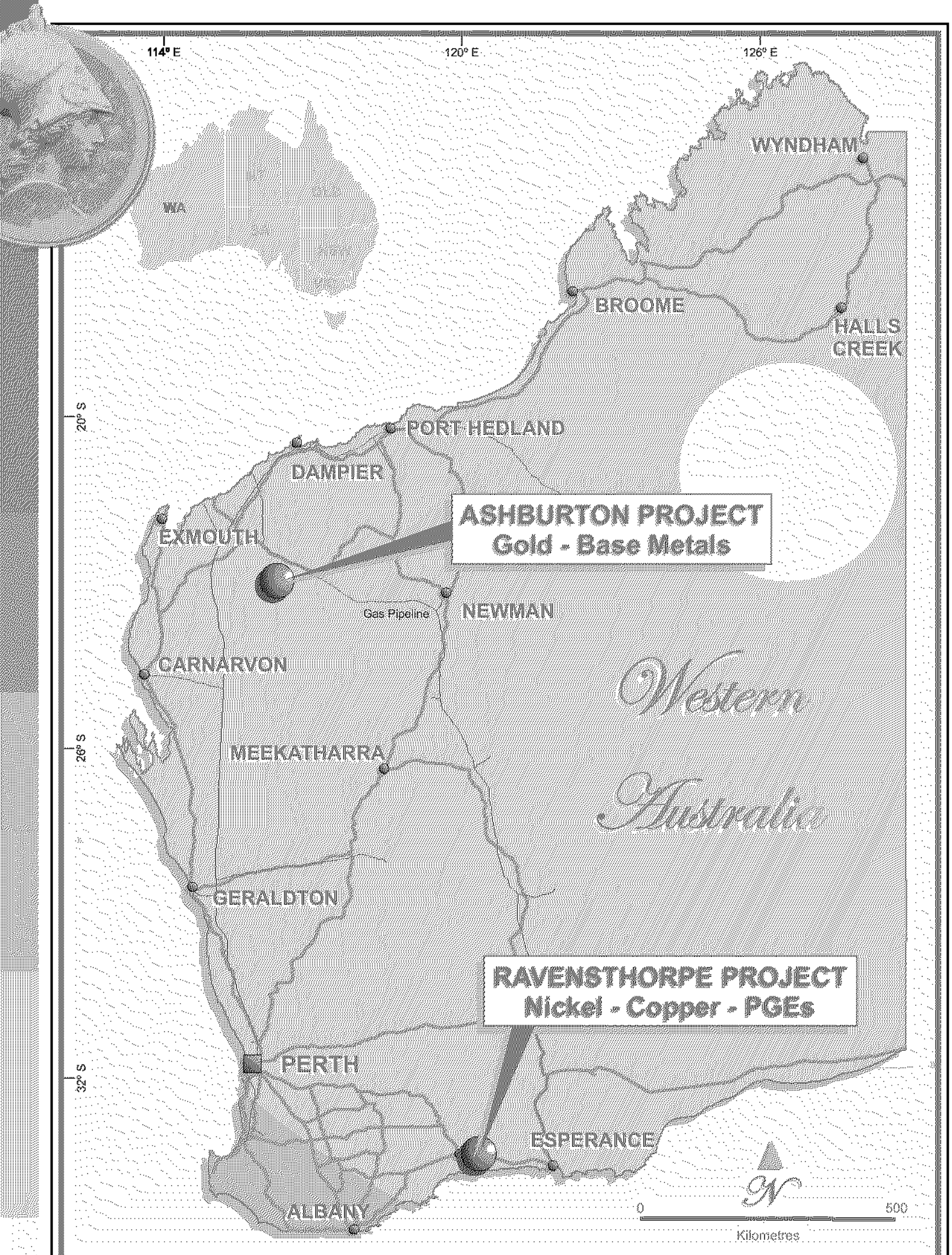
Nickel deposits are categorised into magmatic sulphide and lateritic types according to mineralogy and the method of formation. Sulphide nickel-copper (+/-Platinum Group Elements) deposits form by the direct segregation from molten magma, while lateritic deposits are formed by the breakdown of silicate minerals such as olivine, which contain the nickel, during near surface weathering. The Company's principal target is nickel sulphide mineralisation in mafic rocks, but gold and basements are also potential targets.

Fertile mafic rocks hosting nickel-copper sulphides and PGE occur on a global scale and are found along major crustal fractures associated with continental collisions on craton margins and within intra-cratonic rift zones. Large magmatic sulphide deposits such as Canada's Voisey Bay, Jinchuan in China and Noril'sk-Talnakh in northern Russia are associated mafic and ultramafic magmatic events, and are spatially linked to the magma feeder zones near mantle-tapping crustal sutures.

Large magmatic complexes with significant potential to host such world class nickel-copper-PGE deposits occur in Australia. The principal geological criteria are the presence of mantle-tapping structures, a process for contaminating the magma thereby triggering the formation of sulphides, sufficiently large magma reservoirs from which sulphides can segregate, and trap sites to concentrate sulphides as they form.

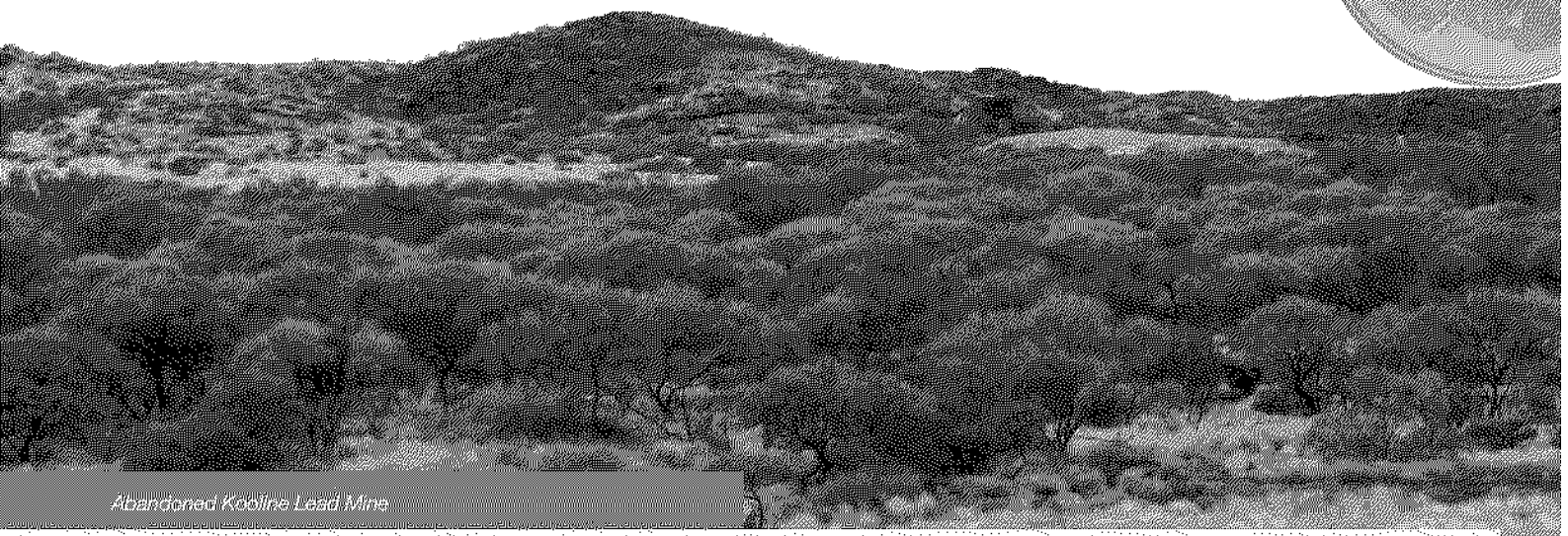
Several areas with these features have been identified within the Ravensthorpe tenements. In particular:-

- Proterozoic layered intrusions are known to occur in Albany–Fraser Orogen,
- Proterozoic mafic dyke swarms formed from mantle derived magmas and as such are prospective for sulphide mineralisation in the right setting,
- The dykes display pinch & swell form which can be important in concentrating sulphides in magmatic systems,
- Sulphide bearing ultramafic dykes. Sulphides also occur in mafic outcrops at Norite Hill and North Point,
- Strong chalcophile response (elevated copper, zinc, platinum, palladium and gold) indicative of sulphides in geochemistry from fresh and weathered rock.



Location of Athena Resources Projects in Australia

Athena Resources and its Projects



Abandoned Koolline Lead Mine

Ravensthorpe

The Ravensthorpe Project consists of ten nearly contiguous tenements covering approximately 1,600 square kilometres under granted title or application in the Ravensthorpe region. The Company is exploring for nickel sulphides associated with a series of differentiated dykes informally termed the Coujinup dyke swarm. Little previous exploration has been carried out specifically targeting mafic rocks of this type in the Ravensthorpe area.

Athena Resources commenced exploration at Ravensthorpe in 2005 where the target is nickel sulphide or precious metals (gold and platinum group metals), but there is also potential for base metal mineralisation on the Company's tenements. As the tenements were still at the application stage exploration was restricted to analysis of remote sensing data (airborne magnetic and radiometric data, and satellite imagery) and low-impact reconnaissance activities; such as rock chip sampling, geochemistry and petrology. Most of the tenements have since been granted and are available, subject to obtaining prerequisite statutory approvals, for more aggressive exploration including drilling.

The area of the Company's tenements is shown on published geological maps as being almost entirely granite. In mid 2005 the Geological Survey Western Australia released new 400 metre line spaced airborne magnetic and radiometric data for the Ravensthorpe 1:250,000 map sheet area. Analysis of the new aeromagnetic data in conjunction with high quality satellite images has resulted in the Company revising the accepted geology for the area and resulted in the recognition of elongate patterns not easily discernable in earlier Landsat or even on some of the earlier magnetic images. Reconnaissance ground checking has confirmed that these zones are in fact an anastomosing ultramafic - mafic dyke swarm and that some of the dykes are mineralised with disseminated sulphide visible in hand specimens.

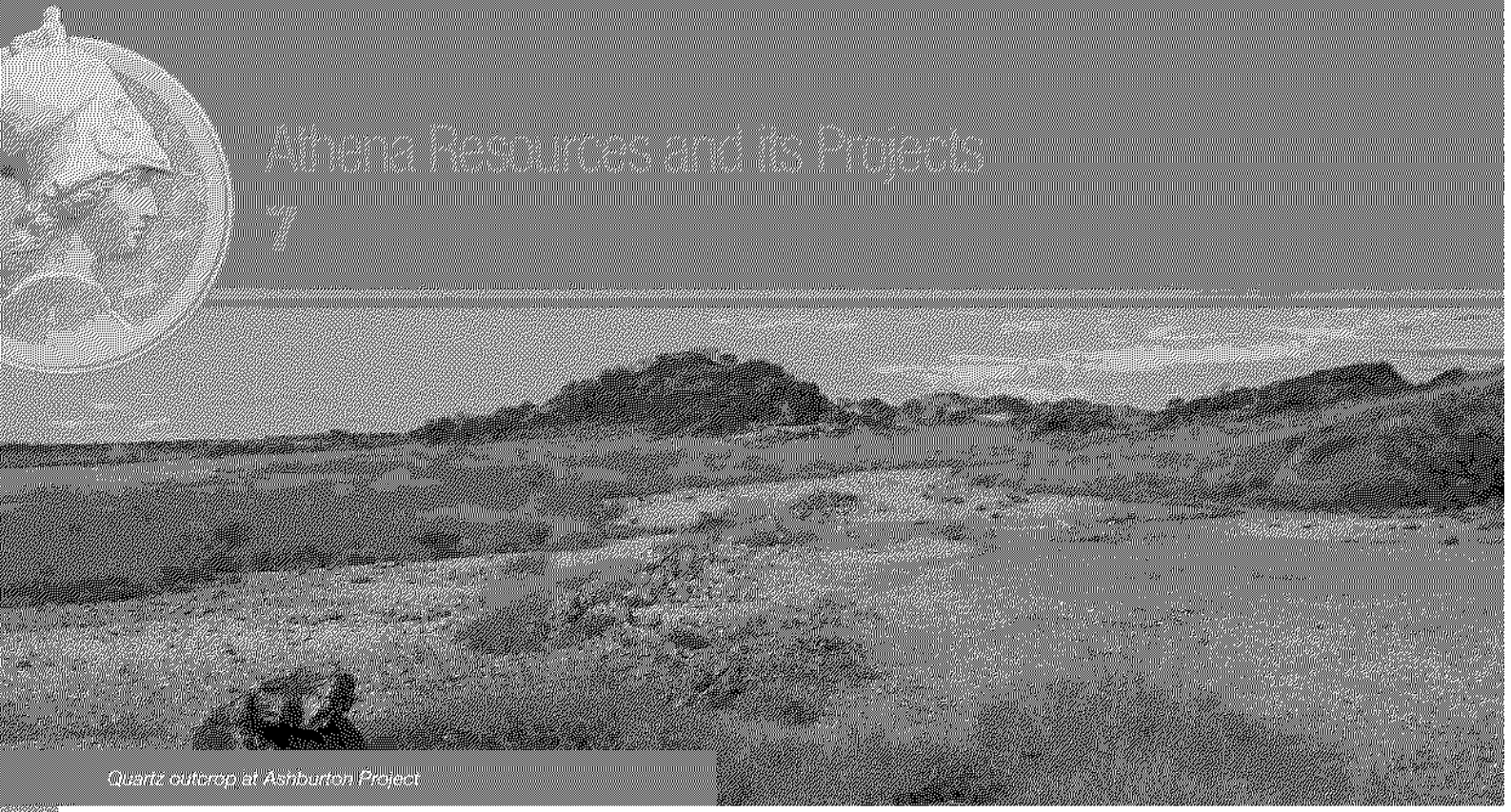
A number of magnetic anomalies that are considered targets for nickel exploration have been identified using the new data. The limited ground checking of these anomalies completed to date has been encouraging. Preliminary mapping and interpretation of the new magnetic and satellite images also indicates that the ultramafic body that hosts the UCABS disseminated nickel sulphide prospect extends east and west into the surrounding tenement held by Athena Resources.

Ironstone with boxwork textures interpreted to be a highly weathered nickel-sulphide gossan is associated magnetic serpentinite and coarse textured cumulate at the West Point prospect. This outcrop, which is 300 metres x 50 metres, is the most promising nickel target found so far. Assays of rock chip samples from the gossan returned maximum values of 0.31% nickel, 400ppm copper, 0.08% cobalt, 43ppb platinum, 15ppb gold, and 0.8% chromium. The gossan is also anomalous in cerium, thorium, uranium and rare earth elements.

The Oldfield prospect, located about 20 kilometres northwest of West Point, is at the western termination of a strong aeromagnetic anomaly 8 kilometres long with a north-easterly trend. A rock chip sample of relatively fresh ultramafic collected by Athena Resources geologists from the Oldfield prospect assayed 1840ppm nickel, 100ppm cobalt and 2050ppm chromium, confirming the prospectivity of this magnetic anomaly.

Disseminated sulphides have also been found at the Norite Hill prospect by the Company's geologists in outcropping gabbro and norite. Samples of fresh rock chip samples from this locality were anomalous in copper with assays in the range of 300-400ppm.

At the High Cliff prospect on the Oldfield River rock chip samples from a strongly sulphidic quartz vein returned anomalous copper and gold values up to 0.43% copper and 55ppb gold. A north-south shear zone is associated with schistose mafic rocks and brecciated and quartz-veined granite at this location. Iron-rich outcrops that might also be gossans after massive pyrite occur on the flanks of a prominent breakaway.



Quartz outcrop at Ashburton Project

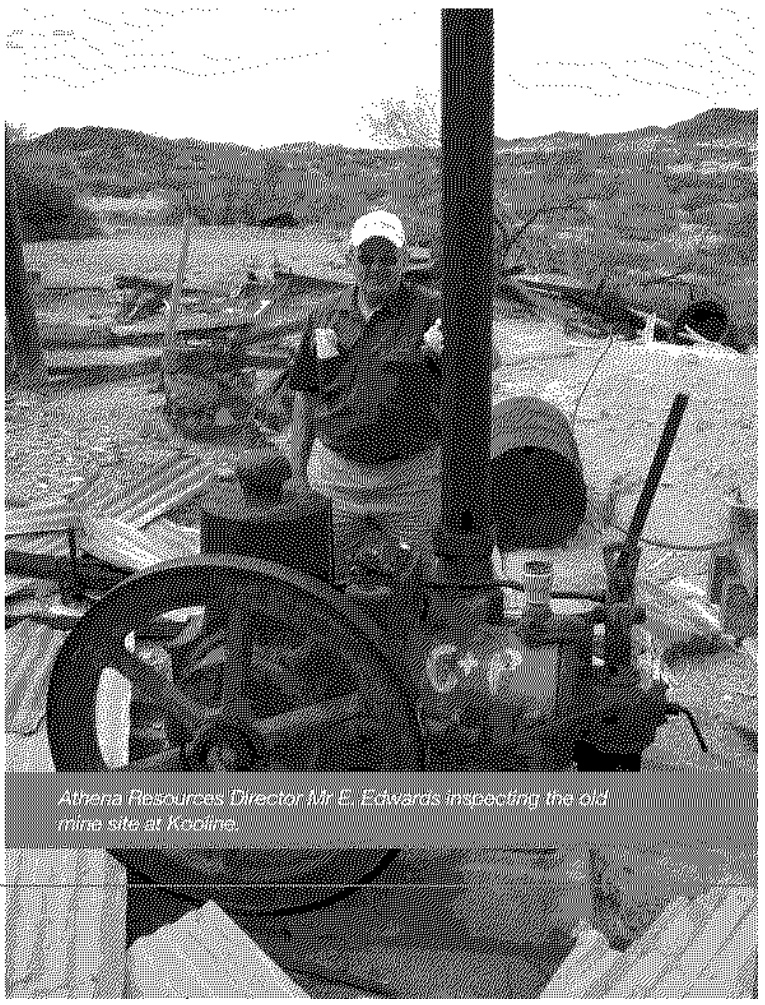
In 1997 previous explorers obtained assays of up to 29ppb gold from BLEG analysis of sandy soils on farmland east of West Point Road. In the following year a number of coherent, low-level gold, copper, lead and zinc anomalies were identified from broadly spaced sampling of calcrete and laterite soil horizons on farmland along the Jerdacuttup Fault . The zone of anomalism is structurally aligned with the Trilogy polymetallic deposit and in some cases is close to airborne magnetic anomalies such as that at the South Point Prospect.

Athena Resources has acquired two tenements that, while peripheral to Athena Resources main project area at Ravensthorpe, fit well with the Company's exploration strategy. The Rav South prospect is a strong east-west oriented aeromagnetic anomaly measuring about 4km by 800 metres and is considered prospective for komatiite hosted deposits of the type mined by Tectonic Resources at Rav 8. Nickel sulphides within these deposits form at the base of specific volcanic flow rocks, and the identification of these positions is critical to exploration success.

The Forrestania South prospect is a subtle narrow, east-west oriented magnetic anomaly about 12 km in length. The anomaly is interpreted to be a dyke or a remnant of the Forrestania greenstone belt. The prospect is about 15 km southwest of the Hatters Hill gold workings and is considered prospective for gold and/or nickel mineralisation.

Targeting and Exploration

- The marked contrast between the mafic dykes and granite host rock will aid and assist exploration for nickel sulphides,
- High-resolution aeromagnetic and radiometric surveys followed-up with geochemistry, ground EM and IP surveys will be the principle exploration tools.
- The strongest geophysical and geochemical anomalies will be drill tested.



Athena Resources Director Mr E. Edwards inspecting the old mine site at Kooline.

Ashburton

In keeping with the Athena Resources stated aims of targeting under explored geological terrains the Company has agreed to acquire Capricorn Resources Pty Ltd, the holder or applicant of four tenements in the Ashburton region south of the Pilbara Mineral Field. The area was initially selected on the basis of the regional geophysics which show a number of features often associated with large mineral systems. The combination of folds and thrust faults in rocks of the Ashburton and Capricorn formations, and granite intrusions is of particular interest.

The Ashburton project consists of one granted mining lease and three contiguous exploration licence applications covering a combined area of approximately 970 square kilometres.

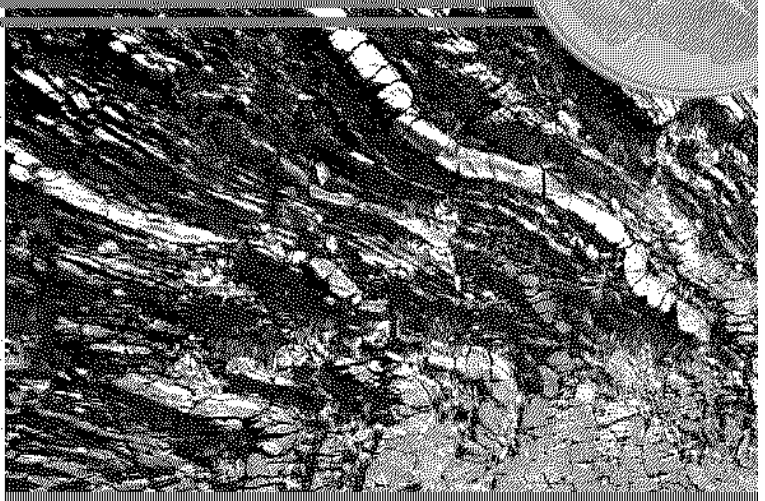
The Company's knowledge of the local geology is based on coarse 1,600 metre spaced regional aeromagnetic survey data, and preliminary interpretations of Landsat and Aster data with limited ground proofing. However, two deposits in particular, Paulsen's and the Mt Clement gold-copper prospect, confirm the prospectivity of the area and serve to illustrate the types of deposit that occur in the region, and suggest a model for future exploration.

The high grade Paulsen's gold deposit is approximately 60 kilometres north of the Company's tenements on the edge of the Wyloo Dome and has combined resources of 1.4 million tonnes at 11.7 g/t for 540,000 ounces of gold. Mt Clement is 20 kilometres to the northwest of Athena Resources ground and contains Indicated Resources of 818,000 tonnes grading 2.7 g/t gold, for 71,000 ounces of contained gold. The copper-gold mineralisation at Mt Clement also has silver credits in the order of 30 g/t. The Paulsen's and Mt Clement deposits prove that the district is prospective for both small high-grade and large low-grade copper-gold deposits.

Approximately 3,600 tonnes of lead and 950 kilograms of silver were produced between 1948 and 1959 from the now abandoned mines at Kooline on the Company's tenements. The production came from about twenty small high-grade mines, but 65% of the production came from the Gift, June-Audrey and Bilrose mines. Historically, channel samples from the underground workings have returned results up to 20% lead and 100 ppm silver from quartz veins up to 2 metres thick.

The sub-vertical veins at Kooline occur in multiple stacked and en echelon sets over several kilometres of strike. The width of veins ranges from 0.5 to 2 metres thick. No evidence of drilling was seen at any of the mines visited by the Company's geologists. The vein hosted lead-silver mineralisation at Kooline is associated with mesothermal quartz veins on shears in siltstone and greywackes, and is probably related to the intrusion of the Boolaloo Granite.

In addition to the known lead mineralisation, very encouraging gold and copper assays have been obtained from past exploration within the Company's tenement area.



Folding at Ashburton

At Kooline North on M08/189, Taipan Resources drilled 16 holes for a total of 1684 metres to test narrow gossanous quartz veins hosted by siltstone. The best result were intersections of 4 metres at 1.2 g/t gold and 4 metres at 0.45 g/t gold from separate drill holes.

Newmont Holdings Pty Ltd conducted a stream sediment sampling programme in 1982 which delineated a number of anomalies up to 0.17ppm gold and 1230ppm lead. Golden Deeps Pty Ltd carried out rock sampling in conjunction with limited ground magnetic, soil geochemical programmes and 1:10,000 scale geological mapping in the late 1980's. The best result was 38g/t gold, which was accompanied by assays in the range of 0.10 and 1.10 g/t gold from a quartz vein west of Kooline. Golden Deeps also got anomalous arsenic, copper, zinc and silver results in high grade lead samples from the mines.

Newmont's 1982 survey was followed up by Aberfoyle Resources Ltd between 1990 and 1994. Trenching at the Sunken Treasure and Banana prospects returned 2 metres at 13.3g/t gold, but subsequent follow up sampling failed to confirm this result suggesting a pronounced nugget effect, which was also reported by Golden Deeps, and is often found in high-grade samples. Aberfoyle carried out further stream sediment sampling that identified a weak coherent gold anomaly in drainages 4 kilometres northeast of the Kooline lead mines, but did no work to follow this up.

Greenstone Resources NL and Oakborough Pty Ltd drill tested anomalies identified by Aberfoyle outside of Athena Resources tenement between 1998 and 2001. The best results were 5 metres at 2.45g/t gold, 2 metres at 2.35g/t gold and 3 metres at 0.53 g/t gold. Newmont's and Aberfoyle's anomalies on Athena Resources' tenements require further evaluation.

The gold and base metal mineralisation in the Ashburton region is strongly zoned around granites in the Gascoyne Complex. Copper-gold mineralisation occurs closest to the granite while silver-lead mineralisation occurs further out. This pattern is similar to the metal zonation observed around granites in other mineral fields, for example Cullen Batholith at Pine Creek in the Northern Territory and the Heemskirk Granite in the Zeehan district of Tasmania. The aeromagnetic and gravity surveys indicate the possible location of several smaller buried granitic intrusions within the Company's tenements at Kooline.

Targeting and Exploration

- Largely exposed terrain allowing the use of satellite data to identify rock types and alteration patterns.
- Well developed regolith amenable to both geochemical and geophysical exploration.
- Remote Sensing techniques using multispectral satellite and radiometric data have been shown to work at both Ravensthorpe and Ashburton when used in conjunction with high-resolution aeromagnetics.
- Geophysical methods such as EM and IP will also be important tools for locating sulphide mineralisation at Kooline ahead of drilling.

7.3 Exploration Summary and Proposed Budgets

At Ravensthorpe and in the Ashburton the Company has accumulated significant land holdings. Neither area has been subjected to rigorous systematic exploration. Any work that has been carried out has largely been confined to prospecting along access tracks with limited regional geochemical and geophysical surveys. Gold and base metal mineralisation are known to occur in both regions.

The Company intends to commission low-level, high-resolution airborne geophysical surveys over the Ravensthorpe project. Aeromagnetics and radiometics will be used to map prospective lithologies, and airborne TEM will be used to locate anomalous conductors likely to represent or to be associated with massive sulphide mineralisation. Targets identified by these surveys will be subjected to further detailed ground assessment, including mapping and ground geophysics, and the best targets identified from this work will be drilled-tested.

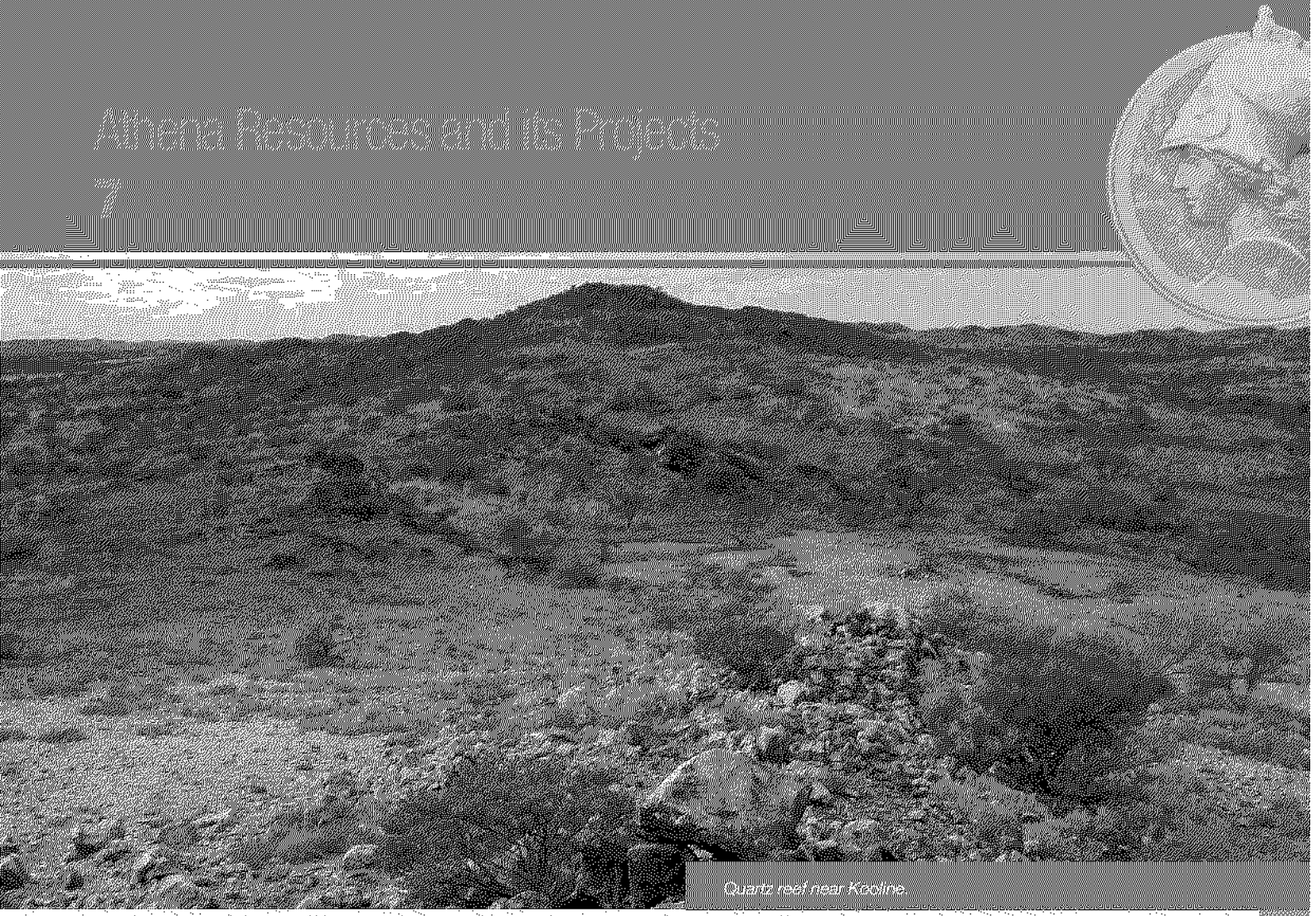
In the Ashburton a regional aeromagnetic survey will be flown and will form the basis for a regional assessment of the Company's tenements. A programme of geochemical sampling and mapping will be used to identify areas for early drill testing.

Proposed budgets covering the above programmes over an initial two year period are shown in the table below.

PROPOSED EXPLORATION EXPENDITURE

	Ravensthorpe	Ravensthorpe	Ashburton	Ashburton	
	Year 1	Year 2	Year 1	Year 2	Total
Geophysics	200,000	100,000	40,000	50,000	390,000
Geochemistry	10,000	10,000	10,000	10,000	40,000
Drilling (RC & Diamond)	130,000	180,000	50,000	70,000	430,000
Assaying	55,000	60,000	20,000	25,000	160,000
Field Costs (Travel & Consumables)	55,000	60,000	20,000	25,000	160,000
Tenement Costs	45,000	60,000	5,000	10,000	120,000
Salaries, Wages, Cotractors	40,000	50,000	20,000	30,000	140,000
Administration	50,000	60,000	25,000	25,000	160,000
Totals:	**$585,000**	**$580,000**	**$190,000**	**$245,000**	**$1,600,000**

Athena Resources and its Projects



Quartz reef near Kooline.

Ore bin Camp Prospect - Kooline.

Independent Geologist's Report

8

MAPROCK PTY LTD
ABN 64 009 332 414
Geological Consultants
85 Hubble St, East Fremantle, Western Australia 6158
Tel No. 93394502
Email: maprock@westnet.com.au

10 August 2006
The Directors
Athena Resources Limited
63 Lindsay Street
PERTH
WESTERN AUSTRALIA 6000

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT

At the request of Athena Resources Limited ("Athena" or "the Company"), we have prepared this Independent Report for inclusion in a Prospectus to be issued by Athena on or about 14 September 2006. The Company seeks to raise A$2.4 million by issuing 12,000,000 fully paid shares at an issue price of 20 cents each.

This report has been prepared using the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("the Valmin Code"), which is binding upon members of the Australasian Institute of Mining and Metallurgy ("AusIMM").

The reporting requirements place emphasis on competence, independence, transparency and public material disclosure, such that an informed, impartial reader can make a judgement as to the merit or otherwise of the projects described in this Prospectus.

Maprock Pty Ltd ("Maprock") is an independent geological and mining exploration consultancy and has operated continuously since 1987.

Maprock has been responsible for the preparation of numerous independent geological reports and valuations for prospectuses, IPOs and other purposes relating to mineral projects, both within Australia and overseas for many years. Both the Ravensthorpe and Ashburton districts are familiar to the author and the immediate areas and environs have been visited on several occasions over the last 36 years.

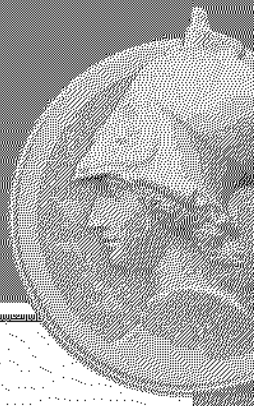
Maprock has satisfied itself, and Athena has warranted in writing, that all material information in the possession of the Company has been fully disclosed to Maprock. A draft version of this report has been provided to the Directors of Athena for comment in respect of omission and factual accuracy.

The current ownership status and legal standing of the tenements, as listed in this Prospectus, are dealt with in a separate Legal Report contained in this Prospectus. Maprock has not independently verified the ownership and current legal standing of the various mineral tenements referred to and is not legally qualified to do so; however, ownership details recorded in the registration section of the relevant authorities have recently been sighted.

Additionally, Maprock has not attempted to establish the legal status of the tenements with respect to native title or any relevant environmental or access restrictions. Again, these matters are the subject of the Legal Report in this Prospectus.

Fritz Fitton is a long standing Corporate Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a founder Member of the Australian Institute of Geoscientists (AIG). He has the necessary relevant experience and competence to be considered an 'Expert' under the definitions provided by the Valmin Code; namely, 25 years experience in mineral exploration and evaluation and more than 20 years experience in mineral asset valuation.

Neither Maprock nor any of its employees or associates has any material interest, direct, indirect or contingent in Athena, nor in any of the mineral properties included in this report, nor in any other of Athena's assets; nor has any such interest existed in the past. Maprock has had no input into the formulation of any of the mineral tenements currently under review.

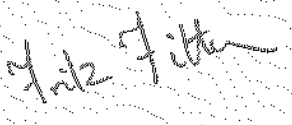


The Company has warranted to Maprock that none of the information and technical data provided is confidential and not to be disclosed in our report. Fees for the preparation of this report are being charged at current commercial rates, with expenses reimbursed at cost. Payment of fees and expenses to Maprock is in no way contingent upon the conclusions of this document or ultimate successful listing on the ASX.

Both Athena and Maprock have been involved in past exploration of the Ravensthorpe project area being reported on hereunder. Information used in the preparation of this report includes that provided by Athena, together with open file data and company reports held by the relevant government departments.

Maprock is of the opinion that Athena has in place satisfactory and clearly defined exploration programs and expenditure allocation, all of which are reasonable having regard to the stated objectives of the Company. The exploration work, including data review and research, that has taken place within the past two years is sufficient to justify the proposed budgeted work programs.

Yours faithfully



Fritz Fitton
BSc (Hons), MAusIMM, MAIG
10 August 2006

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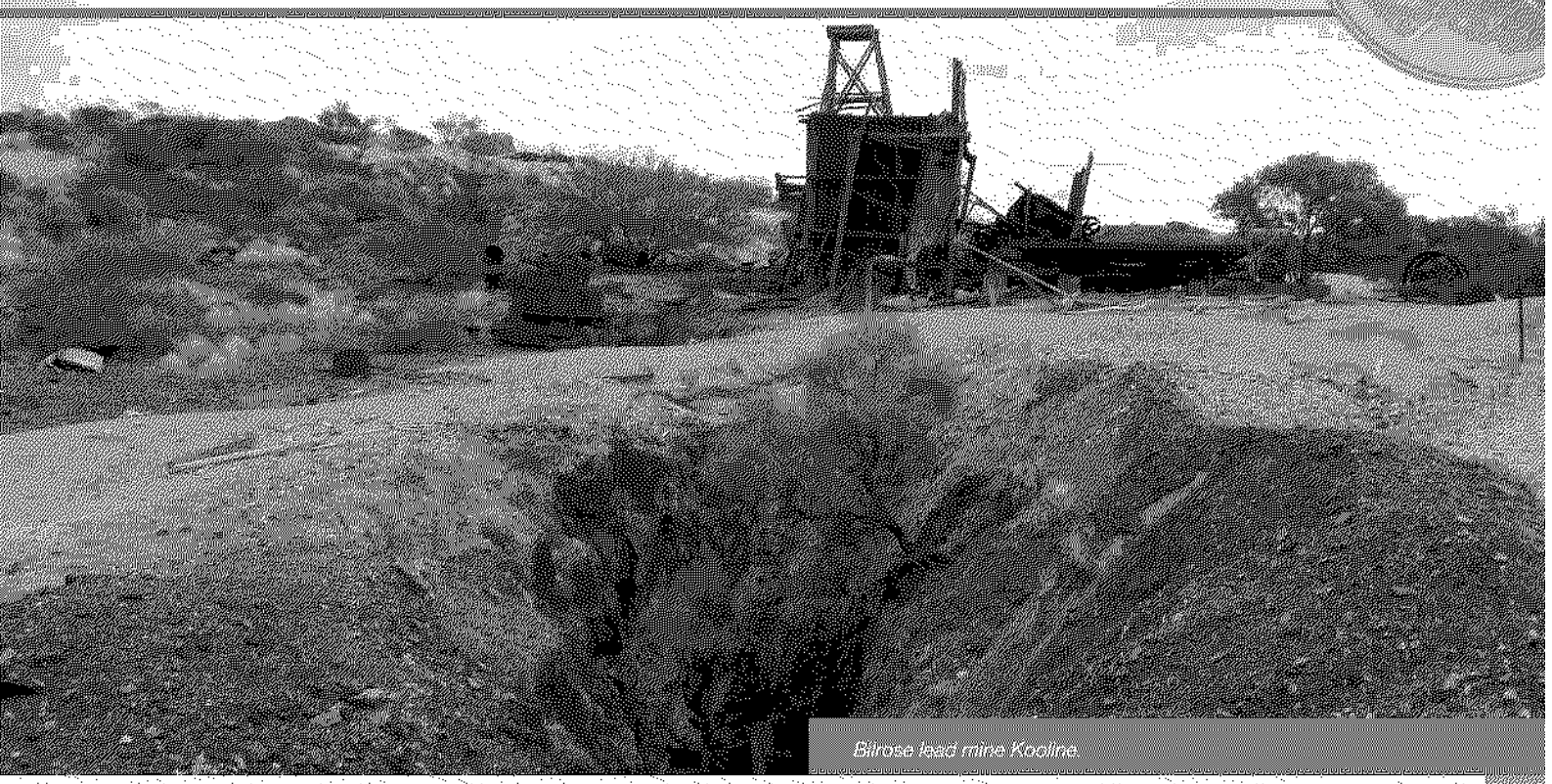
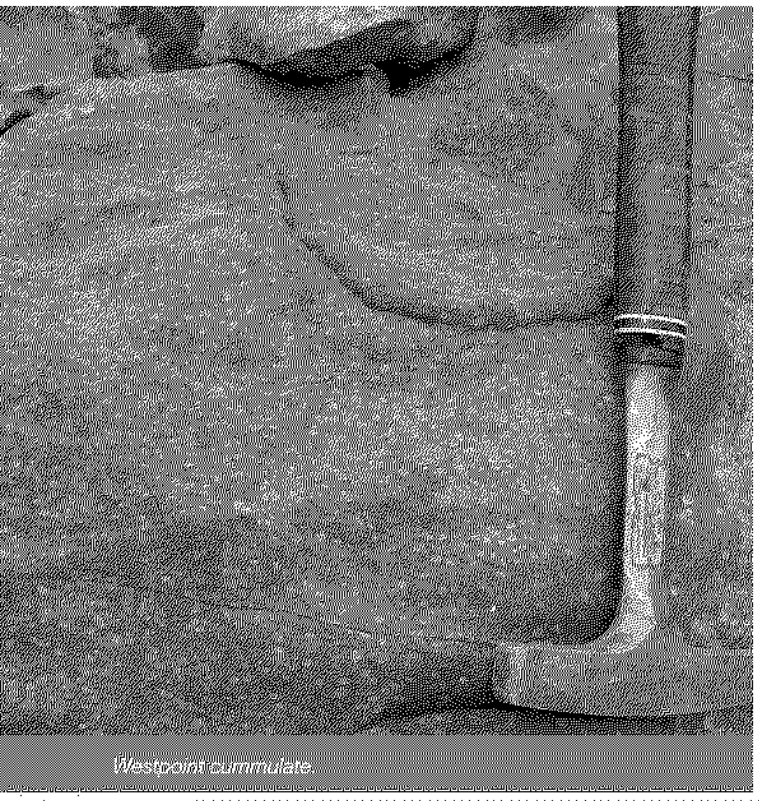
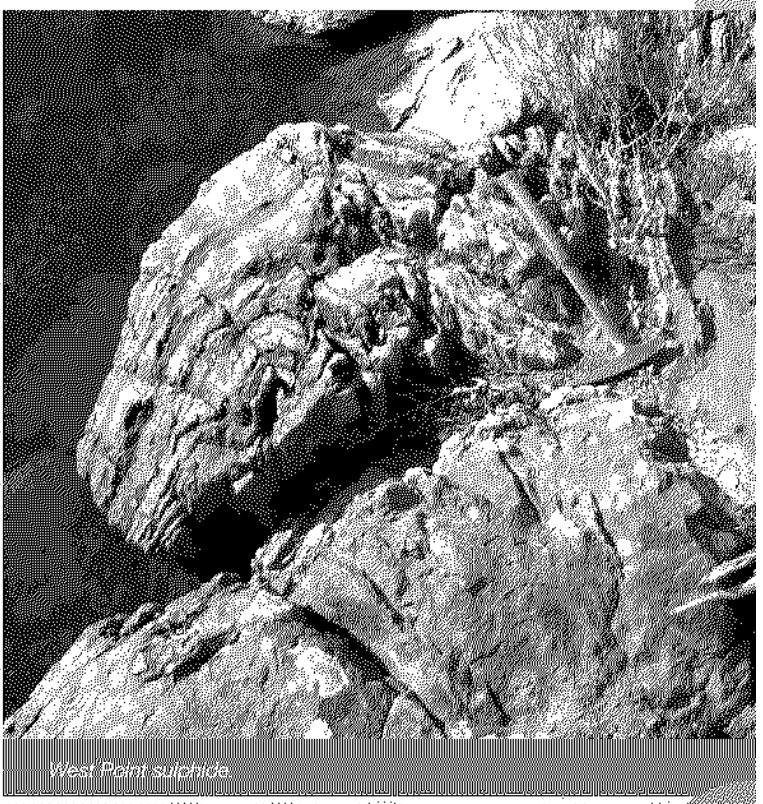


Bilrose lead mine Kooline



Westpoint cummulate



West Point sulphide

1 Introduction

At the request of Athena Resources Limited ("Athena") Mr Fritz Fitton of geological consulting firm Maprock Pty Ltd ("Maprock") has reviewed Athena's Ravensthorpe and Ashburton mineral exploration projects, located in Western Australia, and prepared this Independent Geological Report.

2 Ravensthorpe Nickel Copper Gold Project

2.1 Location and Access

The Ravensthorpe Project covers a large, poorly explored and understood area mainly located east and northeast of the town of Ravensthorpe, near the south coast of Western Australia.

Access to the area is provided by the sealed South Coastal Highway between Ravensthorpe and Esperance and a network of good quality gravel roads through mainly cleared farmland in the southern sector. A track used for vermin control and as a fire break provides limited access in the northern sector. Much of the project area is only accessible on foot until approval is granted for clearing of further access tracks.

TABLE 1 : DETAILS OF ATHENA'S RAVENSTHORPE TENEMENTS

Tenement	Holder/Applicant	Athena Shares	Date Lodged	Date Granted	Date Expires	Area (blocks)
E74/341	Athena Resources Limited	100	18/04/2005	23/03/2006	22/03/2011	70
E74/342	Athena Resources Limited	100	18/04/2005	23/03/2006	22/03/2011	70
E74/343	Athena Resources Limited	100	18/04/2005	Pending		66
E74/350	Athena Resources Limited	100	18/05/2005	23/03/2006	22/03/2011	70
E74/355	Athena Resources Limited	100	14/07/2005	26/04/2006	25/04/2011	62
E74/356	Athena Resources Limited	100	14/07/2005	Pending		23
E74/357	Athena Resources Limited	100	14/07/2005	26/04/2006	25/04/2011	70
E74/364	Athena Resources Limited	100	09/08/2006	26/04/2006	25/04/2011	70
E74/345	Tied Investments Pty Ltd	100	09/05/2005	24/01/2006	23/01/2011	24
E74/365	Tied Investments Pty Ltd	100	09/08/2005	27/06/2006	26/06/2011	4

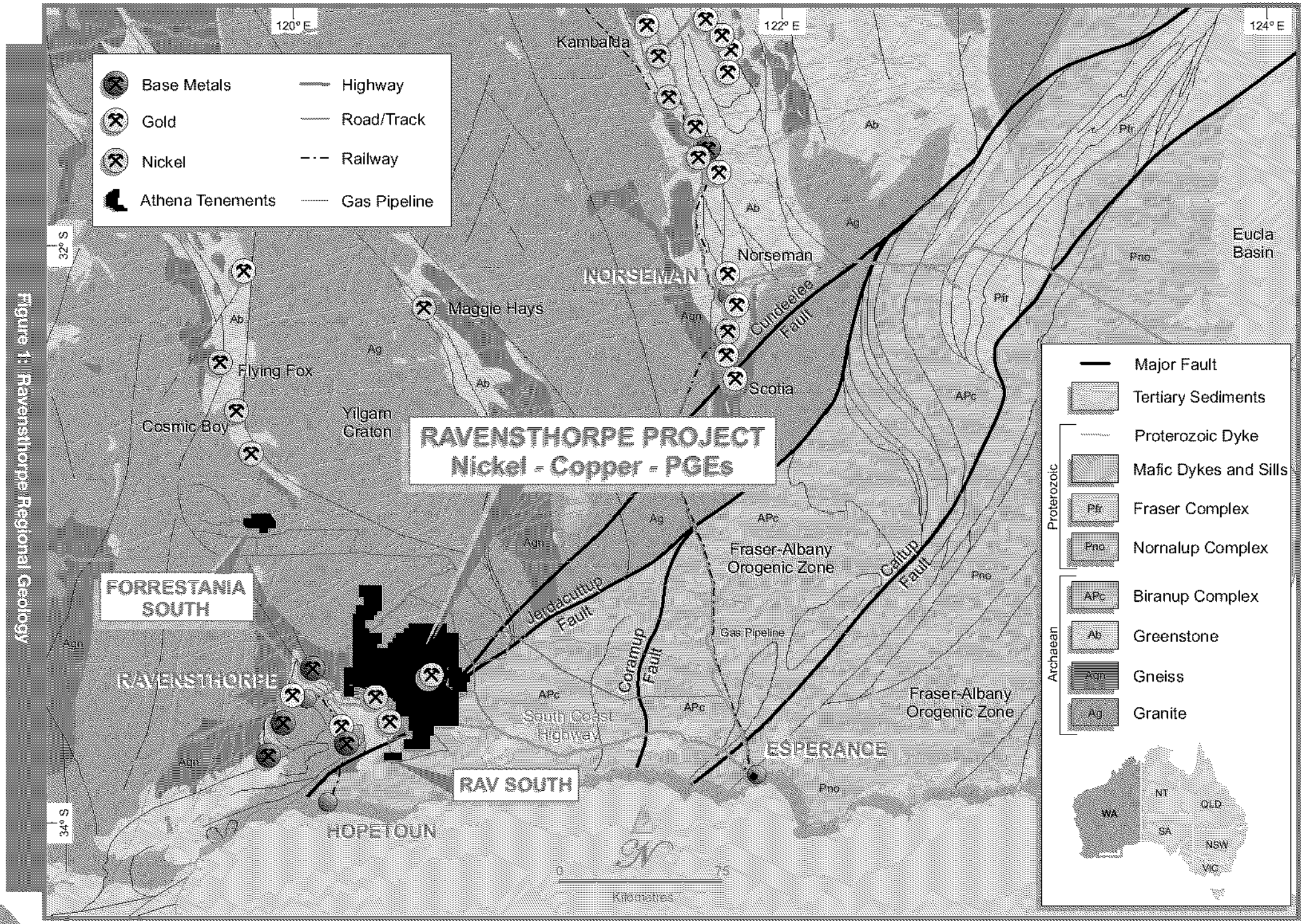


Figure 1: Ravensthorpe Regional Geology

2.2 Tenure

The Ravensthorpe Project comprises ten Exploration Licences and applications (Table 1, Figures 2 & 3) covering a mostly contiguous area of about 1,600 square kilometres. Athena is the registered owner or applicant for all of the tenements except for E74/345 and E74/365, but has entered into an agreement with Tied Investments Pty Ltd and Grant Donnes to acquire these tenements (see Solicitor's Report Section 10 of this prospectus).

2.3. Regional Geology

2.3.1 Regional Geology and Mineralisation

Five major Precambrian tectonic units are present in the Ravensthorpe area (Figure 1). From oldest to youngest these are:

- A triangular sliver of Archaean greenstone; generally accepted to be the southern extension of the Forrestania Belt,
- Archaean granite and gneiss, which forms the bulk of the Yilgarn Craton, encloses the Ravensthorpe Greenstone Belt on the northwestern and northeastern flanks,
- Archaean and Palaeoproterozoic age gneiss and reworked granites in the Albany-Fraser Mobile Belt which defines the southern limit of the Yilgarn,
- Mesoproterozoic clastic sediments of the Mount Barren Group, and
- the pyroxenitic to doleritic Cowderup Sill that intrudes the Mt Barren Group and other Proterozoic mafic dykes.

The Ravensthorpe area sits on the southern margin of the Yilgarn Craton, and consists of a roughly triangular enclave of Archaean greenstone bounded on the northwest and northeast sides by granitic rocks and granitoid gneiss. The Albany-Fraser Orogen forms the southeast margin of the Archaean craton; the boundary is marked by the Cundeelee and Jerdacuttup Faults. The greenstone belt contains three distinct tectono-stratigraphic terrains: The Ravensthorpe Terrain, the Carlingup Terrain and the Cocanarup greenstones.

The Ravensthorpe Terrain (c. 2990 to 2970 Ma) occupies the central part of the greenstone belt and consists of a circular body of intrusive tonalite surrounded by a volcanic sequence dominated by rhyolitic and andesitic rocks. Witt (1998) interprets the copper-gold(-silver) mineralisation at Ravensthorpe as sub-seafloor, synvolcanic, mineralised feeder or discharge zones analogous to volcanogenic massive sulphide (VMS) deposits in modern volcanic arcs. At West River stratabound copper-zinc mineralisation is mainly hosted by the dacitic Annabelle Volcanics, and is generally located about 2 kilometres from the contact with the Manyutup Tonalite. The Manyutup Tonalite also hosts some significant gold-copper mines (e.g. Elverdton and Mount Desmond), but this mineralisation is largely confined to margins of the pluton and is commonly associated with known or suspected rafts of country rock.

The Carlingup Terrain in the east (dated at c. 2960 Ma) contains metamorphosed komatiite, basalt and sedimentary rocks (including banded iron-formation) with minor acid volcanic rocks. The komatiitic ultramafic rocks contain economic concentrations of nickel sulphide mineralisation. Witt (1998) reports that the nickel deposits at Ravensthorpe are hosted by serpentinised dunite and peridotite that have been metamorphosed to tremolite-rich assemblages and talc-forsterite-anthophyllite rock. Talc-carbonate schists occur in widespread deformation zones. Massive and stratiform pyrite horizons in the sedimentary Chester Formation and Hatfield Formations display similarities with exhalative base metal sulphide-rich orebodies in the Iberian Pyrite Belt of southern Spain.

The Cocanarup greenstones, along the western margin of the greenstone belt, mainly consist of strongly deformed metasedimentary rocks, with minor ultramafic and mafic rocks. The Ravensthorpe Terrain and the Cocanarup greenstones were thrust eastward over the Carlingup Terrain. The accreted terrains were subsequently deformed to produce a large-scale, south-plunging synform which defines the overall shape of the greenstone belt.

Extensive areas of granitoid gneiss lie northwest and northeast of the Archaean greenstones. On the basis of textures, petrography, and sequence of intrusion Thom, et al. (1977) distinguished six groups of Archaean granitic rocks within the Ravensthorpe 1:250,000 map sheet area. Some of the granitic rocks that have similar textures may represent different plutons, but are considered to have been emplaced contemporaneously. Widespread granite emplacement occurred across the Yilgarn Craton at about 2620 Ma. The Widgiemooltha dyke swarm intruded between about 2550 and 2400 Ma (Nelson et al, 1995). These are thick, uniformly spaced, east-west trending dolerite dykes that occur throughout the Yilgarn Craton.

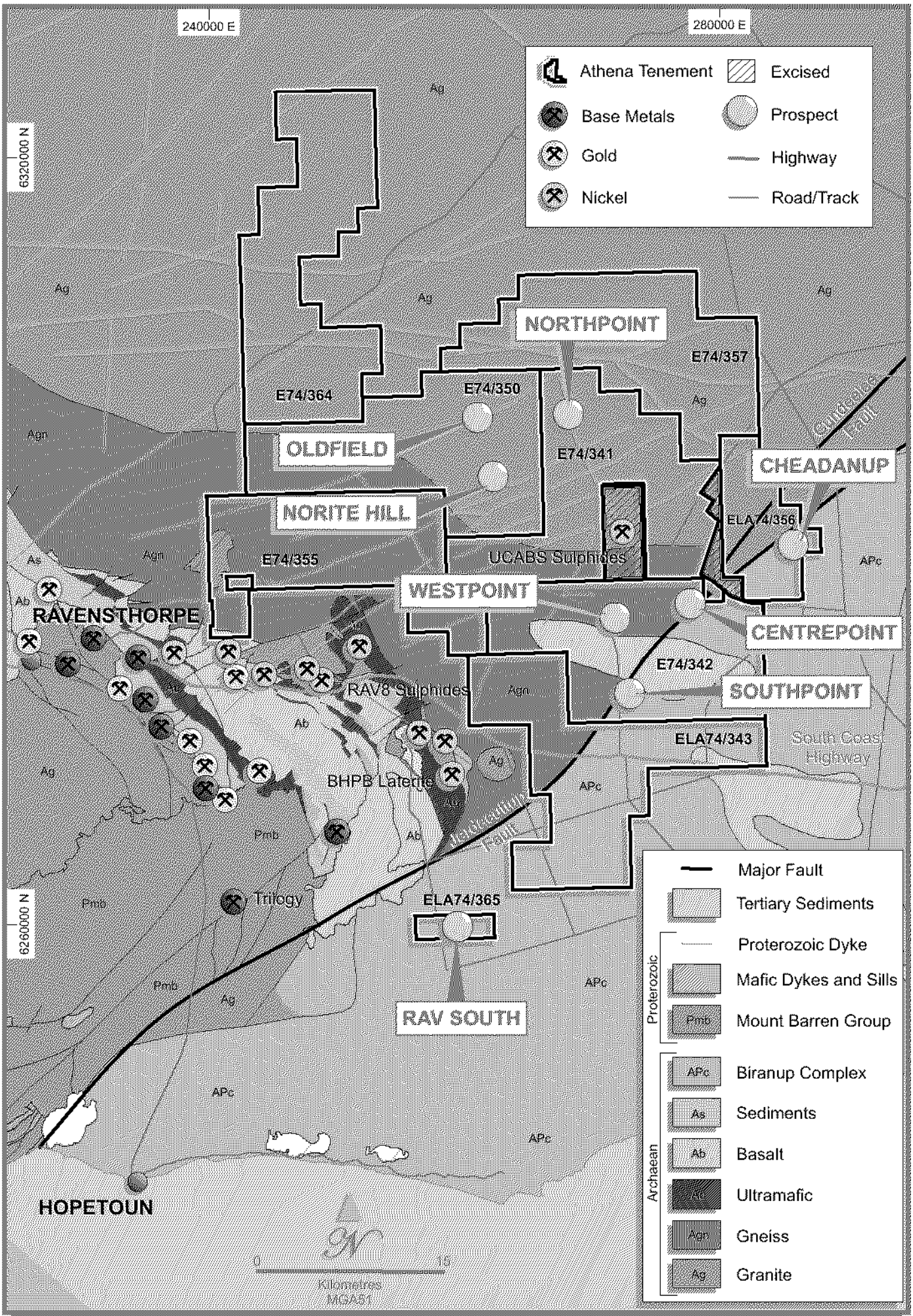


Figure 2: Project Geology and Tenements

The Albany-Fraser province forms the southern and southeastern boundary of the Yilgarn Craton; it extends discontinuously for over 1,000 kilometres from the Darling Fault in the west to the Officer Basin in the east. The western segment is exposed between the Darling Fault and Bremer Bay. The eastern segment, which extends from Hopetoun on the coast south of Ravensthorpe to the eastern Fraser Range, is further subdivided in to three complexes: The Archaean to Palaeoproterozoic Biranup Complex closest to the Yilgarn margin, the younger Nornalup Complex, and the Fraser Mafic Complex which intrudes the Biranup Complex.

The Biranup Complex is mostly composed of heterogeneous orthogneiss and probably intruded between 1700-1600 Ma. The Nornalup Complex is dominated by heterogeneous ortho- and paragneisses, and includes granites intruded at two ages; approximately 1300 Ma and 1190 Ma. There is insufficient information to subdivide the Nornalup Complex into domains indicated by these two distinct ages. The Fraser Mafic Complex is a layered mafic complex dated at 1291+/- 21Ma (Fletcher et al, 1991). This compares to dates between 1047± 28 and 1077± 32 Ma for the Giles Complex in Central Australia (Sun et al, 1996).

The rocks of the Albany-Fraser province were subjected to at least two episodes of deformation and metamorphism. Geochronology using Rb-Sr and Sm-Nd isotopes indicates that the first period of deformation between 2000-1800 Ma was contemporaneous with the Capricorn Orogen between the Pilbara and Yilgarn Cratons. The second period during the Albany-Fraser Orogen between 1300 and 1100 Ma is correlated to a world wide event that can be traced in tectonic reconstructions from Scandinavia to Western Australia via North America and Antarctica (Davidson, 1995).

The Archaean and Palaeoproterozoic basement is structurally overlain by the mainly metasedimentary Mesoproterozoic Mount Barren Group. Manganese-rich sedimentary units have long been known in the Mount Barren Group but, until recently, relatively little other mineralisation had been identified in the Proterozoic rocks of the Ravensthorpe district.

During the Albany-Fraser Orogeny the Mount Barren Group was deformed by several phases of folding and faulting. The metamorphic grade of the Mount Barren Group rocks generally increases southward, discontinuously, away from the contact with Archaean rocks of the Yilgarn Craton. High-pressure metamorphic rocks, such as the kyanite-bearing metapelitic schists exposed on the coast west of Hopetoun, were uplifted along secondary splays related to the Jerdacuttup and Cundeelee Faults. High-grade Archaean protolith orthogneiss (Munglinup Gneiss), located south of the Jerdacuttup Fault, was further deformed during the Albany-Fraser Orogeny, and subsequently uplifted. The Munglinup Gneiss consists of reworked Archaean granitoids deformed and metamorphosed to granulite facies. Amphibolite bands in the gneiss are interpreted to be deformed Proterozoic dykes (Witt 1997, Clarke et al 1995).

The Proterozoic dykes are of particular importance to Athena's exploration strategy. The Yilgarn Craton has been intruded by extensive Proterozoic age mafic dyke swarms. Three main trends of dykes are recognized: The east-west trending Widgiemooltha (2550–2400 Ma) dyke swarm (Myers, 1990b), the east-northeasterly trending Gnowangerup dyke swarm, and northwesterly trending dykes of the Boyagin dyke swarm (Myers, 1993). The Gnowangerup dyke swarm intruded rocks of both the Yilgarn Craton and the Albany-Fraser province. These dykes occupy a 100 kilometre-wide belt subparallel with the margin of the craton; south and southeast of the Jerdacuttup and Cundeelee faults they are intensely deformed and metamorphosed. Onset of Mesoproterozoic orogenic activity was marked by the intrusion of the Gnowangerup dyke swarm at about 1300 Ma (Myers, 1993).

A cryptically layered pyroxenitic-doleritic mafic sill, the Cowderup Sill, intrudes the base of the Mt Barren Group. The relationships, if any, between the Fraser Complex, the Cowderup Sill and the mafic dyke swarms are unknown. The Fraser Complex and the 1300 Ma Gnowangerup dyke swarm are broadly contemporaneous.

Tourmaline-rich pegmatites intruded into active thrust belts during accretion of the various tectonic terrains. The more fractionated of these pegmatites contain tantalum, niobium and sub-economic concentrations of spodumene (the main ore of lithium). Some base- and precious-metal mineralisation in the Ravensthorpe Terrain may have been remobilized at this stage.

During the Tertiary era, magnesium that was leached from ultramafic rocks forming nickel laterite deposits over ultramafic rocks and magnesite deposits at the base of the Pallinup Siltstone.

Quartz stockwork

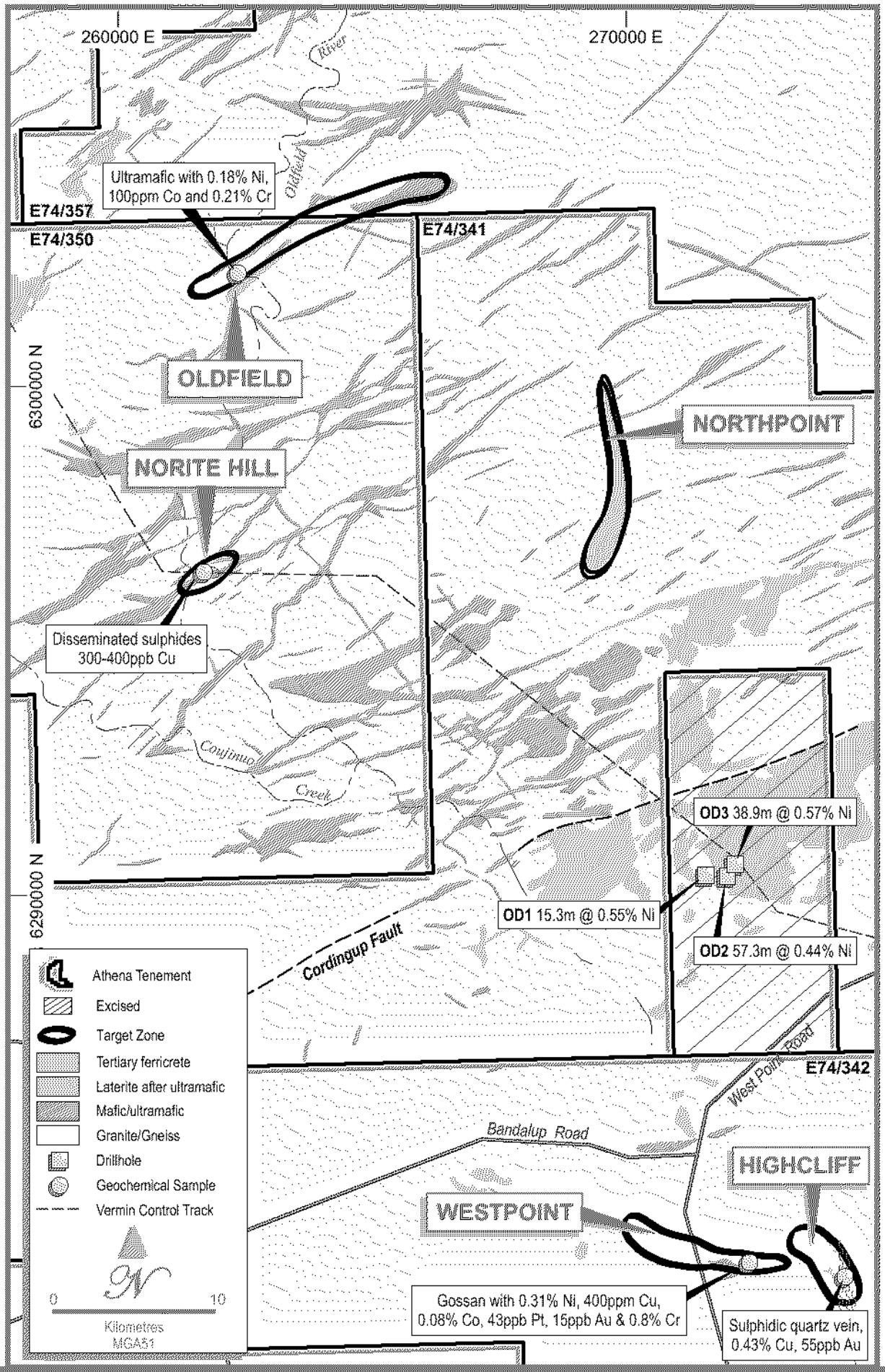


Figure 3: Anastomosing Mafic-Ultramafic rocks of the "Coujinup Complex"

2.3.2 Significant Mineral Deposits in Project Vicinity

The Ravensthorpe area has been and continues to be an important mining centre for the State (Figures 1 and 2). Nickel sulphide ore was mined from the Rav 8 deposit between 2000-2005 and the Ravensthorpe Nickel Operation is currently under construction and is expected to produce concentrate from lateritic nickel ore in 2007.

Fifty percent (50%) of the Western Australia's copper production prior to 1972 came from Ravensthorpe; gold and silver was mainly produced as a by-product of the copper mining in the area (Thom, et al. 1977). Up until then approximately 21,500 ounces of gold, 2,081 ounces of silver and 161 tonnes of copper metal had been produced from the area.

Kundip Gold-Copper Deposit

Tectonic Resources (2005) reported that the Kundip Mining Centre contained a combined measured, indicated and inferred resource of 3.7 million tonnes grading 4.4g/t gold (519,000 ounces gold) and 0.5% copper. The prospect was first mined in the late 1890s and consists of a number of gold-copper-silver bearing massive sulphide and quartz lodes that are structurally controlled by a northeast-trending structural zone.

Trilogy Polymetallic Deposit

The discovery by Tectonic Resources of base and precious-metal mineralisation at Trilogy in Mesoproterozoic Mount Barren Group metasedimentary rocks in 1997 has changed the long-held perception that this unit is not prospective. Drilling intercepts include 37 metres grading 0.58g/t gold, 1.10% copper, 5.82% lead, 4.09% zinc and 71g/t silver. Tectonic (2005) reported that the Trilogy deposit, which is still open at depth and along strike, contains a Global Resource (indicated category) of 4.44 million tonnes grading 0.96g/t gold (137,015 ounces gold), 1.27% copper (56,461 tonnes copper), 55g/t silver (7,858,740 ounces silver), 2.68% lead (118,775 tonnes lead) and 1.48% zinc (65,820 tonnes zinc).

The economics of the Phillips River Project, which includes the Kundip and Trilogy Deposits, continue to improve with exploration success and better metal prices. Tectonic (2006) recently announced further significant gold intersections in a shallow supergene deposit at the Queen of Sheba deposit in Proterozoic sediments about 2 km southeast of Trilogy.

Rav 8 Nickel Sulphide Deposit

The Rav 8 nickel deposit consisted of minor massive to brecciated sulphide ore within a larger shoot of disseminated sulphides, that is now largely mined out. Disseminated sulphides in talc-forsterite assemblages occurred in the matrix between prismatic metamorphic olivine crystals (matrix ore). The ore shoot plunged 30 degrees southeast, approximately co-linear with the main tectonic lineation in this area. Disseminated ore contained up to 2% nickel, and massive-sulphide ore up to 18% nickel. The main sulphides were pentlandite and pyrrhotite with minor pyrite and chalcopyrite.

According to Tectonic Resources the Rav 8 deposit had produced 443,141 tonnes of ore grading 3.46% nickel for 15,347 tonnes of nickel metal (Tectonic, 2005). The ore came from open cut and underground operations between 2000 and 2005 when the mine closed.

Ravensthorpe Lateritic Nickel-Cobalt Project

The nickel laterite deposits at Ravensthorpe occur over the Bandalup Ultramafics, a north-northwest striking, serpentinised komatiite suite with rare interflow sedimentary units (Witt 1997). A thick Tertiary lateritic regolith, which is partially preserved at each of the deposits, was formed by the weathering of these rocks. The laterite is a weakly to strongly indurated, porous, cellular rock, dominantly composed of iron oxyhydroxides (mainly goethite), silica and minor clay. It is highly porous due to the leaching of almost all of the magnesium and is generally enriched in nickel, locally enriched in cobalt.

BHP Billiton's huge Ravensthorpe nickel-cobalt project (RNO), which adjoins Athena's Project area, is located just south of the South Coast Highway about 35km east of Ravensthorpe. The operation is based on the open-pit mining of three adjacent nickel laterite deposits: Halleys, Hale-Bopp, and Shoemaker-Levy, which have combined proved and probable reserves of 263.3 million tonnes at 0.65% nickel and 0.03% cobalt. Mining will commence at the Halleys deposit, a 3 by 1 kilometre tabular lateritic nickel body. The development is expected to produce a total of around 50,000 tonnes of contained nickel per annum, with the grade declining after the first seven years. The output will be 30,000–35,000 tonnes per annum of contained nickel from year 8 to year 28 of the project. Delivery of the mixed hydroxide product to the Yabulu refinery in Queensland is expected to commence the first half of 2007 (Abeysinghe and Flint, in prep).

The three Ravensthorpe laterite orebodies are distinctive in that they have a high silica content enabling the limonite ore to be upgraded to almost twice the mined grade through beneficiation using a simple scrubbing and screening process to remove the hard barren silica. The saprolite ore can also be upgraded but not to the same extent. The beneficiated ore has a nickel content of about 2.0% nickel.

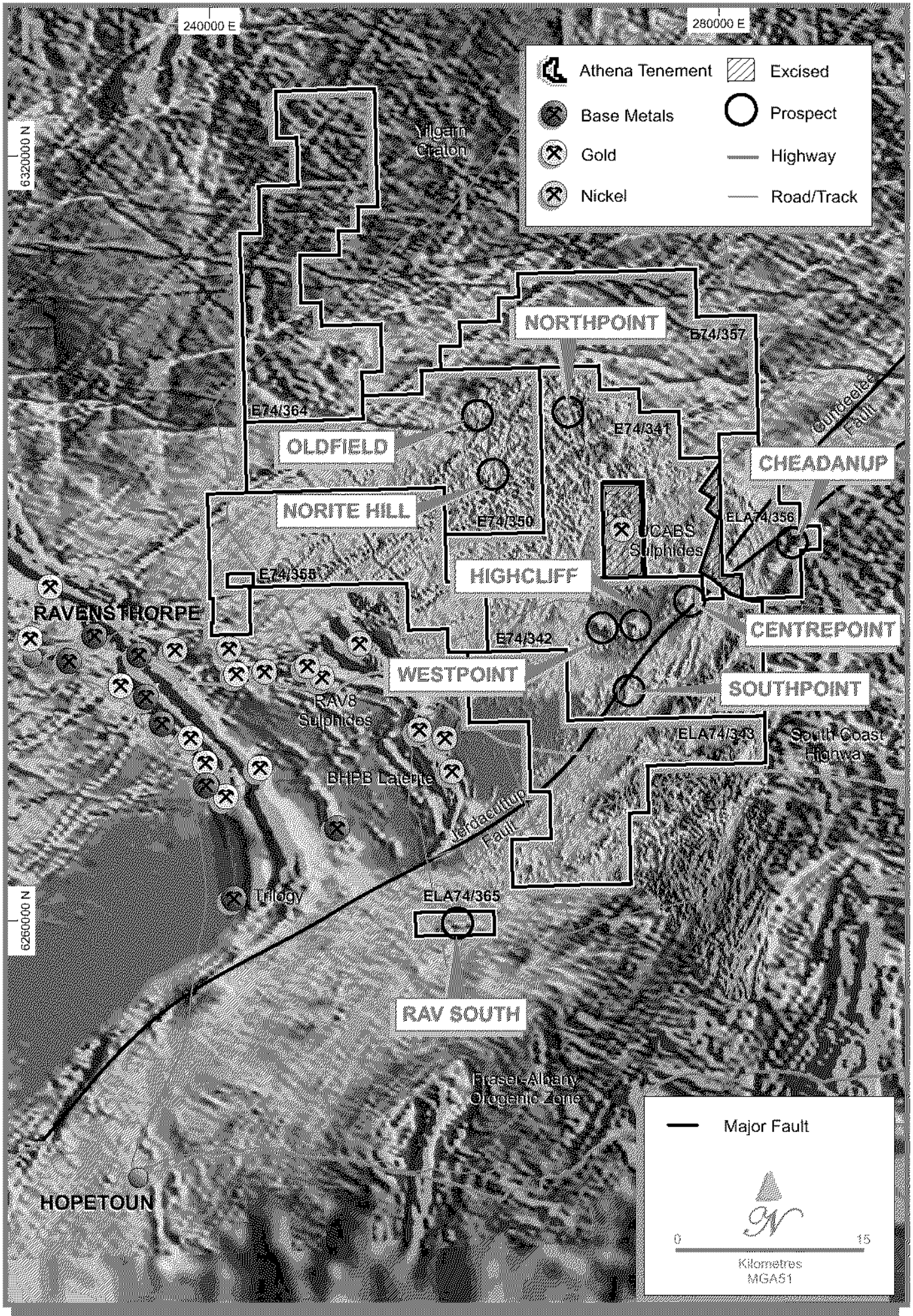


Figure 4: Athena's Tenements over imaged Regional Areomagnetics

2.3.3 Project Geology and Mineralisation

Athena's project area is mostly covered by a thin veneer of barren, windblown quartz sand over moderately weathered granite and outcrops (Figure 2). Thick eucalypt and tea-tree scrub in the northern part has discouraged previous exploration. However progressive exploration over the last decade using data from recent geophysical surveys and new satellite imagery has revealed extensive outcropping mafic and ultramafic rocks in a hitherto largely unexplored region, depicted on Government geological maps as mainly granitic and gneissic terrain.

Extensive outcrops of olivine-rich cumulate textured ultramafic rocks were discovered during field investigations of strong anomalies noted on recent aeromagnetic surveys (Figure 4) (Fitton, 2005). These newly discovered ultramafic and mafic rocks have been informally named the "Coujinup Complex" (Figure 3) after the nearby Coujinup Creek, a tributary of the Oldfield River which flows intermittently through the Project Area.

The Coujinup Complex appears to be a differentiated dyke swam that ranges in composition from ultramafic to anorthosite and is believed to be Proterozoic in age. Athena is targeting nickel sulphide mineralisation hosted in these mafic dykes. Confirmation for the validity of the model comes from the UCAB's prospect which is surrounded by Athena's tenements, where a post-granitic mafic dyke hosts nickel sulphide mineralisation. Further evidence of magmatic sulphide mineralisation in these dykes is found on Athena's tenements where disseminated pentlandite and pyrrhotite have been found in outcrop during reconnaissance mapping.

Nickel laterite mineralisation outcrops at UCABS and the mineralisation possibly extends under soil cover on to tenements held by Athena.

2.4 Previous Exploration

2.4.1 Poseidon Exploration Limited

The UCABS nickel prospect was discovered by Inco in 1972, but little data is readily available from Inco's work. Although the prospect lies within EL74/218 and is not an asset of Athena as such, the results of previous exploration are considered of relevant to the prospectivity of Athena's surrounding tenements.

Three diamond drill holes put down by Inco in 1972 all intersected large thicknesses (30–57m) of significant nickel values in the range 0.44% to 0.57% nickel. Inco did not routinely assay for cobalt at that time. Open file reports on past exploration available from the Department of Industry and Resources (Purkait, 1995, 1996) confirm that at least some of the nickel mineralisation is lateritic with surface grab samples assaying up to 0.60% nickel and 0.24% cobalt.

In 1993 Poseidon Exploration Limited (Posex) investigated the UCABS nickel prospect and tested the potential for a strike extension of the host unit to the northwest, which was then thought to be a komatiite. Early Bureau of Mineral Resources (BMR) aeromagnetic data was used to determine the orientation of this ultramafic unit and a 12.5 kilometre long, north-northeast trending base-line and access track was established with cross-lines at 800m intervals. The baseline and cross lines extend into Athena's project area. The presence of disseminated nickel sulphides at depth is corroborated by shallow drilling results reported on by Posex (Sheppy, 1993).

Detailed ground magnetic surveys carried out along the base-line access track and cross lines indicated several other mafic dykes along the known east-northeast trend. Preliminary geological reconnaissance established that extensive areas of Archaean or early Proterozoic terrain, between the main drainage courses, are obscured by late Proterozoic arenites of the Mt Barren Group. Erosion has locally exposed several zones of unfoliated porphyritic granite and some of the east-west trending gabbro dykes indicated by the magnetics.

Approximately 3.5 kilometres north of the main prospect, a contact between granitic gneiss and what was thought be exposed ultramafic or mafic saprolite proved to have felsic geochemistry and mineralogy. No ultramafic rocks other than those at the UCABS prospect were located. However, only limited geological mapping was carried out and several of the ground magnetic anomalies could not be readily explained. Posex ceased exploration before a district-scale assessment was completed.

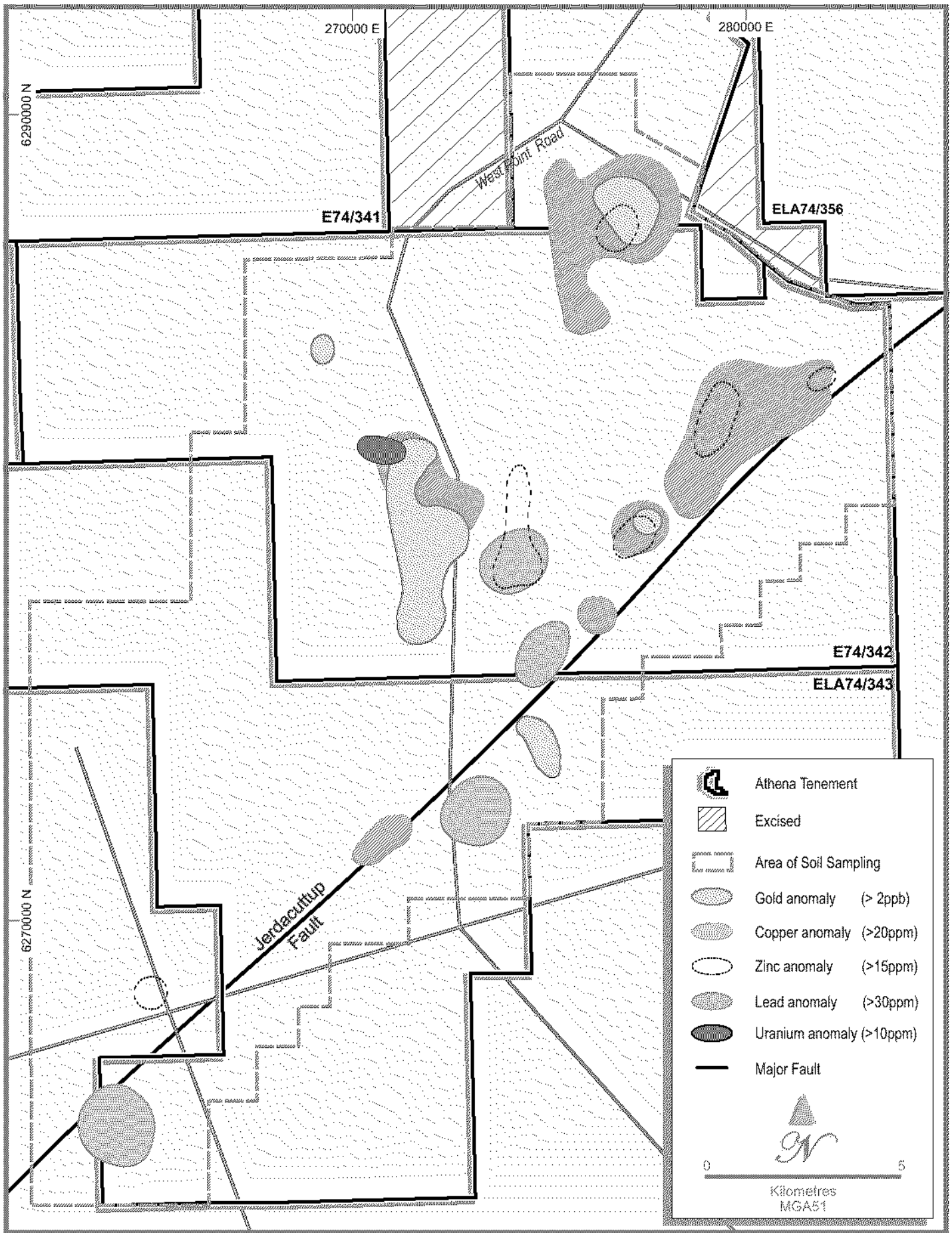


Figure 5: Gold, Copper, Lead, Zinc and Uranium Geochemical Anomalies

2.4.2 Magnet Metals Limited

Exploration for uranium was carried out by Magnet Metals Limited in 1977 to test radiometric anomalies in the area between Ravensthorpe and the Munglinup townsite (Magnet Metals, 1977). An airborne radiometric survey located a large anomaly at the junction of a tributary to the Oldfield River and West Point Road. Five other moderately anomalous areas were found to be mainly laterite outcrops or small granite outcrops.

Two shallow auger hole drilled within this large anomaly generated anomalous radiometric peaks of 400cps (MWP-1) and 250cps (MNP-2), however analyses of drill samples by Neutron Activation were low, with a maximum of 9.4ppm U_3O_8 being recorded. The peaks appeared to be associated with superficial (0–3 feet) intercalation of yellow limonitic clayey sand horizons, although mildly anomalous assays at depth were related to white, slightly micaceous clayey sands and sandy clays.

Magnet Metals concluded that the radioactive anomaly over the West Point Road was probably derived from the decay of radium and radon or from high monazite concentrations from the weathering of nearby granites and pegmatites.

2.4.3 Morning Star Resources Limited

Between 1997 and 2004 most of Athena's current project area was held under application by Morning Star Resources Limited (MSR). MSR's focus was mainly on gold and the company undertook non-ground disturbing prospecting activities, commencing with an analysis of the broad scale AGSO regional aeromagnetic data, followed by regional prospecting and rock chip sampling. The company's attention was initially drawn to an area of farmland on West Point Road by reports that small gold nuggets had been found in quartz boulders during land clearing operations during the early 1980's. BLEG samples taken by MSR in 1997 from sandy soils on farmland in this area assayed up to 29ppb gold, confirming the prospectivity of this area.

In 1998 a reconnaissance soil sampling programme focused on farmland around the Jerdacuttup Fault and included the area of anomalous gold described above. Some 330 samples were collected from laterite and calcrete horizons below a ubiquitous sandy soil. Despite the broad sample spacing (3 kilometres x 0.5 kilometre), a number of coherent, low-level gold, copper, lead and zinc anomalies were identified (Figure 5).

A high resolution, close-spaced, low level aeromagnetics survey (200 metre spaced flight lines with 40 metre ground clearance) was flown over the tenements by MSR in conjunction with the soil survey (Figure 6). Preliminary interpretation of aeromagnetic data highlighted the area where the anomalous geochemical results were obtained, particularly on the east side of the area; several north-northwest lineaments cut across the east-northeast-trending Jerdacuttup Fault at this location. A strong east–west magnetic high, some 5 kilometres by 1 kilometre was located at the area now referred to as the West Point prospect; adjacent to the uranium anomaly identified by Magnet Metals Ltd in 1977.

Petrographic descriptions of tremolite-serpentinite schists found along a tributary of the Oldfield River within the West Point anomaly confirmed presence of mafic rocks with mesocumulate and orthocumulate textures (Pathfinder, 1998). This work suggested that the rocks were part of a cumulate mafic/ultramafic complex similar to the Jimberlana Dyke near Norseman. Two other samples were described as magnesium-chlorite(-quartz) schist indicative of metasomatic alteration of mafic rocks.

2.4.4 Exploration and Target Generation by Athena Resources Limited

Athena commenced exploration for nickel on the Ravensthorpe project in 2005. The potential for gold, base metals and platinum group metals was also investigated. As the tenements were still under application, exploration was restricted to low-impact activities such as analysis of remote sensing data (airborne magnetic and radiometric data, and satellite imagery), rock chip sampling, geochemistry and petrology.

The most promising nickel target found so far is the **West Point prospect**, (Figure 6) located on E74/342 where rubbly ironstone with occasional boxwork textures, interpreted to be a highly weathered nickel-sulphide gossan, is associated with an outcrop of magnetic serpentinite with coarse cumulate textures. The West Point gossan was discovered during ground checking of a strong 5 kilometre long by 1 kilometre wide aeromagnetic anomaly. It is 300 metres x 50 metres in outcrop. Assays from surface grab samples of the rubbly ironstone returned peak values of 0.31% nickel, 400ppm copper, 0.08% cobalt, 43ppb platinum, 15ppb gold, and 0.8% chromium. The gossan is also anomalous in cerium, thorium, and uranium and rare earth elements.

The West Point magnetic anomaly extends across West Point Road but is obscured by pisolitic gravels and wind blown sand. Foliations in the serpentinite dip 40 degrees north and the prospective base of the body is believed to be the southern contact.

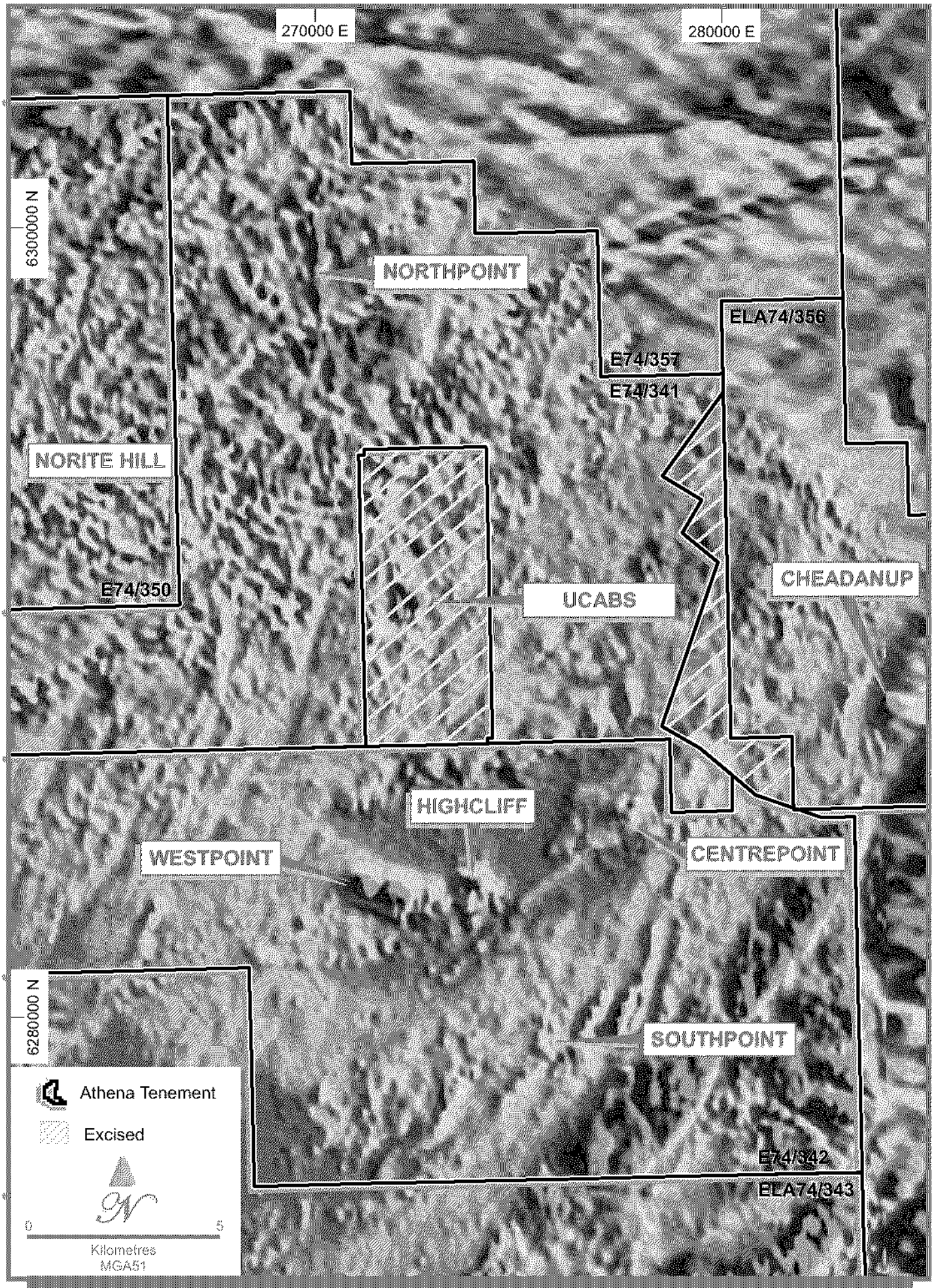


Figure 6: High-resoultion Areomagnetic image showing Main Prospects

A discrete bull's-eye radiometric uranium anomaly is evident on both the MSR and GSWA airborne geophysical surveys. This anomaly initially identified by Magnetic Minerals Limited is located on the edge of a small claypan just west of West Point Road and immediately south of the West Point magnetic anomaly. A ground radiometric survey conducted over the uranium anomaly using calibrated equipment in 2005 recorded 70 times background (Donnes, 2005). The calibrated equipment indicated a uranium equivalent of 317ppm and thorium equivalent of 20ppm. However, this was not supported by chemical analysis of surface samples from the clay pan which assayed 4.7ppm uranium, 6.2ppm thorium and 38.2ppm cerium. Radioactive elements not analysed for included radon and radium which require specialist sampling and analytical techniques.

The source of the radiometric anomaly is unclear. The anomaly can be traced downstream for several kilometres from the source to the Oldfield River in the east. The radiometric anomaly does not extend upstream from the clay-pan, isolating the source to a single point, an (interpreted) east–west trending fault.

Release of new 400 metre line spaced airborne magnetic and radiometric data for the Ravensthorpe 1:250,000 map sheet area by the Geological Survey Western Australia in July 2005 enabled the company to extend its investigations beyond the limits of the area covered by MSR's survey. This resulted in the identification of other magnetic anomalies which are considered targets for nickel exploration (Donnes, 2005).

During 2005 high quality satellite imagery was reviewed by Athena in conjunction with the aeromagnetic images (Fitton, 2005). The satellite imagery was acquired just after a fire had been through the area, removing a large area of vegetation. This resulted in the recognition of dark elongate zones not easily discernable in earlier Landsat or even on some of the magnetic images. Subsequent ground checking has confirmed that many of these zones are in fact a previously unrecognised anastomising ultramafic and mafic dyke swarm. Some of the dykes are mineralised with disseminated sulphide visible in rock chip samples.

Preliminary mapping and interpretation of this new aeromagnetic data and satellite imagery indicates that the ultramafic body that hosts the UCABS prospects extends east and west into the surrounding E74/341 held by Athena. Subject to further work, it is reasonable to assume that these areas are prospective for nickel sulphide and lateritic nickel mineralisation.

The **Oldfield prospect** (Figure 4) is located at the boundaries of E74/350 and E74/357, about 20 kilometres northwest of West Point, and occurs at the western end of a strong 8 kilometre long, north-easterly trending aeromagnetic anomaly. Recent ground inspection revealed the presence of strongly magnetic olivine-rich rocks outcropping on the western side of the Oldfield River. A relatively fresh ultramafic rock chip sample from the Oldfield prospect assayed 1840ppm nickel, 100ppm cobalt and 2050ppm chromium, confirming the nickel prospectivity of this magnetic anomaly.

The **North Point prospect** (Figure 6) prospect is located on E74/341, about 10 kilometres north of the West Point prospect and is interpreted to be a continuation of the Oldfield magnetic anomaly. The magnetic anomaly is believed to indicate favourable ultramafic rocks prospective for nickel mineralisation but has not been ground checked because of its remoteness from vehicular tracks and access problems caused by very thick scrub.

Outcrops of coarse gabbro and norite occur northwest of the UCABS prospect at the **Norite Hill prospect** (Figure 4 and 6) located on E74/350, close to the vermin track (the only vehicular track traversing the northern part of Athena's project area); these units are considered to be part of the Coujinup Complex. Disseminated fresh sulphides were noted in these rocks and anomalous copper values in the range of 300 – 400ppm were obtained from subsequent rock chip sampling.

Anomalous copper and gold values up to 0.43% copper and 55ppb gold were obtained from a strongly sulphidic quartz vein on the eastern side of the Oldfield River at the **High Cliff prospect** (Figure 6), located on E74/342 and due east of the West Point prospect. A major north-south shear zone at this location occurs in highly schistose mafic rocks associated with brecciated and quartz-veined granites. Numerous iron-rich outcrops that appear to be gossans after massive pyrite occur on the flanks of a prominent breakaway at this location.

The low level gold and base metal anomalies discovered in 1998 by MSR in calcrete and laterite below sand cover are located the Jerdacuttup Fault zone on E74/342 along. Some of these geochemical anomalies are broadly coincident with magnetic anomalies at the **South Point prospect** (Figure 6) and the zone is structurally aligned with the Trilogy polymetallic deposit.

The **Cheadanup prospect** (Figure 6) is a large magnetic anomaly located on ELA74/356 and measuring 6 kilometres by 2 kilometres. The anomaly lies just north of the northeasterly trending Cundalee Fault and potentially represents a folded nose of unknown lithology. Most of the area is under sand cover however some samples collected at the boundary of the Cheadanup Nature Reserve had anomalous copper (up to 331ppm), nickel and cobalt. This area is predominantly laterite covered with sand.

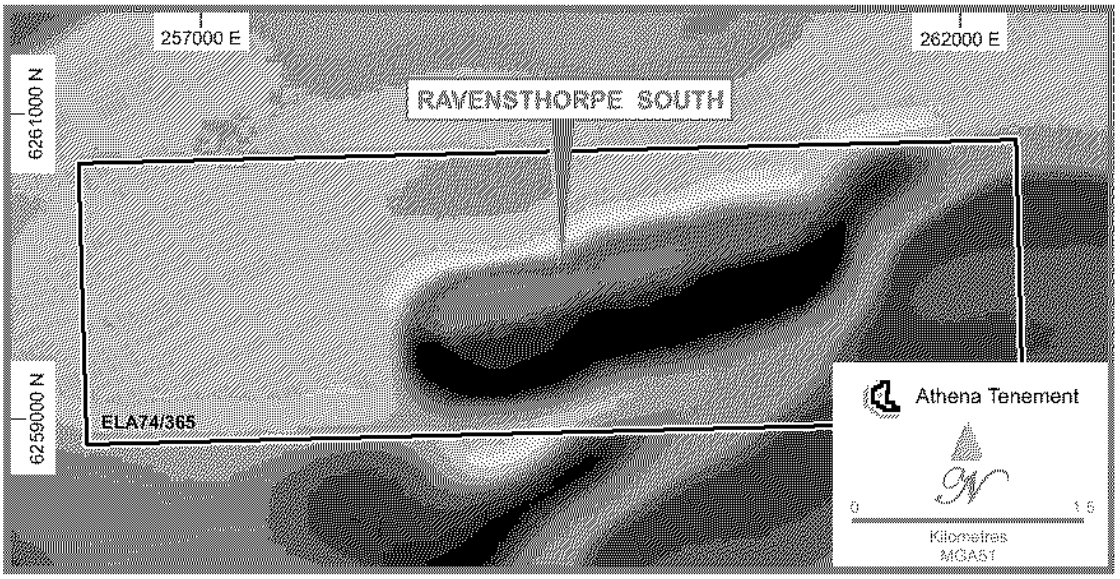


Figure 7: Rav South Magnetic Anomaly

The Centre Point prospect (Figure 6) is a linear magnetic anomaly measuring over 6 kilometres in length and located on E74/342. The anomaly lies between the West Point and Cheadanup prospects and may represent the eastern extension of the West Point magnetic anomaly. It is situated just north of the Jerdacuttup Fault and is close to areas of anomalous copper, lead, zinc and gold in soil identified by MSR in 1998.

Athena has entered into agreements to acquire two tenements which are peripheral to Athena's main project area at Ravensthorpe. The **Rav South prospect** (Figure 7) is located on farmland within EL74/365. It consists of a strong east-west oriented aeromagnetic anomaly measuring about 4 kilometres x 800 metres and is considered prospective for nickel mineralisation. The **Forrestania South prospect** is located on E74/345, about 15 km southwest of the line of gold workings at Hatters Hill and is considered prospective for gold and/or nickel mineralisation. The prospect consists of a narrow, subtle magnetic anomaly about 12 kilometres in length and oriented in an east-west direction. The anomaly may represent a dyke or a remnant greenstone belt in between Forrestania and Ravensthorpe along a regional S-bend structure.

2.5. Exploration Potential

2.5.1 Exploration Models

The main features common to all of the World's major magmatic copper-nickel sulphide and platinum deposits are:

- Mafic to ultramafic differentiated intrusions,
- Adjacent to or within large igneous provinces and metamorphic belts,
- Major regional scale structures, usually associated with mobile belts on the margins of stable cratons, which tap hot primitive magmas from the Earth's mantle and facilitate the contamination of the magma trigging the formation of sulphides,
- Trap sites within feeder conduits, along the base of mafic igneous intrusions or in structures in the country rock adjacent to the intrusions to concentrate the sulphides as they form.

Athena's recent exploration results indicate that the Coujinup dyke swarm is differentiated and has the potential to host nickel-copper sulphide mineralisation. The setting is considered to have similarities with Voiseys Bay in Labrador, Canada, rather than the typical nickel sulphide deposits associated with komatiites found in Western Australia. Voiseys Bay occurs in a Proterozoic mobile belt of similar age and is hosted by differentiated intrusive mafic-ultramafic rocks in a similar geological environment to Athena's Ravensthorpe project. In Australia the Proterozoic age Sally Malay nickel-copper-cobalt sulphide deposit in the East Kimberly region is also hosted by mafic layered intrusions in a mobile belt.

Likely trap sites within the Coujinup dyke swarm occur where the dykes pinch and swell, and at other irregularities along the dykes.

2.5.2 Exploration Targets

A strong chalcophile response (elevated copper, zinc, platinum, palladium and gold) is considered to indicate sulphide mineralisation.

Anomalous levels of chalcophile elements within the West Point gossan make this area an immediate drill target, as is the entire basal contact of the associated serpentinite body. Investigations at the Oldfield and North Point prospects are promising, but are at an early stage and will require further work prior to drill testing. Other areas considered prospective for nickel mineralisation include Rav South and Forrestania South.

In addition to nickel-copper sulphide and lateritic nickel-cobalt deposits, Athena's Ravensthorpe Project is also thought to be prospective for uranium, gold and diamonds. The Oldfield, High Cliff and South Point prospects require further investigation for gold and copper mineralisation.

Diamonds are reported to have been found in the Young River around 30 km east of Athena's ground. The geological environment of the entire Ravensthorpe-Munglinup district is characterised by intense faulting and dyke emplacement. The project area is in close proximity to the contact between the Albany-Fraser mobile belt to the south and the Yilgarn Craton to the north. Many of the dykes are ultramafic in composition and have tapped the earth's crust to very deep levels. Several small, discrete "bullseye' aeromagnetic anomalies have been identified within Athena's ground and could represent kimberlite pipes with the potential of hosting commercial diamond deposits.

2.6 Conclusions

Exploration to date has demonstrated that Athena's tenements in the Ravensthorpe area have potential to contain nickel sulphide, gold, and base metals mineralisation.

Maprock concludes that the Ravensthorpe project has potential for the discovery of nickel, gold and base metals. Athena has planned an appropriate exploration programme and budget designed to expand upon the results of the previous work, and to test the more significant targets identified to date.

Maprock is confident that Athena has the management and technical skills to satisfactorily carry out the planned programmes and meet its stated aims.

3 Ashburton Copper Gold Base Metals Project

3.1. Location And Access

The Ashburton Project (Figure 8) is located south of the Nanutarra-Paraburdoo road on Wyloo and Kooline Stations in the Ashburton Mineral Field, of Western Australia. The centre of the project is approximately 185 kilometres from Paraburdoo and 90 kilometres from Nanutarra.

3.2 Tenure

Athena's Ashburton Project covers about 970 square kilometres and consists of one granted Mining Lease (M08/189) and three Exploration Licence Applications (ELA08/1641, ELA08/1679 and ELA08/1680), as shown in Table 2 and Figure 8. Athena has entered into an agreement with Tied Investments Pty Ltd and Lightwave Investments Pty Ltd to acquire all of the shares in Capricorn Resources Pty Ltd, the major holder of the mining lease and applicant for the exploration licences (see Solicitor's Report - Section 10 of this prospectus).

TABLE 2 : DETAILS OF ASHBURTON TENEMENTS

Tenement	Holder/Applicant	Athena Shares	Date Lodged	Date Granted	Date Expires	Area
M08/189	Capricorn Resources Pty Ltd and John White	90	N/A	10/05/1999	09/05/2020	390Ha
ELA08/1641	Capricorn Resources Pty Ltd	100	20/03/2006	Pending	N/A	600 km^2
ELA08/1679	Capricorn Resources Pty Ltd	100	19/05/2006	Pending	N/A	210 km^2
ELA08/1680	Capricorn Resources Pty Ltd	100	19/05/2006	Pending	N/A	156 km^2

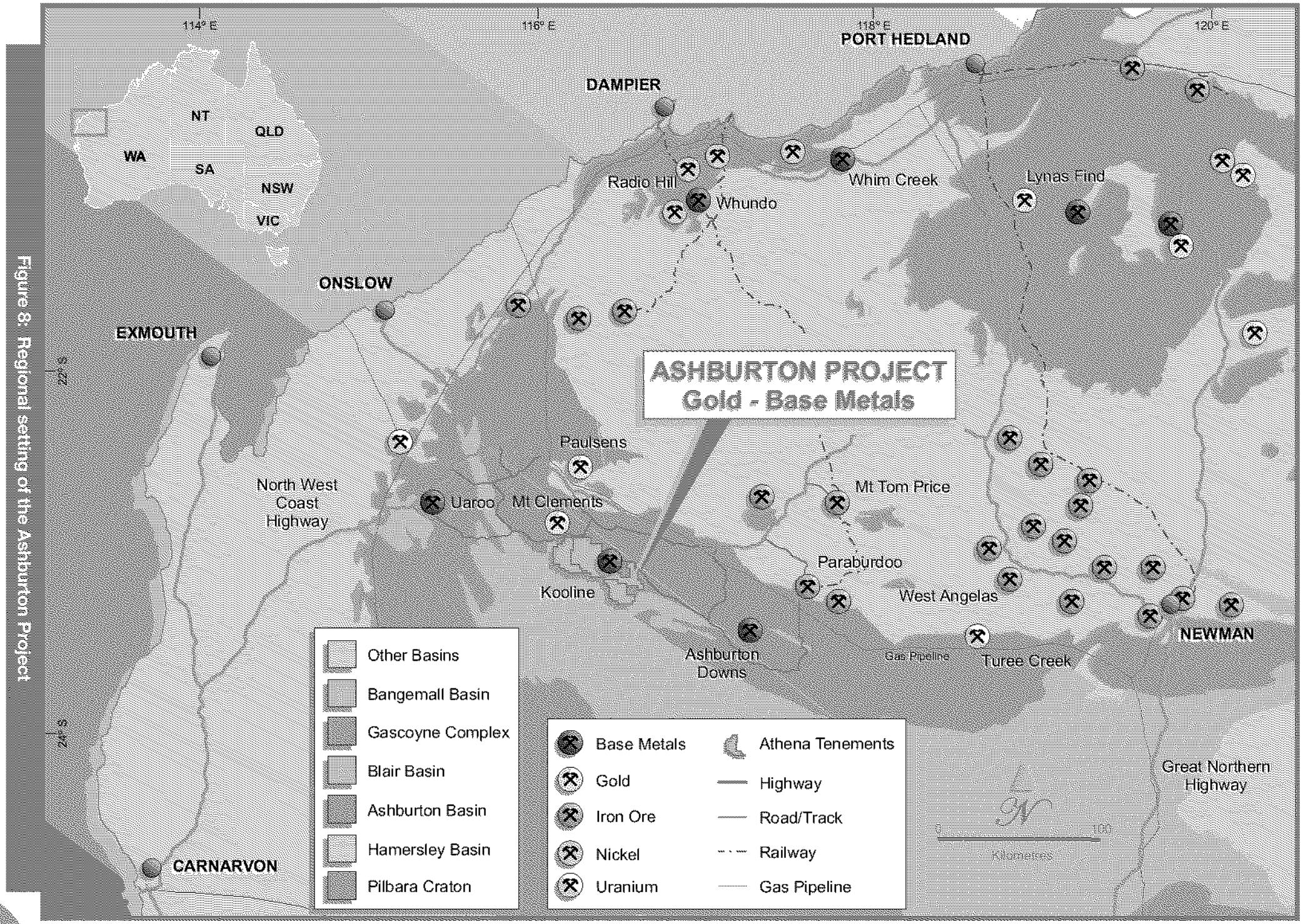


Figure 8: Regional setting of the Ashburton Project

3.3 Geology

3.3.1 Regional Geology and Mineralisation

The key features of the regional geology are shown on the Wyloo and Edmund 1:250,000 geological sheets published by the Geological Survey of Western Australia (GSWA). Three major sedimentary basins dominate the region: the Late Archaean-Palaeoproterozoic Hamersley, the Palaeoproterozoic Ashburton and the Mesoproterozoic Bangemall Basins (Figure 8). Crystalline Archaean mafic and granitic basement rocks are exposed in the Wyloo Dome just north and outside the project area.

The major deposits of banded iron formation (BIF) and associated units of the Hamersley Basin were deposited on the Archaean Pilbara Craton in a shelf type sedimentary environment during the Late Archaean and Palaeoproterozoic. A period of deformation, burial, granitic intrusion known as the Capricorn Orogen related to the collision of the Pilbara and Yilgarn Cratons followed. The Ashburton Basin sequence was also deposited, deformed, metamorphosed and subsequently intruded by granitoids during this period (Sheppard et al 1999).

The sedimentary rocks of the Bangemall Basin were deposited unconformably on the Hamersley and Ashburton sequences, and the Gascoyne metamorphic complex between 1600 and 1000 Ma (Blockley and Myers 1990) in a shallow intracratonic basin. The Bangemall Basin consists of on older western sequence (Edmund Subgroup) and a younger eastern sequence. The Bangemall Basin rocks are only weakly deformed in to a series of board northwest-southeast trending folds and partially metamorphosed to greenschist facies.

The key structural elements of the regional geology in all units are northwest-southeast trending folds subparallel to the Paraburdoo Hinge Zone. A series of major thrusts or sutures with a similar orientation is evident on aeromagnetic images (Figure 9).

The most important granitic intrusions are those associated with the Gascoyne Complex to the west (Figuer 8). The Gascoyne Complex consists of deformed and metamorphosed Palaeoproterozoic rocks of the Hamersley and Ashburton Basins with a granite and gneiss core. The period deformation, metamorphism and granitic intrusion coincided with the Capricorn Orogen.

Gold and base metal mineralisation in the region is strongly zoned around the Gascoyne Complex and associated granites. Copper-gold mineralisation occurs closest to the Boolaloo Granite while silver-lead mineralisation occurs further out. Similar metal zonation occurs around the Cullen Batholith at Pine Creek in the Northern Territory and the Heemskirk Granite on the west coast of Tasmania.

The regional aeromagnetics and gravity surveys indicate the location of several smaller buried granitic intrusions in the vicinity of Athena's tenements.

The deposit of most relevance to Athena's exploration strategy in the Ashburton is the high grade Paulsen gold deposit located on the edge of the Wyloo Dome approximately 60 kilometres north of Athena tenements (Figure 8). Total Resources at Paulsens are estimated to be 1.4 million tonnes at 11.7 g/t for 540,000 ounces of gold.

Copper-gold mineralisation also occurs at Mt Clement (Figure 8) 20 kilometres to the northwest of Athena's ground. Indicated Resources at Mt. Clement are 818,000 tonnes at 2.7 g/t gold, for 71,000 ounces of contained gold with silver credits are of the order of 30 g/t silver. Paulsens and Mt Clement confirm that the district is prospective for both small high-grade and large low-grade copper-gold deposits. They also serve to illustrate the nature of mineralisation that might be discovered in the course of future exploration.

3.3.2 Project Geology and Mineralisation

Athena's tenements are located along the northern margin of the west Bangemall Basin. The tenements encompass rocks of the Ashburton and Capricorn formations of the Wyloo Group. Area selection was initially based on studies of the regional geophysics which indicate a number of elements frequent associated with large mineral systems. The combination of folds, thrust faults and granitic intrusions is of particular interest.

No systematic geological surveys have been carried out over the area of Athena's tenement at the prospect scale. Regional scale regolith mapping (1:250,000 scale) and stream sediment surveys were conducted by the West Australian Geological Survey. The published Wyloo and Edmund 1:250,000 geological map sheets lack the detail required for accurate targeting at tenement scale. Athena's knowledge of the local geology (Figure 10) is based on the regional aeromagnetics and preliminary interpretations of Landsat and Aster data with limited ground proofing.

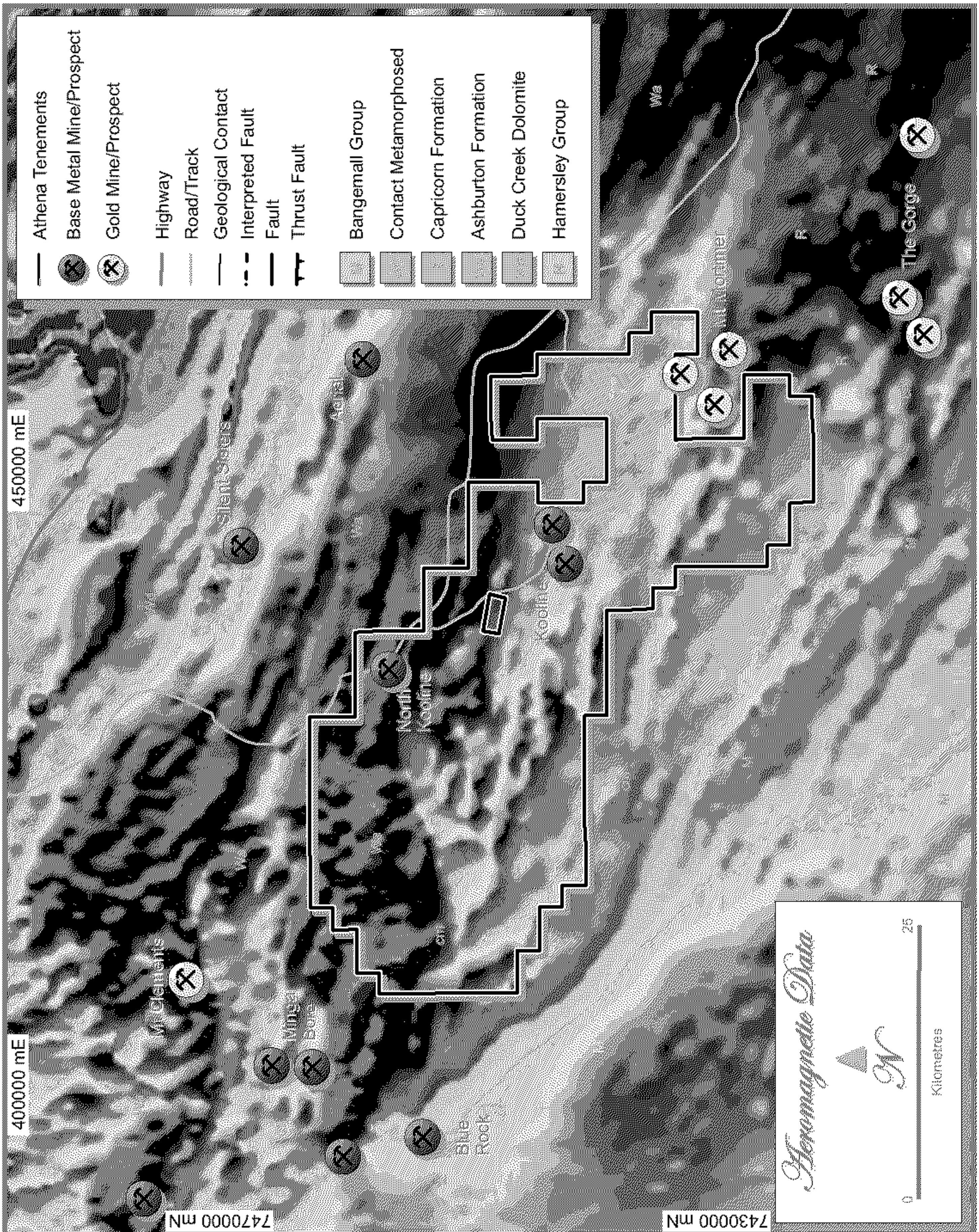


Figure 9: Athena's Ashburton Tenements over Imaged Aeromagnetics

3.4 Production History And Previous Exploration

The historic and open-file reports on exploration in the Kooline area are scant and generally provide little information about the activities undertaken and the conclusions drawn. This lack of detail implies a poor understanding of the styles and settings of the mineralisation discovered and appropriate follow-up methods. In general the exploration to date has been fairly rudimentary consisting largely of soil or steam sediment and rock-chip geochemistry accompanied by mapping.

Between 1948 and 1959 approximately 3600 tonnes of lead metal, and 950 kilograms of silver was produced over an 11 year period from now abandoned mines at Kooline on Athena's tenements. Production came from about twenty small high-grade mines. However, 65% of the historic production came from three mines: the Gift, June-Audrey and Bilrose.

The lead-silver mineralisation at Kooline is associated with mesothermal quartz veins along shears in siltstone and greywackes. These sub-vertical veins occur in multiple stacked and en echelon sets over several kilometres of strike. The width of veins ranges from 0.5 to 2 metres thick. No evidence of drilling was seen at any of the mines visited by Athena's geologist.

Minor gold production is also recorded from Mt Mortimer to the immediate southeast of Kooline. Production came from alluvial deposits over Ashburton sediments with minor production from narrow quartz veins in the bed rock.

Carr Boyd Minerals Ltd explored the rocks of the Wyloo Group for basements between 1969 and 1971, but concluded that due to the absence of contemporaneous volcanic rocks the sequence was not prospective for large VMS base metals deposits.

In 1982 Newmont Holdings Pty Ltd conducted a stream sediment sampling programme which delineated a number of lead and gold anomalies with values up to 1230ppm lead and 170ppb gold. There is no record of Newmont having followed up these results.

Nero Exploration Pty Ltd investigated the abandoned lead mines at Kooline, carrying out underground mapping and sampling. Channel samples returned results up to 20% lead and 100 ppm silver in quartz veins up to 2 metres thick. No drilling was undertaking to test the deposits at depth.

Golden Deeps Pty Ltd carried out ground magnetic, soil geochemical and rock chip sampling programmes in conjunction with 1:10,000 scale geological mapping in 1987 and 1988. The best result was 38g/t gold from a quartz vein west of the Kooline lead mines. This result was accompanied by anomalous assays in the range of 0.10 and 1.10 g/t gold. Anomalous copper, zinc, silver and arsenic accompanied high grade lead in samples from the lead mines.

Between 1990 and 1994 Aberfoyle Resources Ltd followed up Newmont's 1982 survey. Bulldozer trenching at the Sunken Treasure and Banana prospects returned 2 metres at 13.3g/t gold. Subsequent follow up sampling failed to confirm this result, suggesting a pronounced nugget effect, which was also reported by Golden Deeps, and is often found in high-grade samples. Aberfoyle also identified a weak but coherent gold anomaly in drainages 4 kilometres northeast of the Kooline lead mines, but did no further follow-up work.

Between 1998 and 2001 Greenstone Resources NL and Oakborough Pty Ltd drill tested anomalies identified by Aberfoyle outside of Athena's tenement. Best results include 5 metres at 2.45g/t, 2 metres at 2.35g/t and 3 metres and 0.53 g/t gold. Several of Aberfoyle's anomalies on Athena's tenements require further evaluation.

Reports on the most recent work completed by Taipan Resources Limited at Kooline North are incomplete. Taipan Resources drilled 16 holes for a total of 1684 metres to test narrow gossanous quartz vein hosted by siltstone. Reconnaissance field inspection of the mining lease by Athena suggests that this was not the best target in the area. The best results were two 4 metres intersections of 1.2 g/t gold and 0.45 g/t gold in separate drill holes. The drilling was concentrated in a tight close-space pattern better suited to resource definition than reconnaissance exploration.

Figure 10: Ashburton Project Geology

3.5 Potential Exploration Targets

The terrain in the Ashburton is reasonably rugged and the tenements have been only lightly explored. Previous work has largely been confined to surface geochemistry and prospecting along the access corridors, with only limited follow up drill testing. There are a number of known mineral occurrences within Athena's tenement area and anomalous gravity and magnetic responses are evident in the regional data sets. Geochemical anomalies that warrant follow-up testing have been identified from the Western Australian Geological Survey's regional sampling.

Exploration targets in the Athena's Ashburton tenements can be divided in to three categories:

- Known gold or base metals occurrences,
- Geophysical anomalies identified from the aeromagnetic and/or gravity surveys,
- Anomalous geochemical responses in one or more elements from the Geological Survey's geochemical sampling.

There is a strong correlation between known gold and base metals mineralisation in Athena's Ashburton tenements and the structures seen on gravity and magnetic images of the project area. The Geological Survey's geochemical sampling has also high-lighted anomalies that are broadly coincident with major structures.

3.5.1 Gold Mineralisation

During a reconnaissance field survey of the Ashburton project by Athena's geologists gossanous and sulphidic, sheeted quartz veins were observed in graphitic shales and greywackes at North Kooline. The veining was found to extend for several hundreds of metres along and across strike. The lateral extent of the veining in outcrop suggests large mineralized vein systems could occur in this area. Further field work is required to advance these targets ahead of drill testing.

Conceptual targets include large mesothermal saddle reef and stock-work style gold-copper mineralisation similar to deposits at Pine Creek in the Northern Territory and Telfer in Western Australia.

3.5.2 Base Metal Mineralisation

The rocks of the Wyloo and Bangemall Basins were deposited in mostly transgressive terrestrial to shallow marine depositional environments. Such geological settings are unlikely to host significant volcanogenic base metals deposits. However, remobilized and epigenetic lead-zinc deposits similar to Wood Cutters in the Northern Territory are a valid and attractive exploration targets.

Further evaluation of the Kooline of the lead and silver occurrences in the form of mapping, sampling and ground geophysics is required before drill testing.

3.6 Conclusions

Historic lead production and the sub-economic gold mineralisation, which has been intersected by scant drilling within the Ashburton project area, has demonstrated that Athena's tenements have potential to contain gold, and base metals mineralisation.

Maprock concludes that the Ashburton project has potential for further discoveries of gold and base metals. Athena has planned an appropriate exploration programme and budget designed to expand upon the results of the previous work and to test the more significant targets identified to date. Maprock is confident that Athena has the management and technical skills to satisfactorily carry out the planned programmes and meets its stated aims.

Figure 11: Ashburton Project Target Zones

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5 Glossary Of Technical Terms And Abbreviations

Accretion/ accreted Terrain
Accreted terrains are those that become attached to a continent as a result of tectonic processes.

acid volcanic
An igneous rock containing greater than 60 weight percent silica (SiO_2).

aeromagnetic survey/data
The mapping of the magnetic properties of rocks using magnetometers towed behind an aircraft of suspended below a helicopter. Data obtained from an aeromagnetic survey.

AGSO
Australian Geological Survey Organisation, now Geoscience Australia and formerly the Bureau of Mineral Resources the Federal Government of Australia's geological survey.

airborne survey
the use of aircraft or helicopters as a platform to carry out various geophysical surveys, particularly magnetic, radiometric and electromagnetic surveys'

Albany-Fraser Orogen
The orogen that formed along the southern margin of the Yilgarn craton during a major continental collision between 1300 and 1100 Ma.

Andesite/ic
A fine-grained, gray volcanic rock, containing plagioclase and feldspar as the principle minerals.

anomaly
something which deviates from the standard or expected.

anorthosite
Intrusive igneous rock characterized by abundant plagioclase feldspar (90-100%), and a minimal mafic component (0-10%). Pyroxene, ilmenite, magnetite, olivine are the mafic minerals most commonly present.

anthophyllite
an amphibole mineral: $(Mg,Fe)_7Si_8O_{22}(OH)_2$ magnesium iron inosilicate hydroxide.

Archaean
a geologic time period before the Proterozoic, 2500 Ma (million years ago).

assay
a procedure where the element composition of a rock, soil or mineral sample is determined.

Aster data
(Advanced Spaceborne Thermal Emission and Reflection Radiometer) Spectral data captured by a high resolution imaging instrument on the Terra satellite.

banded iron-formation (BIF)
distinctive type of sedimentary rocks consisting of layers of magnetite or hematite, alternating with bands of shale or chert.

basalt
A fine-grained gray to black volcanic rock characterised by a preponderance of calcic plagioclase feldspars and pyroxene together with minor amounts of accessory minerals such as olivine.

base metal
A non-precious metal (commonly used to refer to nickel, copper, zinc, and lead).

basement
Layer of crustal rock beneath the sedimentary strata.

BLEG
Bulk leach extractable gold – a chemical method of estimating the gold content of soil samples by cyanide extraction.

BMR
Bureau of Mineral Resources, now Geoscience Australia; the Federal Government's geological survey.

boxwork textures
relic textures of minerals sometimes found in weathered rocks and most often in rocks that originally contained sulphide minerals.

breccia
coarse angular fragments of volcanic, sedimentary or metamorphic rocks.

breakaway
geomorphological term for erosional front or highground

Capricorn Orogen
the events that brought together the Archaean Yilgarn and Pilbara cratons to form the West Australian Craton between about 1830 and1780 Ma.

carbonate
informal term for a group of minerals most commonly composed of iron, calcium or magnesium combined with CO_3

chalcophile elements
Zinc, platinum, palladium, gold - considered to indicate sulphide mineralisation

chalcopyrite
A copper iron sulphide material.

chlorite
A dark mineral related to mica.

clastic sediments
sedimentary rocks that formed from fragments of pre-existing rocks.

collision zone
a convergent type of tectonic plate boundary.

complex
An assemblage of related igneous rocks that have been intricately mixed or otherwise metamorphosed or deformed.

country rock
persisting rock that has been intruded or surrounded by plutonic igneous rocks.

craton
an old and stable part of the crust that has survived the merging and splitting of supercontinents for at least 500 million years.

cryptically layered
igneous layering where the chemical composition of the rock changes while the mineral composition remains unchanged

cumulate
igneous rocks formed by the accumulation of crystals from a magma either by settling or floating.

dacite/ic
high-silica igneous, volcanic rock. It is intermediate in compostion between andesite and rhyolite, and, like andesite, it consists mostly of plagioclase feldspar with biotite, hornblende, pyroxene.

deformation zone
A region of the Earth' crust where the stretching or shearing deformation has been intense.

diamond drilling
Rotary drilling using diamond-impregnated bits to cut a soild continous sample of rock.

differentiated
differentiated dyke swam ranges composition from ultramafic

disseminated
dispersed through the rock.

dolerite/ic
The coarse grained plutonic equivalent of a basalt, consisting of plagioclase in a finer matrix of pyroxene with minor olivine and magnetite.

dunite
plutonic, ultramafic igneous, rock, of composition, with coarse grained or phaneritic texture. The typical mineral assemblage is greater than 90% olivine with minor pyroxene and chromite.

dyke
a subvertical tabular intrusive igneous body.

Earth's crust
the outermost layer of a planet, part of its lithosphere. Planetary crusts are generally composed of a less dense material than that of its deeper layers. The crust of the Earth is composed mainly of basalt and " granite. It is cooler and more rigid than the deeper layers mantle and core.

Earth's mantle
the thick shell of molten rock directly beneath the Earth's thin crust and surrounding the Earth's outer core.

en echelon
Parallel or subparallel arrangement of separate planar features.

epigenetic deposit
a mineral deposit that formed much later then the rocks that host it.

Exploration Licences /applications
A type of mineral tenement that entitles the holder to explore for and mine minerals.

fault
planar fractures in rock that show evidence of relative movement.

felsic
Descriptive of light-coloured, fine-grained igneous rock containing an abundance of mineral feldspar (generally potassium-rich) and quartz but with a very low content of mafic minerals.

foliated
a penetrative planar fabric in rock formed by the alignment of platy or tabular minerals.

formation
formally named geological unit or rock stratum.

forsterite
the magnesium rich end-member of the olivine solid-solution series.

gabbro
Coarse-grained, dark igneous rock of similar composition to dolerite and basalt.

geochemical sampling
Samples collected for the purposes of assaying.

geochemistry
study of the chemical composition of the of rocks and soils over a region.

geochronology
the science of determining the age of rocks, fossils, and sediments. A variety of dating methods particularly the measurement of relative abundances of radioactive isotopes and their daughter elements eg U-PB, Rb-Sr, K-Ar and Sm-Nd isotopes

gneiss
A metamorphic rock in which the foliation is marked by alterations of layers of light- and dark-coloured minerals and which results from the recrystallisation of pre-existing igneous or sedimentary rock.

goethite
a hydrous iron bearing oxide mineral found in soil and other low temperature environments.

granite/ic
coarse-grained, crystalline plutonic igneous rock with a high silica content, composed mainly of potassium feldspar and quartz.

pegmatite
very coarse-grained igneous rock that has a grain size of 20 mm or more; most pegmatites consist of quartz, feldspar and mica.

granitoid gneiss
rock formed by high-grade regional metamorphic processes and having the texture and composition of granite.

graphitic shales
fine-grained sedimentary rock composed of clay or muds with abundant graphite indication deposition in an anoxic environment.

gravity surveys
measurements variations in the Earth's gravitational, anomaly deviation of the Earth's gravity field from the expected (e.g., Bouguer anomaly or free-air anomaly)

greenschist facies
petrologic term applied to metamorphosed mafic volcanic and sedimentary rocks with abundant chlorite, actinolite and epidote minerals.

greenstone belt
area of variably metamorphosed to ultramafic volcanic and sedimentary rocks within Archaean Proterozoic cratons between granite and gneiss bodies.

greywackes
a sandstone generally characterized by poorly-sorted, angular grains of quartz, feldspar, and small rock fragments set in a compact, clay-fine matrix.

ground magnetic survey
The mapping of the magnetic properties of rocks using hand held a magnetometer

group
a formal stratigraphic unit composed of several formations.

igneous province
is an extensive region of heightened volcanism or related igneous activity.

Indutated
characterised by being hard.

inferred resource
That part of a 'mineral resource' for which tonnage, grade and mineral content can be estimated with a low level of confidence. Inferred from geological evidence and assumed but not verified from geological and/or grade continuity, it is based on information.

intrusion
a body of igneous rock that has crystallized from a molten magma below the surface of the Earth.

ironstone
an informal term for fine-grained rocks containing carbonates or oxides of iron mixed with clay and sand.

kimberlite
potassic, ultramafic, igneous rock composed of olivine, phlogopite, pyroxene and garnet. Kimberlites sometimes contain diamonds.

komatiite
ultramafic mantle-derived volcanic rocks. They have low SiO_2 low K_2O, low Al_2O_3 and high to extremely high MgO content.

kyanite
aluminium silicate mineral, commonly found in aluminium-rich metamorphosed sedimentary rock.

Landsat
a satellite that provides repetitive coverage of continental Earth surfaces in the visible, near-infrared, short-wave, and thermal infrared regions of the magnetic spectrum.

laterite/ic
a surface deposit that develops in tropical areas by intensive and protacted weathering of the underlying parent rock. Percolating rain water causes breakdown of primary rock minerals and removes soluble elements as sodium, potassium, calcium, magnesium and silicon, leaving a residual enriched in less soluble elements such as iron, aluminium and nickel.

limonite/ic
a hydrated iron oxide-hydroxide of varying composition.

layered intrusions
ultramafic-mafic igneous intrusive complexe consisting of ultramafic peridotite and pyroxenite layers at the base with more mafic norite, gabbro and anorthosite at the top.

mafic
minerals and rocks that are silicate minerals, and volcanic and intrusive igneous rocks that have relatively high concentrations of iron and magnesium.

magmatic sulphide
A sulphide deposit formed from mafic magma.

magnesite
magnesium carbonate, $MgCO_3$.

massive
Containing no, or very few, planar structures.

matrix ore
A sulphide ore consisting of crystals of silicate minerals in a continuous matrix of sulphide.

mesocumulate
cumaulate igneous rocks with between 93-85% accumulated minerals in a groundmass.

mesoproterozoic
A period of time from approximately 1,600 to 900 million years ago.

mesothermal
a mineral deposit formed by hot ascending fluids at about 200 to 300oC at moderate depths in the Earth's crust.

metamorphism
process of changing the physical and/or chemical character of a rock in response to changes in temperature, pressure or volatile content.

metapelitic
metamophosed argillaceous rock or lithified mudstone

metasomatic alteration
the chemical alteration of a rock by hydrothermal fluids.

micaceous
having a abundance of mica minerals or a texture similar to micas

mineralisation
the occurrence of minerals of economic interest, but not necessarily in commercial quantities.

Mobile Belt
An elongated zone of the Earth's crust that has been subjected to great structural deformation.

volcanic arcs
chain of volcanic islands or mountains that are formed as the result of tectonic plate subduction.

monazite
phosphate mineral containing rare earth metals and an important source of thorium, lanthanum, and cerium.

Neutron Activation Analysis
a highly accurate analytical technical where samples of the material to be analysed are irradiated and the concentration decay products of various elements are then measured.

nickel sulphide
various sulphide minerals that contain nickel, particularly pentlandite.

niobium
a chemical element with the symbol Nb

norite
mafic intrusive igneous rock composed largely of calcium rich plagioclase feldspar and orthorhombic pyroxenes with olivine.

olivine
a magnesium iron silicate mineral with the formula $(Mg,Fe)_2SiO_4$.

orebodies
an accumulation of minerals that are distinct from the host rock, rich enough for commercial exploitation.

orogen
Eroded remnant of a mountain range formed during by orogenic processes, characterised by long, thin, arcuate tracts of deformed and metamorphosed rocks which have a pronounced linear structure

orthocumulate
igneous rocks containing between 85-75% accumulated minerals in groundmass.

orthogneiss
gneiss originating from igneous rock.

palaeoproterozoic
a period of time between 2,500 and 1,600 million years ago

paragneiss
a gneiss formed by the metamorphism of a sedimentary rock.

pegmatite
Coarse-grained intrusive igneous rock, similar to granite in composition and generally occurring as dykes or veins.

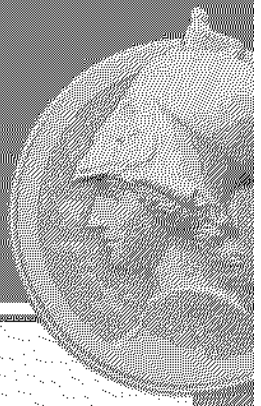
pentlandite
an iron-nickel sulfide, $(Fe,Ni)_9S_8$.

peridotite
a dense, igneous rock, consisting mostly of the minerals olivine and pyroxene and containing less than 45% silica and is high in magnesium with appreciable iron.

petrography
branch of geology which focuses on detailed descriptions of rocks where the mineral content and the textural relationships within the rock are described in detail.

PGE/PGM (Platium Group element)
platinum, palladium, ruthenium, rhodium, osmium, and iridium

Pilbara
one of the nine regions of Western Australia. It is situated in the central west of WA.



Pisolite/ic
a small rounded accretionary mass, usually of iron, aluminium or carbonate frequently found in laterite

plunge/d
direction of elongation of a mineral or ore body

pluton/ic
an intrusive igneous body including batholiths, dykes, sills, laccoliths, and lopoliths, which crystallized from magma below the surface of the Earth.

polymetallic deposit
Having more than metal of economic interest.

porphyritic
igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed matrix or groundmass.

Precambrian
informal term for geologic timescale prior to the Phanerozoic, extending from the formation of Earth around 4500 Ma (million years ago) to the time when hard-shelled fossils become abundant some 542 Ma.

precious-metal
metals characterized by being less reactive than most elements, have high luster, and have higher melting points than other metals; Gold, silver, palladium and the other PGE,s

primitive magma
a mafic magna with significant concentrations of magnesium.

Proterozoic
A period of time from approximately 2,500 to 545 million years ago. The Proterozoic is divided into 3 geologic eras, the: Paleoproterozoic, Mesoproterozoic, Neoproterozoic

protolith
the precursor rock of a given lithology.

pyrite
a non-magnetic iron sulphide mineral.

Pyroxenite/ic
ultramafic, igneous rock consisting of pyroxene group minerals, such as augite and diopside, hypersthene, bronzite or enstatite.

pyrrhotite
a magnetic iron sulphide mineral.

radiometric survey
a survey to measure the natural radiation of an area usually using a multichannel spectrometer.

radium
an alkaline earth metal with the symbol Ra, that is found in trace amounts in uranium ores.

radon
element" chemical element that has the symbol Rn formed by the disintegration of radium

rare earth elements
collective names applied to a collection of sixteen elements of the periodic table, namely scandium, , and fourteen of the fifteen lanthanides (excluding promethium), that naturally occur on the Earth.

regolith
weathered portion of the land surface down to bedrock.

remote sensing
collection, measurement or acquisition of information about Earth using a recording device attached to an aircraft, spacecraft, satellite, or ship.

rhyolite/ic
an extrusive igneous rock of felsic composition (>69% SiO_2). The mineral assemblage is usually quartz, alkali feldspar and plagioclase; the volcanic equivalent of a granite.

saprolite
weathered rock, it is usually soft or friable and commonly retains the structure of the parent rock since it is not transported, but formed in place.

schist
Type of fine-grained metamorphic rock with a laminated fabric similar to slate.

schistose
metamorphic rock with a strong laminated planar fabric.

sedimentary rock
rocks that formed by the deposition of suspended particles out of air, ice, or flowing water, or as a result of the precipitation minerals dissolved in solution by chemical reaction, evaporation, or biological action.

sequence
Pile of sedimentary rocks.

serpentinite
a metamorphic rock comprised of minerals formed by serpentinization of olivine and pyroxene in ultramafic rocks.

silica
silicon dioxide, chemical formula SiO_2, the oxide of silicon.

siliceous
an adjective meaning "referring to silica".

sill
Wall-like intrusion of igneous rock that is concordant with the structure of older adjacent rocks.

siltstone
An indurated rock composed of silt particles but lacking its fine lamination.

shale
fissile rock composed of layers of fine-grained claylike sediments.

soil sampling
the collection of soil samples for geochemical analysis.

spodumene
The main ore of lithium; found in some pegmatites.

stockwork
complex system of structurally controlled or randomly oriented veins. Stockworks are common in many ore deposit types.

stratabound
occurring or contained within a particular rock unit.

stratiform
confined within and concordant to a particular strata.

stream sediment sampling
The collection of stream sediment samples for geochemical analysis.

strike
the compass bearing of a horizontal line on an inclined plane.

suite
A group of igneous units with common textural, mineralogical and compositional characteristics, or a sequence of such characteristics, based on field, petrographic and finally on compositional data.

sulphide/ ore
any mineral containing sulphide mineral/s of commercial interest.

supergene
deposit mineral deposit formed by weathering processes that leached out soluble material

synvolcanic
formed at the same time as or as result of volcanic activity.

talc
soft mineral composed of hydrated magnesium silicate.

tantalum
a chemical element with the symbol Ta

tectonic
process associated with deformation of the Earth's crust.

terrain/terrane
fault bounded block or fragment of crust that has a geologic history that is distinct from the surrounding areas.

Tertiary era
period of time extending from the end of the Cretaceous period about 65 million years ago to the start of the Quaternary period about 1.6 million years ago.

texture
in petrology the description the size, shape and distribution of particles in a rock

tonalite
an intrusive felsic igneous rock, typically containing more than 20% quartz and less than 10% alkali feldspar. Amphiboles and pyroxenes are common accessory minerals.

tourmaline
a mineral containing silica, aluminium and boron, with trace amounts of sodium, calcium, iron, magnesium, or lithium.

transgression
the advance of the sea to cover areas that were previously land.

tremolite
Pale-coloured amphibole mineral.

ultramafic
referring to an igneous rock composed essentially of dark-coloured iron and magnesium minerals.

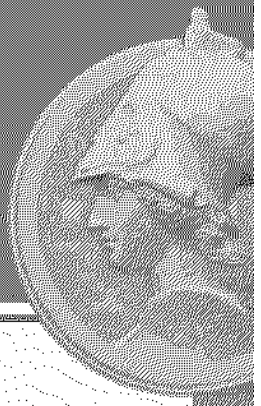
unconformity
a buried erosion surface separating rock masses or strata of different ages, indicating that sediment deposition was not continuous, but was separated by a period of time.

volcanic
magmatic igneous rocks that have flowed out or have been ejected at or near the Earth's surface, as from a volcano.

volcanogenic massive sulphide (VMS)
deposits formed as massive (over 60% sulphide) lens-like accumulations on or near the sea floor in association with volcanic activity.

weathering
the set of near surface processes that decay and break up bedrock by physical fracturing or chemical decomposition.

Yilgarn Craton
a large craton which constitutes the bulk of the Western Australian land mass.



Abbreviations

E or EL	Exploration Licence.
ELA	Exploration Licence Application.
E-M	Electromagnetic survey.
g/t	Grams per tonne – a weight measure. For example, the gold content of a rock.
GSWA	Geological Survey of Western Australian
IP	Induced Polarisation survey
km²	Square kilometres.
m	Metre.
Ma	Mega-annum or Megayear, a time period of one million (106) years
Moz	Million ounces.
Mt	Million tonnes.
oz	Ounce.
PGE	Platinum group element/s
PGM	Platinum group metal/s.
Ppb	Parts per billion (1000 million).
ppm	Parts per million (equivalent to 1g/t).
t	metric Tonne = 1,000kg.

Chemical Symbols

Au	Gold.
Ag	Silver
Cu	Copper
Cr	Chrome
Fe	Iron.
Ni	Nickel.
Pb	Lead.
Pd	Palladium.
Pt	Platinum, a PGE.
Sn	Tin
T2O	Tantalum pentoxide.
Th	Thorium.
U	Uranium.
W	Tungsten
Zn	Zinc

HLB Mann Judd
Chartered Accountants

18 September 2006
The Directors
Athena Resources Limited
63 Lindsay Street PERTH WA 6000

Dear Sirs

Idependant Accountant's Report

Introduction

This independent accountant's report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 25 September 2006 ("Prospectus") for the issue by Athena Resources Limited ("ARL" or "Company") of up to 12,000,000 ordinary shares at an issue price of 20 cents each, to raise up to $2,400,000 before the expenses of the issue.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position of the Company.

Structure Of Report

This Report has been divided into the following sections:

1. Background information;
2. Scope of report;
3. Historical financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

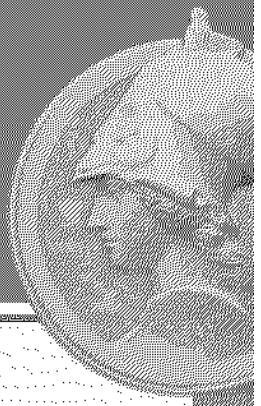
1. Background Information

The Company was registered on 11 April 2005 as Southern Nickel Pty Ltd. On 30 June 2006 the Company changed its status from a private company to a public company limited by shares. The Company changed its name to Athena Resources Limited on 7 July 2006.

HLB Mann Judd (WA Partnership)
15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of HLB International and the HLB Mann Judd National Association of independent accounting firms



The Company entered into a Sale of Shares Agreement dated 27 April 2006 and will, prior to the issue under this prospectus and subject to certain terms and conditions, acquire all of the issued capital of Capricorn Resources Pty Ltd for a total consideration of 1,000,000 shares in ARL (valued at $200,000).

HLB Mann Judd was appointed as the Company's auditors on 18 April 2006. The financial statements for the period ended 30 June 2006 were subject to audit. An unqualified audit opinion was issued on 8 September 2006.

As at the date of this Prospectus, the issued share capital of the Company is 10,100,000 ordinary fully paid shares.

The following table summarises share capital movements since registration.

Date	Details	Number	$
April 05	Subscriber Shares	100	100
May 05	Subscriber Shares	4,999,900	5,000
June 05	Subscriber Shares	1,300,000	65,000
July 05	Subscriber Shares	700,000	35,000
April 06	Subscriber Shares	1,000,000	50,000
April 06	Vendor Shares	500,000	100,000
August 06	Subscriber Shares	1,100,000	110,000
September 06	Subscriber Shares	500,000	50,000
Total		**10,100,000**	**$415,100**

We understand that the funds raised by the issue of shares under the Prospectus will be applied as follows:

- Carry out exploration programmes on its mineral interests;
- Provide working capital for the Company to meet its general administration and operating costs; and
- Meet the expenses of the issue.

2. Scope Of Report

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

a) The Historical Financial Information, comprising the historical balance sheet as at 30 June 2006 and the historical Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period ended 30 June 2006 as set out in Appendix 1 to this Report; and

b) the Proforma Financial Information comprising the proforma Balance Sheet as at 30 June 2006 and the proforma Statement of Changes in Equity and Cash Flow Statement for the period then ended.

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This report should be read in conjunction with the full prospectus.

The Historical Financial Information as set out in Appendix 1, has been extracted from the audited financial statements of the Company for the period ended 30 June 2006. We have performed a review of the historical financial information and the proforma information of the Company as at 30 June 2006 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.

Our review of the historical financial information and the proforma information of the Company was carried out in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Independent Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Historical Financial Information and Proforma Financial Information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

i) support by another person, corporation or an unrelated entity has not been assumed;

ii) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and

iii) the going concern basis of accounting has been adopted.

3. Historical Financial Information

Set out in Appendix 1 (attached) are:

i) The Balance Sheet of the Company as at 30 June 2006, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the period then ended; and

ii) The proforma Balance Sheet of the Company as at 30 June 2006 and proforma Statement of Changes in Equity and Cash Flow Statement for the period then ended as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 30 June 2006:

a) the issue by the Company of 1,600,000 ordinary shares at an issue price of 10 cents each, raising $160,000 in August and September 2006;

b) the issue by the Company pursuant to this Prospectus of 12,000,000 ordinary shares at an issue price of 20 cents each, raising $2,400,000;

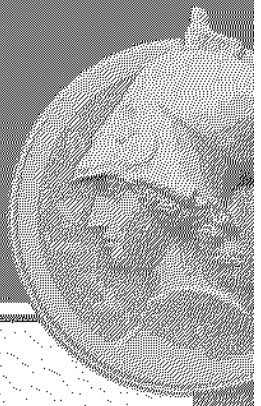
c) the acquisition of various tenements via the issue of 1,000,000 ordinary shares (consideration of $200,000) pursuant to the acquisition agreement;

d) the payment of statutory charges of an estimated $8,400; and

e) the payment and write off to the contributed equity account of further prospectus costs, not already paid or previously provided, of an estimated $210,000 (net of GST) as follows:

	Total $
Independent Accountant's Fees	8,000
Printing & Associated Offer Costs	49,000
ASIC Lodgement Fees	2,000
ASX Listing Fees	18,000
Legal	8,000
Brokerage commissions	120,000
Independent Geologist's Fee	5,000
	210,000

iii) Notes to the historical financial information.



4. Subsequent Events

In our opinion, there have been no material items, transactions or events subsequent to 30 June 2006 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. Statements

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

(i) the Historical Financial Information of Athena Resources Limited as at 30 June 2006 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period from registration to 30 June 2006; and

(ii) the Proforma Financial Information of Athena Resources Limited as at 30 June 2006 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period from registration to 30 June, as if the transactions referred to in Section 3 (ii) of this Report had occurred during that period.

6. Declaration

- HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be $8,000). HLB has received no amounts since registration.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- Neither HLB, nor any of its employees or associated persons have any interest in Athena Resources Limited or the promotion of the Company.
- Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- HLB has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. The inclusion of this report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully
HLB MANN JUDD

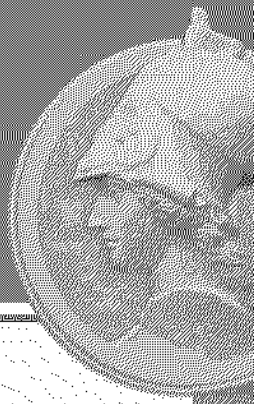
N G NEILL
Partner

APPENDIX 1

Athena Resources Limited
Balance Sheet
As At 30 June 2006

	Notes	*Audited* $	*Unaudited Proforma* $
CURRENT ASSETS			
Cash and cash equivalents	2	1,959	2,343,559
Other receivables	3	2,617	2,167
Other current assets		4,062	4,062
TOTAL CURRENT ASSETS		**8,638**	**2,350,238**
NON-CURRENT ASSETS			
Mineral exploration and evaluation expenditure	4	284,502	492,902
TOTAL NON-CURRENT ASSETS		**284,502**	**492,902**
TOTAL ASSETS		**293,140**	**2,843,140**
CURRENT LIABILITIES			
Trade and other payables	5	48,332	48,332
TOTAL CURRENT LIABILITIES		**48,332**	**48,332**
TOTAL LIABILITIES		**48,332**	**48,332**
NET ASSETS		**244,808**	**2,794,808**
EQUITY			
Issued capital	6	255,100	2,805,100
Accumulated losses		(10,292)	(10,292)
TOTAL EQUITY		**244,808**	**2,794,808**

This balance sheet should be read in conjunction with the accompanying notes.



Athena Resources Limited
Income Statement
For The Period From Registration To 30 June 2006

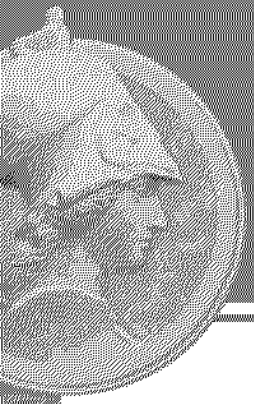
	Audited $
Revenue from ordinary activities	-
Other expenses from ordinary activities	(10,292)
Loss from ordinary activities before income tax	(10,292)
Income tax expense relating to ordinary activities	-
Loss from ordinary activities after income tax expense	**(10,292)**

This statement should be read in conjunction with the accompanying notes.

Athena Resources Limited
Cash Flow Statement
For The Period From Registration To 30 June 2006

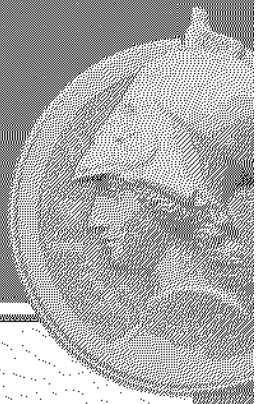
	Audited $	*Unaudited Proforma* $
Cash Flows From Operating Activities		
Payments to suppliers and employees	(11,643)	(11,643)
Net Cash Used In Operating Activities	(11,643)	(11,643)
Cash Flows From Investing Activities		
Payment for exploration expenditure	(141,498)	(149,898)
Net Cash Used In Investing Activities	(141,498)	(149,898)
Cash Flows From Financing Activities		
Proceeds from issue of shares	155,100	2,715,100
Prospectus and share issue costs	-	(210,000)
Net Cash Provided By Financing Activities	155,100	2,505,100
Net Increase In Cash Held	1,959	2,343,559
Cash at the beginning of financial period	-	-
Cash At The End Of The Financial Period	1,959	2,343,559

This statement should be read in conjunction with the accompanying notes



Athena Resources Limited
Statement Of Changes In Equity
For The Period From Registration To 30 June 2006

	Contributed Equity $	*Accumulated Losses* $	*Total Equity* $
Issue of shares at date of registration	5,100	-	5,100
Subsequent share issues	250,000	-	250,000
Loss for the period	-	(10,292)	(10,292)
As at 30 June 2006	**255,100**	**(10,292)**	**244,808**
Issue of shares - August 2006	110,000	-	110,000
Issue of shares - September 2006	50,000	-	50,000
Issue of shares pursuant to prospectus	2,400,000	-	2,400,000
Issue of shares to aquire tenements	200,000	-	200,000
Share issue expenses	(210,000)	-	(210,000)
Proforma total	**2,805,100**	**(10,292)**	**2,794,808**



Athena Resources Limited
Notes To The Financial Statements
For The Period From Registration To 30 June 2006

1. Summary Of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below:

Basis of accounting
The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Statement of compliance
The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards.

Cash and cash equivalents
Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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 Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO are classified as operating cash flows.

Income tax
Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Athena Resources Limited
Notes To The Financial Statements
For The Period From Registration To 30 June 2006

1. Summary Of Significant Accounting Policies (continued)

***Income tax* (continued)**

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

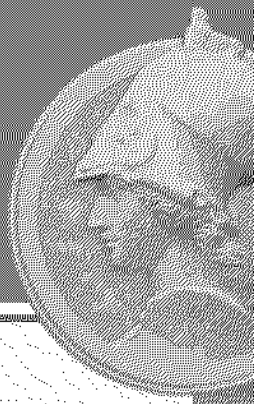
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Recoverable amount
At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.



Athena Resources Limited
Notes To The Financial Statements
For The Period From Registration To 30 June 2006

1. Summary Of Significant Accounting Policies (continued)

Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The expenditure relating to that area of interest is carried forward as an asset in the Balance Sheet so long as the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Trade and other payables
Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 days of recognition.

Issued capital
Issued capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Proforma transactions
The proforma Balance Sheet, Statement of Changes in Equity and Cash Flow Statement have been derived from the historical financial information as at 30 June 2006 adjusted to give effect to the following significant events and transactions by the Company subsequent to 30 June 2006:

(a) the issue by the Company of 1,600,000 ordinary shares at an issue price of 10 cents each, raising $160,000 in August and September 2006;

(b) the issue by the Company pursuant to this Prospectus of 12,000,000 ordinary shares, raising $2,400,000;

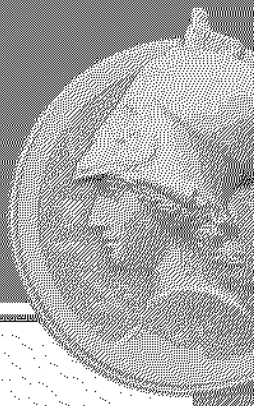
(c) the acquisition of all of the issued capital of Capricorn Resources Pty Ltd via the issue of 1,000,000 ordinary shares (consideration of $200,000) pursuant to the acquisition agreement;

(d) the payment of statutory charges of an estimated $8,400; and

(e) the payment and write off to the contributed equity account of further prospectus costs, not already paid or previously provided, of an estimated $210,000 (net of GST).

Athena Resources Limited
Notes To The Financial Statements
For The Period From Registration To 30 June 200

		Audited $	*Proforma* $
2.	**Cash And Cash Equivalents**		
	Balance as at 30 June 2006	1,959	1,959
	Shares issued - August 2006	-	110,000
	Shares issued - September 2006	-	50,000
	Shares issued pursuant to prospectus	-	2,400,000
	Share issue costs	-	(210,000)
	Stamp duty on acquisition	-	(8,400)
		1,959	**2,343,559**
3.	**Other Recievables**		
	GST Recievable	**2,617**	**2,617**
4.	**Mineral Exploration And Evaluation Expenditure**		
	Balance as at 30 June 2006	284,502	284,502
	Issue of shares pursuant to tenement acquisition agreement	-	200,000
	Capitalised expenditure pursuant to acquisition	-	8,400
		284,502	**492,902**
5.	**Trade And Other Payables**		
	Sundry creditors and accruals	48,332	48,332



Athena Resources Limited
Notes To The Financial Statements
For The Period From Registration To 30 June 200

6. Issued Capital

Issued and paid up share capital

	Audited $	*Proforma* $
Shares issued:		
8,500,000 fully paid shares	255,100	255,100
1,600,000 fully paid shares issued at 10 cents each	-	160,000
12,000,000 fully paid shares issued at 20 cents each	-	2,400,000
1,000,000 fully paid shares issued as part consideration for acquisition of Capricorn Resources Pty Ltd	-	200,000
Share issue costs	-	(210,000)
Balance at end of period - 8,500,000 ordinary shares (Pro-forma: 23,100,000 fully paid)	**255,100**	**2,805,100**

Movements in number of fully paid ordinary shares since registration:

Details	*Number*	$
Balance as at 30 June 2006	8,500,000	255,100
Issue of shares at 10 cents issued - August 2006	1,100,000	110,000
Issue of shares at 10 cents issued - September 2006	500,000	50,000
Issue of shares pursuant to tenement acquisition agreement	1,000,000	200,000
Shares to be issued pursuant to the Prospectus	12,000,000	2,400,000
Proforma balance (excludes share issue costs)	**23,100,000**	**3,015,100**

7. Contingencies and Commitments

Details of planned expenditure commitments are outlined in Section 3.4 and 7.3 of the Prospectus and the Independent Geological Report included in the Prospectus. The Directors are not aware of any other contingencies.

8. Related Party Transactions

The names of persons who were Directors of Athena Resources Limited at any time during the financial period are Mr E Edwards, Mr D Thomson, Mr S Sadleir, Mr R Mcleod (resigned 14 March 2006), and Mr B Bowker (resigned 11 April 2005).

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Sections 4.2, 10, 13.2, 13.3 and 13.4 of the Prospectus.

Solicitors' Report on Tenements

10

price LAWYERS sierakowski

22 September 2006

The Directors
Athena Resources Limited
63 Lindsay Street
PERTH WA 6000

Dear Sirs

Solicitors' Report On Mining Titles

This report has been prepared for inclusion in a prospectus to be issued by Athena Resources Limited ACN 113 758 900 ("Company") to be dated on or about 25 September 2006 to raise up to $2,400,000 ("Prospectus"). The offer in the Prospectus comprises the issue by the Company of up to 12,000,000 fully paid ordinary shares at $0.20 each, in the Company.

We have been requested to report on the mining tenement interests to which the Company is entitled to or has acquired rights ("Tenements"). An overview of the Tenements is contained in the attached Schedule of Tenements ("Schedule") which, together with the notes to the Schedule ("the Notes") and the Material Contracts Summary forms part of this report.

All of the Tenements are located in Western Australia and are identified in the Schedule.

Price Sierakowski Pty Ltd
ACN 113 920 442
Trading as Price Sierakowski
Level 24, St Martin's Tower
44 St George's Terrace
Perth WA 6000

PO Box Z5433
St George's Terrace
Perth WA 6831

Telephone +61 (08) 9221 6733
Facsimile +61 (08) 9221 6744
www.pricesierakowski.com.au
email info@pricesierakowski.com.au

1 Searches

We conducted searches of the Tenements listed in the Schedule in the registers maintained by the Western Australian Department of Industry and Resources ("DIR") on 19 September 2006. We have also undertaken native title quick appraisal searches of DIR's electronic register and cross checked those against the National Native Title Tribunal's ("NNTT") electronic register to determine if any native title claims were registered over the area the subject of the Tenements. These searches were conducted on 11 May 2006.

As a result of those searches and our perusal of the material contracts set out in the Summary of Material Contracts ("Agreements"), we consider this report provides an accurate statement, as at the date of the respective searches, as to the status of the Tenements and the interests of the Company in those Tenements. We have assumed the information in the registers maintained by DIR and NTT is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on DIR's and NTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas.

We have further assumed that the various parties' seals and signatures on all the Agreements are authentic and that the Agreements are and were within the capacity and powers of those who executed them. We assume that all of the Agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them with respect to their respective subject matters.

2 General Information About Mining Tenements

a) Mining Lease ("ML")

A ML gives the holder the exclusive right to find, extract and dispose of any minerals on the land the subject of that ML. The maximum area over which a ML may be granted must not exceed 10 square kilometres. A ML remains in force for a period of 21 years from the date of grant with the holder having an option to renew the ML for another 21 years on expiry. Further renewals are also possible under the Mining Act 1978 (WA) ("Mining Act").

The Company has or holds an interest in M08/189 as set out in the Schedule.

b) Exploration Licence ("EL")

An EL remains in force for 5 years from the date of grant with the possibility of renewal by the Minister in certain circumstances. The holder of an EL is required to expend certain amounts upon exploration activities during the term with failure to do this leading to possible forfeiture of the licence.

The holder of an EL has, subject to the Mining Act, the right to apply for and to have granted a ML over the land the subject of the EL.

The Company has or holds an interest in E74/364, E74/341, E74/342, ELA74/343, E74/350, E74/355, E74/357, E74/365 and E74/345 as set out in the Schedule.

c) Exploration Licence Application ('ELA")

If an ELA is successful, the Minister will grant an EL to the applicant. An ELA does not give the applicant title to, or any exclusive rights relating to land the subject of the application. For there to be a valid grant of an EL, the procedures outlined below in section 6 must be complied with.

The Company has or holds an interest in ELA08/1641, ELA74/356, ELA08/1679 and ELA08/1680 as set out in the Schedule.

3 Aboriginal Sites

The Tenements are subject to the provisions of the Aboriginal and Torres Strait Islander Heritage Protection Act (1984) (Cth) (the "Commonwealth Heritage Act"). This Act contains provisions designed to preserve and protect from injury or desecration, areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with aboriginal tradition.

The Aboriginal Heritage Act 1972 Western Australia ("WA Heritage Act") applies to all of the Tenements located in Western Australia and makes it an offence, inter alia, to alter or damage an Aboriginal site or object on or under an Aboriginal site. An Aboriginal site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.

There is no requirement or need for an Aboriginal site to be registered in any public manner or, indeed, to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act and the WA Heritage Act.

4 Native Title Legislation

Judicial recognition of native title at common law occurred in Mabo -v- Queensland (No 2) (Mabo), a decision of the High Court of Australia on 3 June 1992. Generally, native title rights to land will be recognised where:

a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and

b) the native title rights have not been lawfully extinguished.

The High Court held in Mabo that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the Racial Discrimination Act 1975 (Cth).

After Mabo, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the Commonwealth Native Title Act 1993 (Cth) ("NTA"). The NTA commenced on January 1994 and was substantially amended in 1998 in response to the decision of the High Court in Wik v Queensland. The Wik case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease. In summary the NTA:

a) provides for recognition and protection of native title

b) sets up mechanisms for determining claims for native title such as the "right to negotiate" which allows native title claimants to be consulted in relation to certain mining and other developments;

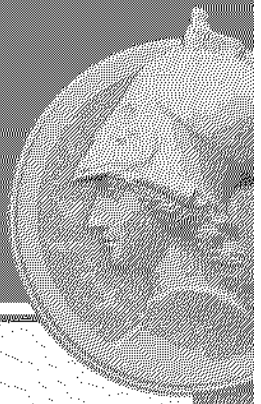
c) makes valid certain "past acts" which would otherwise be invalidated because of native title

d) establishes ways in which "future acts" affecting native title (e.g. granting mining tenement applications and converting exploration licences and prospecting licences to mining leases) may proceed and how native title rights are protected, including rights to compensation and;

e) provides a process by which claims for native title and compensation can be determined.

The Western Australian Parliament passed its own legislation, the Land (Title and Traditional Usage) Act 1993 ("WA Act") prior to the Commonwealth Act. On 16 March 1995 the High Court found that the WA Act was invalid, which means that Western Australia must comply with the Commonwealth Act.

The High Court decision of Ward v Western Australia and South Australia (2002) HCA 28 (8 August 2002) established that where tenure such as a pastoral lease is granted, native title is extinguished to the extent that it is inconsistent with the rights conferred by the pastoral lease.



5 Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the Commonwealth Act ("Registration Test") it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal ("Register"). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Tribunal's Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

Some of the Tenements are situated on pastoral leases. A pastoral lease co-exists with any native title but takes priority where any native title rights are inconsistent with the rights of the pastoral lease holders. The net result is that native title claimants have no right to control the land or restrict access to the land.

A number of the Tenements relate to land that is currently the subject of one or more registered native title claims. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. It is possible that additional native title claims may be made in the future.

Outlined below is a list of the Tenements that are currently the subject of native titles claims:

a) The Wagyl Kaip claim WAD6286/98 applies to ELA74/343, E74/355, and ELA74/365.

   This claim has passed the registration test and notification under the NTA is complete.

b) The Jurruru People claim WAD6007/00 applies to M08/189 and ELA08/1641, ELA08/1679 and ELA08/1680.

   This claim has passed the registration test and notification under the NTA is complete.

c) The Southern Noongar claim WAD6134/98 applies to ELA74/343, E74/355 and ELA74/365.

   This claim has passed the registration test and notification under the NTA is complete.

d) The Esperance Nyungar Claim WC96/64 applies to ELA74/343, E74/342, E74/350, E74/341, E74/355, ELA74/356, E74/357 and E74/364.

   This claim has passed the registration test and notification under the NTA is complete.

e) The Thudgari People Claim WC97/095 applies to ELA08/1679.

   This claim has passed the registration test and notification under the NTA is complete.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged or the possibility of any further claims being made in the future.

6 Validity of the Tenements

a) Tenements granted since 23 December 1996

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in (b) below were followed by the relevant parties. We have not been instructed to analyse whether or not the relevant NTA procedures were followed in relation to each granted Tenement, but are not aware of any reason to doubt that they were validly granted.

Assuming that all future act procedures were followed, these Tenements are classified as valid future acts under the NTA.

All of the granted Tenements fall into this category.

b) Future Tenement Grants

The remainder of the Tenements have been duly applied for under the Mining Act but as at the date of this Report have not been granted. The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the Mining Act. The primary procedure prescribed under the NTA is the "right to negotiate" process.

The right to negotiate process involves the publishing or advertising of a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the National Native Title Tribunal ("NNTT"), which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the expedited procedure applies. Under the NTA, a future act is an act attracting the expedited procedure if:

i) the act is not to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land; and

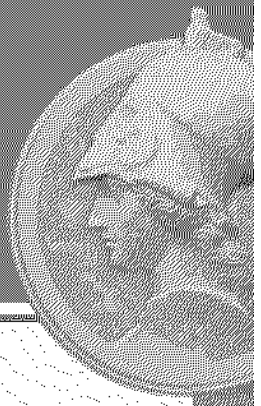
ii) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and

iii) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

When the proposed future act is considered to be one that attracts the expedited procedure, persons have until four months after the notification date to take steps to become a native title party in relation to the relevant act (for example the proposed granting of an exploration licence). The future act may be done unless, within four months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.

If there are no objections lodged within the four month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is, the Territory may do the future act (ie grant an exploration licence).

Further, the right to negotiate process does not have to be pursued in cases where an indigenous land use agreement ("ILUA") is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the ILUA.



7 Renewals and Extensions of Tenements

Other than as stated above, renewals of mining tenements granted after 23 December 1996 are subject to the same right to negotiate process as described in 6(b) above.

8 Compliance

The Company's interest in or rights in relation to the granted Tenements are subject to the holder continuing to comply with the respective terms and conditions of the respective Tenements under the provisions of the Mining Act and regulations made pursuant to that legislation, together with the conditions specifically applicable to any Tenement. We have not sought nor received confirmation from the Tenement holders that the various conditions in respect of each Tenement have been met in all material respects.

9 Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes to the Schedule, we point out by way of summary, that:

a) we have assumed that all searches conducted on our behalf by DIR and NNTT are complete and accurate as at the time the searches were conducted;

b) we have assumed that all information or advice, whether oral or written provided to us by the Company, its officers, employees, agents or representatives is accurate and complete; and

c) in relation to each Tenement application we express no opinion as to whether such Tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to.

10 Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Price Sierakowski have consented to the inclusion of this report in the Prospectus in the form and context which it is included and have not withdrawn that consent before the lodgement of the Prospectus with Australian Securities and Investments Commission.

Yours faithfully

Price Sierakowski

PRICE SIERAKOWSKI

Schedule of Mining Tenements

To be read in conjunction with the abbreviations and notes at the end of the Schedule.

Project Name and Tenement No. and Type	Registered Holder or Applicant	Shares Held	State	Grant/ Application Date	Expiry Date	Area	Expenditure commitments (per annum)	Rents and Rates (per annum)	Native Title Claims and Representative Bodies	Relevant Material Contracts	Encumberances (see notes)	Notes
Ravensthorpe E74/341	Athena Resources Limited	100	WA	23/03/06	22/03/2011	70 blocks	$70,000.00	$7,099.40	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	1
Ravensthorpe E74/342	Athena Resources Limited	100	WA	23/03/06	22/03/2011	70 blocks	$70,000.00	$7,099.40	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	
Ravensthorpe ELA74/343	Athena Resources Limited	100	WA	12/09/06	11/09/2011	66 blocks	$66,000	$6,933	WC96/109 Southern Noongar South West (ARB) 15 WC98/070 Wagyl Kaip South West (ARB) 15 WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	2
Ravensthorpe E74/350	Athena Resources Limited	100	WA	23/03/06	22/03/2011	70 blocks	$70,000.00	$7,099.40	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	
Ravensthorpe E74/355	Athena Resources Limited	100	WA	26/04/06	25/04/2011	62 blocks	$62,000.00	$6,288.04	WC96/109 Southern Noongar South West (ARB) 15 WC98/070 Wagyl Kaip South West (ARB) 15 WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	3,4
Ravensthorpe E74/356	Athena Resources Limited	100	WA	Pending	N/A	23 blocks	N/A	N/A	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	
Ravensthorpe E74/357	Athena Resources Limited	100	WA	26/04/06	25/04/2011	70 blocks	$70,000,000	$7,099.40	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	

Schedule of Mining Tenements (continued)

Project Name and Tenement No. and Type	Registered Holder or Applicant	Shares Held	State	Grant/ Application Date	Expiry Date	Area	Expenditure commitments (per annum)	Rents and Rates (per annum)	Native Title Claims and Representative Bodies	Relevant Material Contracts	Encumberances (see notes)	Notes
Ravensthorpe E74/364	Athena Resources Limited	100	WA	26/04/06	25/04/2011	70 blocks	$70,000.00	$7,099.40	WC96/064 The Esperance Nyungers South West (ARB) 15	N/A	NIL	5
Ashburton ELA08/1641	Capricorn Resources Pty Ltd	100	WA	Pending	N/A	200 blocks	N/A	N/A	WC00/008 Jurruru People Pilbara (ARB) 12 and Geraldton (ARB) 14	1	NIL	
Ashburton M08/189	Capricorn Resources Pty Ltd and John Clarke White	90	WA	10/5/99	09/05/2020	390.65 HA	$39.100	$5,247.22	WC00/008 Pilbara (ARB) 12	1	Agreement (Option and Joint Venture) Taipan Resources NL and John Clarke White registered 09/09/99	
Ashburton ELA08/1679	Capricorn Resources Pty Ltd	100	WA	Pending	N/A	70 blocks	N/A	N/A	WC00/008 Jurruru People Pilbara (ARB) 12 and Geraldton (ARB) 14 WC97/095 Thudgari People Pilbara (ARB) 12 and Geraldton (ARB) 14	N/A	N/A	
Ashburton ELA08/1680	Capricorn Resources Pty Ltd	100	WA	Pending	N/A	52 blocks	N/A	N/A	WC00/008 Jurruru People Pilbara (ARB) 12 and Geraldton (ARB) 14	N/A	N/A	
Ravensthorpe E74/345	Tied Investments Pty Ltd	100	WA	24/01/06	23/01/11	24 blocks	$21,600,000	$2,434.08	N/A	2	Application to amend 150/056 - amending the field to read "Phillips River", registered 9.55am 2 Sep. '05	4
Ravensthorpe ELA74/365	Tied Investments Pty Ltd	100	WA	27/6/06	26/06/11	4 blocks	$15,000,000	$420.20	WC96/109 Southern Noongar South West (ARB) 15 WC98/070 Wagyl Kaip South West (ARB) 15	2	N/A	6

NOTES

The following specific notes are in addition to certain standard conditions including the requirement to obtain the approval of DIR prior to conducting any ground disturbing activities and standard environmental conditions including the equipment to remove and replace topsoil on areas disturbed.

1) This licence does not include the land the subject of prior Exploration Licence Application 74/218.

2) This Licence does not include the land the subject of prior Exploration Licence 74/204 and Mining Lease 74/173.

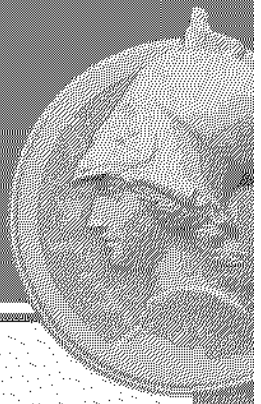
3) This Licence does not include the land the subject of prior Exploration Licence 74/73, 74/199 and 74/204.

   If the prior Exploration Licences 74/199 or 74/204 expires, is surrendered or forfeited that land may be included in this licence, subject to specific provisions of the Third Schedule of the Mining Regulations 1981.

4) It is a condition of this licence that prior written consent of the Minister for State Development be obtained before commencing mining on Protection of Rabbit Proof Fence 8812.

5) It is a condition of this licence that the prior written consent of the Minister for State Development be obtained before commencing mining on Water Supply Reserve 9924 and Water Reserve 8649.

6) This licence does not include the land the subject of prior Exploration Licence 74/212.



Material Contracts

Set out below, is a summary of the contracts to which the Company is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company.

The whole of the provisions of the agreements are not repeated in this Prospectus and any intending Applicant who wishes to gain a full knowledge of the content of the Material Contracts should inspect the same at the registered office of the Company.

1 Capricorn Resources Acquisition Agreement.

On 27 April 2006, Athena Resources Limited (previously Southern Nickel Pty Ltd) (ACN 113 758 900) ("Athena Resources") entered into an agreement with Tied Nominees Pty Ltd (ACN 008 229 163) and Lightwave Investments Pty Ltd (ACN 105 744 223) (together "the Vendors") to acquire all the issued share capital ("Share Capital") in Capricorn Resources Pty Ltd (ACN 117 893 106) ("Capricorn") subject to Athena Resources registering a prospectus for the issue of 12 million ordinary fully paid shares at $0.20 each to raise capital of $2,400,000, gaining admission to ASX on or before 30 November 2006 and the satisfactory completion of due diligence in relation to Mining Lease M08/189 and Exploration Licence Application ELA 08/1641.

Capricorn is the registered owner of the Mining Lease M08/189 and has registered the Exploration Licence Application ELA 08/1641, ELA 08/1679 and ELA 08/1680.

The consideration for the Capricorn Shares is $200,000 payable by the issue of 1,000,000 ordinary fully paid shares in Athena Resources Ltd ("Athena Resources Shares") to the Vendors. All necessary consents, waivers and approvals must be obtained for the issue of the Athena Resources Shares.

The agreement contains warranties typically provided for an agreement of this nature.

2 Tenement Acquisition Agreement

On 27 April 2006 Athena Resources entered into an agreement with Tied Investments Pty Ltd (ACN 009 229 163) and Grant Donnes (together 'the Vendors") to acquire all the interest of the Vendors in Exploration Licence E74/345 and Exploration Licence Application ELA74/365 ("Tenements").

The consideration for the Tenements is $100,000 payable by the issue of 500,000 ordinary fully paid shares in Athena Resources to the Vendors.

The Tenement Acquisition Agreement is conditional upon ministerial consent under the Mining Act for the sale and transfer of the Tenements being obtained within 90 days of the grant of title to ELA74/365.

The agreement contains warranties typically provided by vendors for an agreement of this nature.

Risk Factors
11

11.1 Introduction

An investment in the Company is speculative and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the Shares offered pursuant to this Prospectus.

11.2 General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

11.2.1 Economic Conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

11.2.2 Market Conditions

A number of factors affect the performance of share market investments that could also affect the price at which the Shares trade on the ASX. The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These factors may materially affect the market price of the Company's Shares regardless of the Company's operational performance.

11.2.3 Changes in Legislation and Government Regulation

Government legislation, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

11.3 Specific Risks

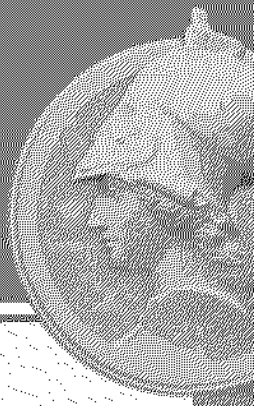
A number of specific risk factors that may impact the future performance of the Company are described below. Shareholders should note that this list of risk factors is not exhaustive. Some of the risks may be mitigated by the use of appropriate safeguards and systems, whilst others are outside the control of the Company and cannot be mitigated.

11.3.1 Exploration Risk

The tenements in which the Company holds or has a right to acquire an interest are at various stages of exploration. The investment of the Company's capital in exploration carries a high degree of risk and, accordingly, an investment in the Company must be considered speculative in nature.

There can be no assurance that exploration of the project areas described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company described in Section 7 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.



11.3.2 Operational Risk

In the event the Company is in a position to commence mining and processing activities a range of risks will emerge which may have an impact on the capacity of the Company to profitably exploit mineral reserves. These risks include failure to achieve projected grades and tonnages, technical difficulties and/or underperformance of plant and machinery, metallurgical problems, costs increases, and adverse weather conditions.

Having been incorporated on 11 April 2005 the Company does not have any operating history, although it should be noted that the Company's Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

11.3.3 Native Title

The land comprising the tenements within the Company's projects may be affected by Native Title, being the term given to the collection of rights of certain indigenous groups to use land in accordance with their traditional customs and beliefs. Details of any existing native title claims are set out in the Solicitor's Report at Section 10 of this Prospectus. The Company is not aware of any potential claims in respect of its exploration activities but recognises that future claims could pose risks to the company's exploration and production activities.

11.3.4 Grant of Tenements

A number of the tenements in which the Company has, or has the right to acquire, an interest are applications for Exploration Licences under the Mining Act 1978 (WA). Grant of these licences is subject to the exercise of Ministerial discretion and compliance with regulatory requirements. Whilst the Company is not aware of any reasons why there ought not be a favourable exercise of any Ministerial discretion, no guarantee can be given that this will be the case.

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

11.3.5 Environmental Risks

The Company's activities will be subject to regulations regarding environmental matters and will require the receipt of environmental approvals from government authorities. No assurance can be given that required environmental approvals will be obtained or that delays in obtaining such approvals will not occur.

11.3.6 Additional Requirements for Capital

The funds raised from this Prospectus are expected to be sufficient to undertake the Company's initial exploration program. Further funds may be required in the future to continue the Company's exploration activities or for development purposes. There can be no guarantee that such funds will be raised.

11.3.7 Currency & Commodity Price Fluctuations

The cost associated with the exploration program will be incurred in $A – as a consequence currency and commodity price fluctuations are not expected to have a significant impact. However, many factors over which the Company has no control will affect the relative currency valuations and commodity prices, and these will have an impact on any future revenue streams.

Corporate Governance
12

The Board aims to achieve the highest standards of corporate governance and has established corporate governance policies and procedures consistent with the ASX Corporate Governance Council's publication "Principles of Good Corporate Governance and Best Practice Recommendations". Whilst the Company will endeavour to comply with the guidelines under the ASX Corporate Governance Recommendations, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the additional expense of compliance with all recommendations.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance policies and committees will be given further consideration.

Board Of Directors – Role Of The Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

The purpose of the board charter is to set out the role, composition and responsibilities of the Board within the corporate governance framework and to ensure:

a) that the roles and responsibilities of the Board are clear and understood by all relevant stakeholders;

b) the operation of the Board and the relationship between the Board and the management is clearly understood; and

c) all directors have a clear understanding of the manner in which the Board will conduct itself and the Company's expectations of them as directors.

The Board is responsible for the overall corporate governance of the Company. The Board recognizes the need for the highest standards of behaviour and accountability. The Board has final responsibility for managing the Company's business and affairs.

The Boards responsibilities encompass the following:

- Establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve these goals;
- Setting the strategic direction and financial objectives of the Company and ensuring appropriate resources are available;
- Monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- Reviewing the performance of all board members and overseeing succession plans for the senior executive team;
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility;
- Ensuring that effective audit, risk and controls are in place to protect the Company's assets;
- Formulate risk management strategies and identify and design and implement policies;
- Monitor the risk management process and strategies;
- To set specific limits of authority for the executive management to commit to new expenditure and enter into new contracts without prior Board approval;
- Ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company;
- Monitoring compliance with regulatory requirements (including continuous disclosure);
- Review the Board succession plans;
- Monitoring ASX and regulatory disclosure requirements;
- Monitoring the integrity of reporting including ensuring the preparation of accurate financial reports and statements;
- Ensuring effective and timely reporting to various stakeholders; and
- Ensuring that the shareholders are informed of all major developments affecting the Company's state of affairs.

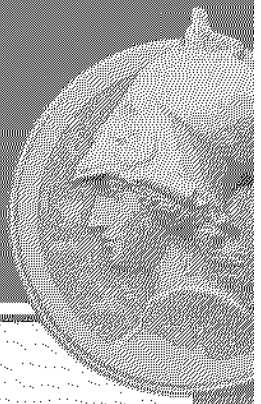
Composition of the Board

It is a policy of Athena Resources that the Board comprises individuals with a range of knowledge, skills and experience that are appropriate to its activities and objectives.

The Board is currently comprised of 3 directors, 1 of whom holds his position in a non-executive capacity.

The composition of the Board is subject to review in the following ways:

- The Company's constitution provides that at every annual general meeting, one third of the directors are to retire from office. Each Director under the constitution is eligible for re-election.
- The full Board considers its composition on a regular basis to ensure that it has available an appropriate mix of skills and experience to ensure the interest of shareholders are served.



Independence

As stated, the Board has an Executive Chairman, an executive director and a non-executive director. The non-executive Director provides Board independence.

The Board (and each individual Director) is entitled to seek independent professional advice at the company's expense (subject to the reasonableness of the costs and Board consent) in the conduct of their duties for the Company.

Board Committees

The Board has established an Audit Committee. The Audit Committee supports the full Board and essentially acts in a review and advisory capacity in matters, which require a more intensive review. Other Committees may be established from time to time to address matters of special importance.

It is the policy of the Board that at least the majority of the members of the Committee are non-executive directors. The main functions of the Committee are to:

- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;
- Maintain open lines of communication between the board and internal auditors, external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report and financial statements;
- Review and monitor and implement procedures to mitigate risk; and
- Assess the adequacy of internal controls and make informed decisions regarding compliance policies, practices and disclosures.

Remuneration and Nomination Procedures

The Directors considers that the Company is not of a size or its affairs of such complexity as to justify the formation of a remuneration or nomination committee. The board is able to address these aspects of the Company's activities and will adhere with the appropriate ethical standards and with the remunerations and nomination procedures.

The Board will review the remuneration policies and packages of all directors and senior executive officers on at least an annual basis. The Board will also periodically review the composition of the Board and make necessary changes to ensure that the Board comprises persons who have the skill and experience appropriate for the business activities and operations undertaken by the Company.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board selects a panel of candidates with appropriate expertise and experience, and appoints the most suitable candidate. Any such appointee would be required under the constitution to retire at the next annual general meeting and is eligible for election by shareholders at that meeting.

Ethical Standards – Code of Conduct

The Board recognises the need to observe the highest standards of corporate governance practice, business and ethical conduct by all directors, employees, consultants and contractors. Accordingly the Board has adopted a formal code of conduct to be followed by all employees, officers and external parties engaged by the Company. The key aspects of this code are:

a) To act with honesty, integrity and fairness;

b) To act in accordance with the law; and

c) To use Company resources and property appropriately.

Securities Trading Policy

The Company has a formal securities dealing policy for Directors contained in the corporate ethics and securities trading policy.

Under this policy, directors must not buy or sell securities in the week immediately before and following the lodgement of periodic reports required under the Corporations Act 2001 and the Listing Rules. Directors may only buy or sell securities following consultation with the Chairman. In all instances any person who possesses price sensitive information that is not available to the market is not permitted to buy or sell securities.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in shares and/or options in the Company.

Continuous Disclosure Policy

The Company is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. The Company's practices are designed to ensure it is compliant with the ASX Listing Rules, including in particular those relating to continuous disclosure.

Communication to Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to shareholders through the Company's annual report, annual general meeting, half-yearly results announcements and other ASX announcements.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Performance Evaluation of the Board and its Members

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the management, Directors and the Board as a whole.

Company's Remuneration Policies

Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

Non-executive directors receive a fixed fee for their services as directors. There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no retirement benefits for non-executive directors.

Additional Information
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13.1 Company Details

Incorporation

The Company was incorporated in Western Australia on 11 April 2005 as Southern Nickel Pty Ltd. On the 30 June 2006 the Company changed its status from a private company limited by shares to a public company limited by shares. The Company changed its name to Athena Resources Limited on 7 July 2006.

Company Tax Status

The Company will be taxed in Australia as a public company.

Balance Date

The accounts of the Company will be made up to 30 June annually.

13.2 Disclosure of Directors' Shareholding

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares as set out in the table below:

Director	No. of Shares
Edmond Edwards (Indirectly see below)	1,800,000
Shane Sadleir	1,550,000
Donald Thomson	300,000

Tied Nominees Pty Ltd a company associated with a Director Mr E W Edwards has an interest of 1,550,000 Shares. Tied Investments Pty Ltd a company associated with Mr E W Edwards has an interest of 250,000 Shares pursuant to the Ravensthorpe Sale Agreement summarised in Section 10 of this Prospectus. Tied Nominees Pty Ltd has an entitlement to 500,000 Shares pursuant to the Capricorn Resources Sale of Shares Agreement. Mr Edwards will have a total interest of 2,300,000 Shares which will represent 10% of the total issued Shares at completion of the Capricorn Resources Sale of Shares Agreement

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of Athena Resources from applying for Shares under this Prospectus.

13.3 Remuneration of Directors

The Company's constitution provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate sum determined by a general meeting. The aggregate remuneration has been set at an amount of $200,000 per annum. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties. Executive Directors may be paid on commercial terms as the Directors see fit.

The directors have resolved that Mr Sadleir's director fee be set at $36,000 per annum. Mr Edwards and Mr Thomson will receive fees of $10,000 per calendar month for their roles as executive directors.

13.4 Fees and Benefits of Directors

Except as disclosed in this Prospectus, no Director or proposed director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- the offer of the Shares pursuant to this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or offer of the Shares pursuant to this Prospectus.

Each of the Directors has entered into deeds of indemnity and access on normal terms with the Company.

13.5 Fees and Benefits of Named Persons

Other than as set out below or elsewhere in this Prospectus, no expert or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus nor any firm in which any of those persons is or was associated with has now, or has had, in the 2 year period ending on the date of this Prospectus an interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

HLB Mann Judd has acted as the Independent Accountant and has prepared an Independent Accountant's Report which has been included in Section 9 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of $8,000 for these services. HLB Mann Judd has been appointed as Auditor to the Company and will be paid usual commercial rates for these services.

Mr F Fitton of Maprock Pty Ltd has acted as Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 8 of this Prospectus. The Company estimates it will pay Maprock Pty Ltd a total of $5,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Maprock has received fees of approximately $30,000 for services.

Price Sierakowski has acted as the Company's Solicitor and has prepared a Solicitor's Report which has been included in Section 10 of this Prospectus. The Company estimates it will pay Price Sierakowski a total of $8,000 for these services.

13.6 Consents

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HLB Mann Judd has given its written consent to being named as the Independent Accountant in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 9 of this Prospectus. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Maprock Pty Ltd has given its written consent to being named as the Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 8 of this Prospectus. Maprock Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Price Sierakowski has given its written consent to being named as Solicitors in this Prospectus and to the inclusion of the Solicitor's Report in Section 10 of this Prospectus. Price Sierakowski has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Ltd has given its written consent to being named as Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

13.7 Material Contracts

In the opinion of the Directors, the only contracts entered into by the Company which are or may be material in terms of this Prospectus or the operation of the business of the Company or otherwise to potential investors in the Company are the contracts summarised in the Solicitors Report in Section 10 of this Prospectus.

13.8 Rights Attaching to Shares

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. The following are the more important rights, privileges and restrictions attaching to the Shares offered for subscription by this Prospectus:

13.8.1 General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

13.8.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

13.8.3 Dividend Rights

The Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

13.8.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

13.8.5 Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

13.8.6 Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of shareholders in the affected class, vary or abrogate the rights attaching to Shares.

13.9 Restricted Shares

ASX may require that certain shareholders enter into agreements that restrict dealings in Shares held by them. These agreements will be entered into in accordance with the Listing Rules.

13.10 Terms and Conditions of Options

As detailed in Section 3.7 of this Prospectus, it is proposed that all shareholders registered on the date approximately two months after the Shares commence trading on the ASX will be entitled to participate in a non-renounceable entitlement issue of options on the basis of one (1) Option for every one (1) Share held.

A summary of the terms and conditions of the Options are as follows:

a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the company.

b) The Options are exercisable at 20 cents each.

c) The Options will expire on 30 November 2009.

d) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.

e) The Options are freely transferable.

f) All shares issued upon exercise of the Options will rank pari passu in all respects with the company's then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.

g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the expiry date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

h) If from time to time on or prior to the expiry date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (bonus shares) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.

j) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

13.11 Taxation

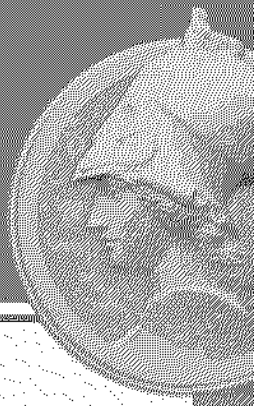
The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers or advisers accept any responsibility or liability for any taxation consequences to applicants to the Offers. Applicants should consult their own professional tax advisers in regard to taxation implications of accepting any Offer pursuant to this Prospectus.

13.12 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately $210,000.

13.13 Forecasts

Due to the nature of the Company's current and proposed activities there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.



13.14 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.15 Electronic Prospectus

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at ahn@athenaresources.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at:

www.athenaresources.com.au

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Glossary of Defined Terms

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Where the following terms are used in this Prospectus they have the following meanings:

A$** or **$ means an Australian dollar unless otherwise stated.

Applicant means a person making an Application.

Application means an application made on an Application Form.

Application Form means the application form for the Offer enclosed with or attached to this Prospectus (both in paper and electronic formats).

Application Monies means monies received by Athena Resources from Applicants.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Transfer and Settlement Corporation Pty Ltd (ACN 008 504 532).

ASTC Settlement Rules means the settlement rules of ASTC.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Athena Resources or **the Company** means Athena Resources Limited (ACN 113 758 900).

Board means the Board of Directors of the Company as constituted from time to time.

Business Day means a weekday when trading banks are ordinarily open for business in Perth, Western Australia.

Capricorn Resources means Capricorn Resources Pty Ltd (ACN 117 893 106).

Capricorn Resources Sale of Shares Agreement means the agreement described in Section 10.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the closing date for receipt of the Application Form under this Prospectus, being 5.00pm (WST) on 6 November 2006 (unless extended or closed early).

Constitution means the Constitution of the Company.

Corporations Act 2001 means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of seven (7) days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven (7) days pursuant to Section 727(3) of the Corporations Act 2001.

Issue means the issue of the Shares pursuant to this Prospectus.

Independent Accountant's Report means the report contained in Section 9.

Independent Geologist's Report means the report contained in Section 8.

Listing Rules or **ASX Listing Rules** means the official Listing Rules of the ASX.

Offer means the offer of 12,000,000 Shares at 20 cents per Share pursuant to this Prospectus to raise $2,400,000.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means 3 October 2006.

Option means an option to acquire one (1) share on the terms set out in Section 13.10

Prospectus means this Prospectus.

Share means a fully paid ordinary share in the capital of the Company and **Shares** has a corresponding meaning.

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means the registered holder of a Share in Athena Resources.

Soliciors Report means the report contained in Section 10.

Vendors mean the shareholders of Capricorn Resources who are proposed to be issued Shares pursuant to the Capricorn Resources Sale of Shares Agreement.

WST means Western Standard Time.

References in this Prospectus to Sections are to Sections of this Prospectus

Directors' Authorisation

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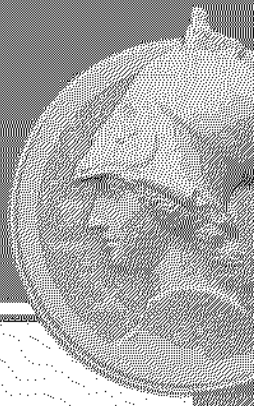

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statement, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

This Prospectus is issued by Athena Resources Limited and its issue has been authorised by a resolution of Directors.

Each of the Directors of Athena Resources Limited has consented in writing to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Signed for and on behalf of

Athena Resources Limited

by Edmond Edwards
Executive Chairman

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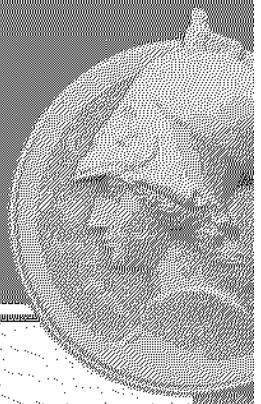
Application Form

BROKER'S REFERENCE STAMP ONLY

APPLICATION NUMBER

BROKER'S REFERENCE



Athena Resources Limited

ACN 113 758 900

Before completing this Application Form, you should read the Prospectus dated 25 September 2006 and the instructions overleaf.
No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus
Please read carefully all Instructions on the reverse of this Form

I/We apply for

Shares in **Athens Resources Limited** at 20 cents per Share or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

$

First Name (Please print) **Surname** (Please print)

Joint Application #2 or <designated account>

Joint Application #3 or <designated account>

Postal Address (Please print)

Street Number Street

Suburb/Town State Postcode

Contact Name Tel (Business hrs)

Contact Name Tel (Business hrs)

CHESS HIN (where applicable) Email

Tax File Number of Exemption Applicant #2 Applicant #3

Cheque Details
Drawer Bank BSB Amount of cheque

Cheques should be marked 'Not Negotiable' and made payable to "Athena Resources Limited - Share Issue Account"

This Application Form does not need to be signed. By lodging this application form and a cheque for the Application Money the Applicant hereby:

1) applies for the number of Shares as specified in the application form or such lesser number as may be allocated by the Directors

2) declares that this application is completed and lodged according to the declarations/ appropriate statements on the reverse of this form and agrees to be bound by the Constitution of the Company and the terms of this Prospectus and that all statements made are complete and accurate, notwithstanding that the applicant's signature does not appear on this form.

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Perth WA 6840

or

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Application Form

BROKER'S REFERENCE STAMP ONLY

APPLICATION NUMBER

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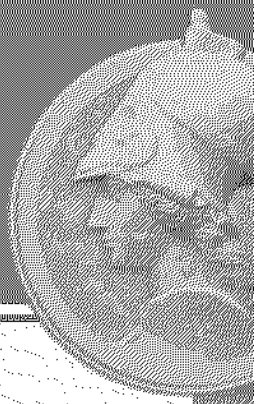

Athena Resources Limited

ACN 113 758 900

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Please read carefully all Instructions on the reverse of this Form

I/We apply for

Shares in **Athens Resources Limited** at 20 cents per Share or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

$

First Name (Please print) **Surname** (Please print)

Joint Application #2 or <designated account>

Joint Application #3 or <designated account>

Postal Address (Please print)

Street Number Street

Suburb/Town State Postcode

Contact Name Tel (Business hrs)

Contact Name Tel (Business hrs)

CHESS HIN (where applicable) Email

Tax File Number of Exemption Applicant #2 Applicant #3

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