



ABN 69 113 758 900

Notice of General Meeting

Explanatory Statement

and

Proxy Form

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



ABN 69 113 758 900

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of members of Athena Resources Limited ("Athena") will be held on Monday 15 January 2007 commencing at 10.00am at 63 Lindsay Street, Perth, Western Australia for the purpose of transacting the business set out below.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered.

AGENDA

BUSINESS

1. Proposed Capital Raising – Shares and Options

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue within three months of the date of this meeting of up to 2,500,000 ordinary fully paid shares ranking equally in all respects with the existing ordinary shares on issue at a subscription price of 21 cents each, together with the grant of one free Option for every One Share subscribed for and issued, (such Options to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting), is approved."

Athena will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, Athena need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Proposed Capital Raising – Shares and Options to Directors

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rules 10.11 and all other purposes, the issue and allotment to Directors or their nominees of up to 1,200,000 ordinary fully paid shares ranking equally in all respects with the existing ordinary shares on

issue at a subscription price of 21 cents each, (together with the grant of one free option for every one share subscribed for and issued, (such Options to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting), is approved.”

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of determining voting entitlements at the general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 10.00am on 13 January 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

BY ORDER OF THE BOARD

E W Edwards
Company Secretary

12 December 2006



EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Athena Resources Limited ("Athena") in connection with the business to be conducted at the General Meeting of members to be held at 10.00am on Monday 15 January 2007 at 63 Lindsay Street, Perth, Western Australia.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

Shareholders should note that all the directors approved the proposal to put the resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

ASX Listing Rule Requirements

- ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of Athena is required to an issue of equity securities if the securities will, when aggregated with the securities issued by Athena during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The number of securities to be issued by Athena under proposed resolution 1 will exceed 15% and accordingly shareholder approval is sought for the placements.

The information required by ASX Listing Rules 7.1 and 7.3 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

- ASX Listing Rule 10.11 relevantly provides that the prior approval of shareholders of Athena is required for the issue of equity securities to a related party. If approval is given for the issue of securities under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting. The company is seeking shareholder approval to the proposed allotments to related parties pursuant to resolution 2.

2. PROPOSED CAPITAL RAISING – SHARES AND OPTIONS (Resolution 1)

Resolutions 1 of the Notice of General Meeting proposes the issue and allotment of up to 2,500,000 Shares in the capital of Athena at an issue price of 21 cents each, together with the grant of one free Option for every one Share subscribed for and issued, to raise \$525,000 (before expenses of the issue). If approval is given to Resolution 2, the named Directors intend to subscribe for 1,200,000 Shares, with free attaching Option.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of shares and options pursuant to resolutions 1:

- (a) Maximum number of securities to be issued:

2,500,000 Shares and 2,500,000 Options.

- (b) Date by which Athena will issue securities:

No later than three months after the date of this meeting.

- (c) Price at which securities to be issued:

21 cents per Share, together with the grant of one free Option for every one Share subscribed for and issued.

- (d) Basis upon which allottees will be determined:

The allottees will be determined at the discretion of the directors having regard to the identification of shareholders with a long term commitment to Athena.

- (e) Terms of issue:

The Shares will rank equally in all respects with the existing Shares on issue. The Options will be issued on the terms and conditions as outlined in Appendix "A".

- (f) Intended use of funds raised:

Funds raised from the issue of securities will be utilised to replenish the \$250,000 paid out on the payment of the option fee for E74/218, for exploration expenditure on that tenement and for general working capital purposes.

- (g) Dates of allotment:

Allotment will occur progressively.

The Shares to be issued pursuant to Resolution 1 will not be entitled to participate in the proposed one for one issue of options to shareholders as detailed in the Prospectus dated 25 September 2006. The Shares will be allotted to subscribers after the record date for determining entitlements to the proposed option issue. The Options to be issued will be on the same terms and conditions as the options to be issued under the proposed entitlement issue.

No shareholder/placee would be permitted to have an entitlement exceeding 20% of the issued capital of Athena pursuant to the placement proposed under Resolution 1 and therefore no change in control of Athena is anticipated as a result of the placement.

It is proposed that the placement be made pursuant to a prospectus.

It is not intended that the issue be underwritten. Directors and their associates are not entitled to participate in the placement, with the exception of Mr Edwards and Mr Thomson as detailed in section 3 below.

Athena proposes to apply to the ASX for Official Quotation of the Shares and Options to be issued.

3. PROPOSED CAPITAL RAISING – SHARES AND OPTIONS TO DIRECTORS (Resolution 2)

Subject to the passing of resolution 1, Resolution 2 is seeking approval under Listing Rule 10.11 to permit Directors to participate in the proposed issue of Shares up to a maximum of 1,200,000 Shares, with free attaching Option.

In compliance with the information requirements of ASX Listing Rule 10.13 members are advised of the following particulars:

(a) Names of participants:

Directors of the Company, being:

Mr E Edwards or his nominee; and
Mr D Thomson or his nominee

(b) Maximum number of securities to be issue:

Mr E Edwards - 1,000,000 Shares
Mr D Thomson – 200,000 Shares

(c) Date by which Athena will issue securities:

No later than one month after the date of this meeting.

(d) Price at which securities to be issued:

21 cents per Share, together with the grant of one free Option for every one Share subscribed for and issued.

(e) Terms of issue:

The Shares will rank equally in all respects with the existing Shares on issue. The Options will be issued on the terms and conditions as outlined in Appendix “A”.

(f) Intended use of funds raised:

As outlined in Section 2(f) of this Explanatory Statement.

4. CAPITAL STRUCTURE

On completion of the issue of Shares and Options contemplated by this Notice of General Meeting, together with the proposed one for one issue of options to existing shareholders as detailed in the Prospectus dated 25 September 2006, the capital structure of the Company will be as follows:

Number of Shares	Issued Capital	
23,100,000	Shares at the date of this notice	
<u>2,500,000</u>	Shares offered pursuant to Share Placement Issue	
<u>25,600,000</u>		

Number of Options	Description	Exercise Price
23,100,000	Options offered pursuant to the proposed 1 for 1 rights issue	\$0.20
<u>2,500,000</u>	Options offered pursuant to Share Placement Issue	\$0.20
<u>25,600,000</u>		

4. DEFINITIONS

\$	means Australian dollars. All amounts in this Explanatory Statement are in Australian dollars unless otherwise stated.
ASX	means Australian Stock Exchange Limited.
ASX Listing Rules or Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Athena or the Company	means Athena Resources Limited (ABN 69 113 758 900).
Directors	means the directors of the Company.
Official Quotation:	has the same meaning as in the ASX Listing Rules.
Option	means an option to acquire a Share at an exercise price of 20 cents per option on or before 30 November 2009 issued on the terms and conditions as specified in Annexure "A".
Share	means a fully paid ordinary share in the capital of Athena.
Share Placement Issue	means the proposed issue of up to 2,500,000 Shares with one attaching free option for every one Share subscribed and issued, at an issue price of 21 cents each, payable in full on application.

ANNEXURE A

Terms of Options

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 (the "Expiry Date").
- (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.

PROXY FORM

The Secretary
Athena Resources Limited
63 Lindsay Street
Perth WA 6000

I/We (full name)

_____ of _____

being a member(s) of Athena Resources Limited, hereby appoint as my/our proxy

_____ of _____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10.00am on Monday 15 January 2007 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

The Chairman intends to vote all undirected proxies in favour of resolution 1. The Corporations Act 2001 does not allow the Chairman to vote undirected proxies in the case of resolution 2.

RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1	Proposed Capital Raising – Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Proposed Capital Raising – Shares and Options to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the member is an individual or joint holder:

Usual Signature

Dated this _____ day of _____ 200 .

Usual Signature

If the member is a Company:

The Common Seal of the Company
was hereunto affixed in
the presence of:

Director

Dated this _____ day of _____ 200 .

Director/Secretary

INSTRUCTIONS AS TO VOTING

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to the resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (63 Lindsay Street, Perth, Western Australia, 6000) or sent by facsimile to that office on Fax: 08 9328 5188 to be received not less than 48 hours prior to the time of the meeting.
5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.