



DECEMBER 2006 QUARTERLY REPORT

HIGHLIGHTS

- Admitted to the ASX and commenced trading on 22 November 2006 having raised \$2,400,000.
- Option Agreement to acquire 75% interest in Oldfield River Nickel Sulphide Project at Ravensthorpe.
- Versatile Time Domain Electromagnetic (VTEM) Airborne survey completed in late December 2006 over part of Athena's Ashburton Project.
- A new project at Byro in Western Australia comprising 6 exploration licence applications covering 3,000km² added to Athena's tenement portfolio.

1. RAVENSTHORPE PROJECT

The Ravensthorpe Project consists of eleven mostly contiguous tenements in the Ravensthorpe region, where Athena Resources Limited (Athena) 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.

During the quarter the Company entered in to an option agreement to acquire 75% of the Oldfield River nickel sulphide project from Ucabs Pty Ltd. The project consists of a single granted exploration licence (E74/218) of 8 graticular blocks or 24 km² wholly encircled by Athena's existing tenement holding. The option agreement gives Athena immediate access to a granted exploration licence with known nickel sulphide mineralisation further enhancing Athena's portfolio of projects.

Following the option agreement Athena has exploration rights to over 1,624km² in the Ravensthorpe District through granted tenements, tenement applications and option agreements.

Exploration licence E74/218 is centrally located within the main area of Athena's Ravensthorpe Project. Previous exploration by Nickel Search NL (Nickel Search) in the early 1970's and Normandy Poseidon in 1992/1993 located 5 copper-nickel gossans within the project area. In 1972 Nickel Search drilled three diamond drill holes that all intersected disseminated sulphide mineralisation. The results are listed in the following table.

**Significant nickel intercepts in diamond drilling on the Oldfield River Project
(Nickel and Minerals Search NL's 1972 Drilling)**

Hole ID	Local East	Local North	Dip	Azimuth	Interval (m)	Intercept	Comments
RDH1	10200	9784	-90°		42.7-48.8	6.1m at 0.70% Ni	
					57.9-61.0	3.1m at 0.62% Ni	
					62.7-71.2	4.0m at 0.44% Ni	Disseminated Sulphides
RDH2	10379	9749	-70°	-70°	25.9 - 83.2	57.3m at 0.44%Ni	Disseminated Sulphides
				Inc	25.9 - 44.8	18.9m at 0.56% Ni	
				&	55.5 -61.0	5.5m at 0.45% Ni	
				&	68.6 -75.4	6.8m at 0.45% Ni	
RDH3	10509	9889	-55°	250°	22.9 - 57.9	35.0m at 0.63% Ni	
				Inc	52.1 - 57.9	5.8m at 0.93% Ni	Disseminated Sulphides
					69.5 - 73.3	3.8m at 0.50% Ni	Disseminated Sulphides

The drilling intercepted sulphides on the contacts between the granite country rock and the intrusive mafic/ultramafic dykes. The presence of sulphide mineralisation at this position strongly supports Athena's model for the exploration in the Ravensthorpe Project. The sulphide mineralisation is associated with a prominent north-south orientated magnetic high that correlates to outcropping serpentinised ultramafic dykes.

Normandy Poseidon identified nickel sulphides (violarite after pentlandite) in a gossan exposed in a trench on the Oldfield Project and drilled 45 shallow RAB holes for 973 metres (average depth 22 metres) and three RC percussion holes (OP1 to OP3) for 233 metres. The RAB holes were shallow and only tested the regolith. Only one of three RC holes drilled by Normandy (OP1) intersected the prospective host unit. Subsequent resampling of the RAB holes by Ucabs and returned low, but anomalous, copper, zinc and PGE values when analysed by Genalysis Laboratories Services Pty Ltd.

**Significant nickel intercepts in RAB Drilling on the Oldfield River Project
Normandy Poseidon 1992/1993**

Hole ID	Local East	Local North	Dip	Interval (m)	Intercept	Comments
OR 29	9780	9400	-90	18 - 22 EOH	4m at 0.54% Ni	
OR 30	9820	9400	-90	9 - 15 EOH	4 m at 0.36% Ni	
OR 31	9860	9400	-90	11 - 16 EOH	5m at 0.76% Ni	
OR 32	9900	9400	-90	9 - 10	1m at 0.57% Ni	
OR 34	10000	9400	-90	12 - 16	4m at 0.40% Ni	
				16 - 17 EOH	1m at 0.53% Ni	Disseminated Sulphides

The RAB drilling showed that the depth of weathering to be about 40 metres, which is much shallower than other parts of the Yilgarn Craton. The shallow regolith cover will allow Athena to use the latest airborne and surface geophysical techniques to target massive sulphides within the project area.

The exploration budget on E74/218 for year one of the option is \$300,000 to cover airborne and ground geophysical surveys and follow-up drilling.

The terms of the agreement are as follows: -

1. Athena has paid Ucabs \$250,000 for the first year's option period.
2. Athena may extend the option by a further 12 months by making a second payment of \$250,000 in cash and \$200,000 in Athena shares at that date.
3. The option may be exercised by final payment of \$1,500,000 and \$1,500,000 in Athena shares at that date.

2. ASHBURTON PROJECT

The Ashburton project consists of one granted mining lease and three contiguous exploration licence applications covering approximately 970 square kilometres. The area was identified using regional geophysics which show a number of features typically 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 for Telfer style saddle reef copper-gold systems.

In December Athena contracted Geotech Airborne Ltd to fly a reconnaissance airborne electromagnetic survey using Versatile Time Domain Electromagnetic (VTEM) equipment over a portion of the Ashburton Project. The objective of the survey was to evaluate the effectiveness of the system in locating discrete conductors in this environment.

Cursory inspection of the preliminary data has identified a number of low order electromagnetic anomalies for more detailed assessment when the final data sets are received. These anomalies will be evaluated to determine if they warrant drill testing after the exploration licence is granted. The VTEM survey also appears to have mapped certain stratigraphic units, but this observation needs to be confirmed by comparison with other data sets such as Landsat and Aster images. The selective mapping of the stratigraphy may prove beneficial given the type of mineralisation being targeted in the Ashburton.

The VTEM survey flown by Geotech in the Ashburton totalled approximately 475 line kilometres and had the following specifications:

- 200 metre line spacing
- Loop height 35 metres, with the helicopter flying at 85 metre height.

Final data delivery will be approximately mid-February 2007. Detailed assessment of the data will not be completed until sometime after the final data is delivered.

Under ideal conditions, with shallow cover and resistant host rocks, the helicopter-supported VTEM system can identify conductors within 300m of the surface. The system has been used successfully by Fox Resources Limited to map sulphide ore systems in the West Pilbara.

3. BYRO PROJECT (Athena Resources 80%)

Athena has expanded its tenement holding by approximately 3,000 km² with applications for six (6) new exploration licences near Byro in the Gascoyne Mineral Field of Western Australia. Athena Resources has an 80% interest in the tenements (contributing 100%). The balance is held by Lightwave Investments Pty Ltd.

The exploration target is nickel-copper sulphides in ultramafic and gabbroic intrusive rocks following a similar exploration model for that proposed for the Ravensthorpe Project. The Byro area was targeted using gravity and magnetic data, which identified a number of under-explored and poorly known mafic intrusions on the northwest margin of the Yilgarn Craton. Future programs will include high-resolution aeromagnetic and electromagnetic surveys and ground reconnaissance.

4. CORPORATE

Athena was admitted to the ASX and commenced trading on the 22 November 2006 having raised \$2,400,000.

The Company is now seeking shareholder approval to raise up to \$525,000 (before costs) through the placement of up to 2,500,000 shares at an issue price of 21 cents per share to fund the purchase of the Ucabs project, to allow for additional expenditure related to the option agreement and provide working capital. The issue will include a free attaching option for each share subscribed.

The options will be issued on the same terms and conditions as the options proposed to be issued (as noted in the Company's Prospectus dated 25 September 2006) approximately two months from 22 November 2006. The options will be exercisable at 20 cents and expire on 30 November 2009.

Donald Thomson
Technical Director
12 January 2007

For more information please contact:

Mr Ed Edwards
Chairman
Athena Resources Limited
Ph: (08) 9328 8277

Mr Donald Thomson
Technical Director
Athena Resources Limited
Ph: (08) 9328 8277

The technical information relating to Athena's exploration projects was compiled by Mr Donald Thomson, an employee of Indigo Exploration Services Pty Ltd. Mr Thomson is a Member of the Australian Institute of Mining and Metallurgy, and has sufficient relevant experience in the styles of mineralisation and deposit styles under consideration to qualify as a Competent Person as defined in "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition)". Mr Thomson consents to this inclusion of the information in this report in the context and format in which it appears.