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ABN : 69 113 758 900

25 October 2007

The Company Announcements Office  
Australian Stock Exchange Limited  
4 Floor 20 Bridge Street  
SYDNEY NSW 2000

### **2007 ANNUAL REPORT**

Attached is the 2007 Annual Report of Athena Resources Limited. The Annual Report has been mailed to all shareholders, together with the Company's Notice of Annual General Meeting.

A copy of the 2007 Annual Report is available on the Company's website: [www.athenaresources.com.au](http://www.athenaresources.com.au)

Yours faithfully

E W Edwards  
Executive Chairman





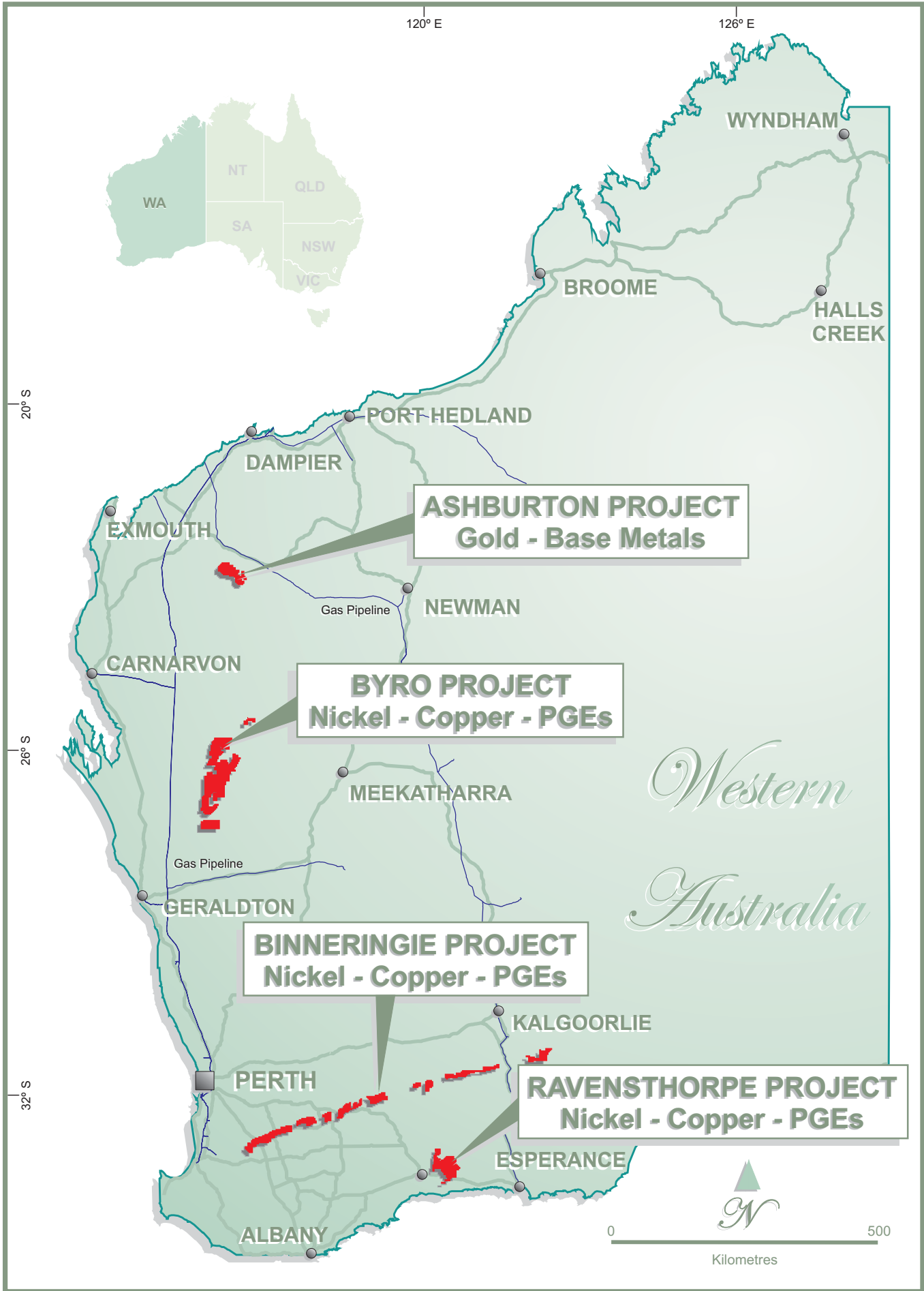
# Athena

RESOURCES LIMITED

ACN 113 758 900

# ANNUAL REPORT 2007





120° E

126° E

WYNDHAM

BROOME

HALLS CREEK

20° S

PORT HEDLAND

DAMPIER

**ASHBURTON PROJECT**  
Gold - Base Metals

EXMOUTH

Gas Pipeline

NEWMAN

26° S

**BYRO PROJECT**  
Nickel - Copper - PGEs

CARNARVON

MEEKATHARRA

*Western  
Australia*

Gas Pipeline

GERALDTON

**BINNERINGIE PROJECT**  
Nickel - Copper - PGEs

32° S

KALGOORLIE

**RAVENSTHORPE PROJECT**  
Nickel - Copper - PGEs

PERTH

ESPERANCE

ALBANY

0 500

Kilometres



# Contents



	Page
<b>Company Information</b>	2
<b>1 Chairman's Letter</b>	3
<b>2 Review of Operations</b>	4 - 12
<b>3 Directors' Report</b>	13 - 17
<b>4 Corporate Governance Statement</b>	18 - 19
<b>5 Auditor's Independence Declaration</b>	20
<b>6 Income Statement</b>	21
<b>7 Balance Sheet</b>	22
<b>7 Statement of Changes in Equity</b>	23
<b>9 Cash Flow Statement</b>	24
<b>10 Notes to Financial Statements</b>	25 - 41
<b>11 Directors' Declaration</b>	42
<b>12 Independent Auditor's Report</b>	43 - 44
<b>13 Shareholder Details</b>	45 - 47
<b>14 Interest in Mining Tenements</b>	48





## Company Information

### ABN

69 113 758 900

### Directors

E W Edwards (Executive Chairman)  
D F Thomson (Executive Director)  
S B Sadleir (Non-Executive Director)

### Secretary

E W Edwards

### Registered Office

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Perth, Western Australia 6000  
Ph: +61 8 9328 8277  
Fax: +61 8 9328 5188  
Email: [ahn@athenaresources.com.au](mailto:ahn@athenaresources.com.au)

### Share Registry

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Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth, Western Australia 6000  
Ph: +61 8 9323 2000  
Fax: +61 8 9323 2033

### Auditor

HLB Mann Judd  
15 Rheola Street  
West Perth, Western Australia 6005  
Ph: +61 8 9481 0977  
Fax: +61 8 9481 3686

### Bankers

BankWest  
54 Adelaide Street  
Fremantle, Western Australia 6160

### Stock Exchange Listing

Athena Resources Limited shares are listed on the Australian Stock Exchange (Home Exchange - Perth)  
ASX Code: Shares AHN  
Options AHNO

### Website

[www.athenaresources.com.au](http://www.athenaresources.com.au)





## Dear Shareholder

It is almost a year since Athena listed on the ASX with a strategy to focus on exploration areas with little or no recorded historic production. The company selects areas that have geological, geochemical and geophysical signatures indicating the presence or likely occurrence of target commodities within Western Australia. The preference is to target areas adjacent to existing infrastructure such as roads, ports and gas pipelines.

Both the Ravensthorpe and Ashburton projects have advanced significantly as described in the Operations Report since work started shortly after listing. The Binneringie and Byro projects have also been added.

Athena's exploration and development strategy is to:

- Focus on nickel, basemetals and gold.
- Target "green-field" Archaean and Proterozoic terranes in Western Australia with large land-holdings for high-value mineralisation that may indicate the presence of large world class deposits.

Smaller discoveries may be exploited by the Athena giving cash flow and early return to investors. Large deposits beyond the technical and financial resources of the Company may be joint ventured to a major with the financial and technical resources to develop large complex projects or sold for cash and royalty. Athena is committed to exploring for and discovering commodities that have no political and/or social impediments to their future exploitation. Table 1 below illustrates the comparative values of some of the target commodities and explains the Company's tight focus.

**Table 1 – Comparison of the in situ Value for Target Commodities**

PROJECT PROSPECT	Ravensthorpe Oldfield		Ashburton Kooline		Other target commodities	
	Nickel	Lead	Silver	Copper	Zinc	Gold
Grade Units	%	%	ppm	%	%	ppm
Units contained metal	Tonnes	Tonnes	Oz	Tonnes	Tonnes	Oz
TARGET SIZE						
Minimum Resource Tonnes	2,500,000	500,000	500,000	1,000,000	1,000,000	1,000,000
Resource Grade	0.6%	20%	200	3%	8%	10
Contained Metal	15,000	100,000	3,225,000	30,000	80,000	322,00
Metallurgical Recovery	80%	80%	90%	80%	80%	90%
LME Metal Price (\$A)	\$33,742	\$4,274	\$15	\$9,236	\$3,444	\$833
Gross InSitu Value (\$Million)	\$404M	\$342M	\$44M	\$222M	\$220M	\$242M

On behalf of the Board of Directors and management, I would like to take this opportunity to thank all shareholders for their continued support.

**E W Edwards**  
Executive Chairman



# Review of Operations

## 2

### 1. RAVENSTHORPE NICKEL COPPER GOLD PROJECT

#### 1.1 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.

The Oldfield area is located 17 kilometres north of the sealed South Coastal Highway 50 kilometres east of Ravensthorpe. A network of good quality gravel roads through mainly cleared farmland provides easy access to most of the project area. A track used for vermin control and as a fire break provides access in the northern leases. Existing cleared grid lines provide acceptable access to most of the area of interest north of Oldfield prospect.

#### 1.2 TENURE

The Ravensthorpe Project comprises a mostly contiguous area of about 1,600 square kilometres. Athena is the registered owner or applicant for all of the tenements except for E74/218 which it has entered an option agreement to purchase 75% with Ucabs Pty Ltd.

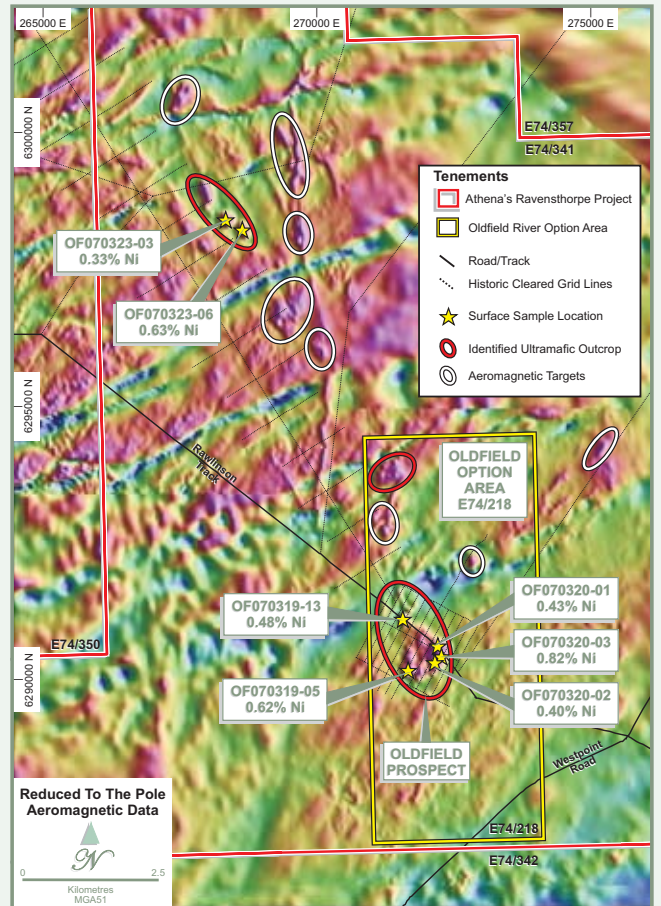
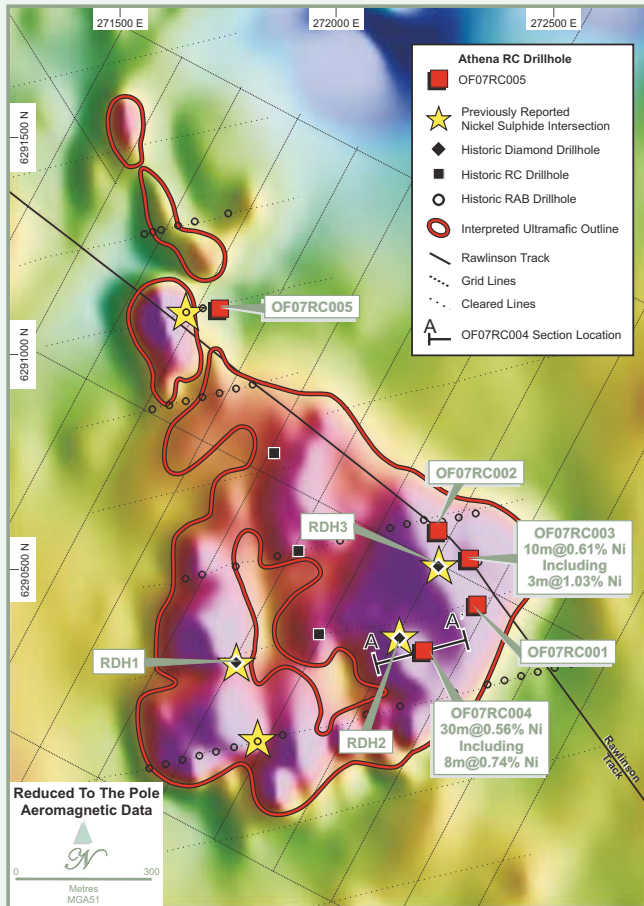
### 1.3 PROJECT GEOLOGY AND MINERALISATION

Athena's Ravensthorpe Project area is largely covered by a thin veneer of barren, windblown quartz sand over moderately weathered granite. Thick scrub in the northern part of the project hindered previous exploration. However, modern exploration using geophysics and remote sensing has revealed extensive outcropping mafic and ultramafic rocks in an area depicted on Government geological maps as mainly granitic and gneissic terrain.

Athena discovered extensive outcrops of olivine-rich cumulate textured ultramafic rocks during field investigation of aeromagnetic anomalies in 2005. These newly discovered ultramafic and mafic rocks are believed to be Proterozoic in age and appear to form part of a differentiated dyke swarm that ranges in composition from ultramafic to anorthosite. Athena is targeting nickel sulphide mineralisation hosted in these dykes. Nickel sulphide mineralisation was first identified in an ultramafic body at Oldfield in drilling by Athena providing confirmation of the validity of the exploration model. 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.

Outcropping nickel laterite mineralisation at Oldfield and possibly the deeper sulphide mineralisation may extend under soil cover onto tenements held wholly by Athena. Mapping and interpretation of the aeromagnetic data and satellite imagery indicates that the ultramafic body hosting the Oldfield mineralisation extends north, east and west into Athena's surrounding tenements.







### 1.4 WORK COMPLETED BY ATHENA

Athena completed both VTEM (helicopter-borne time domain electromagnetic system) and orientation hyperspectral surveys using Hyvister's airborne HyMap multispectral scanner over selected targets at Ravensthorpe.

Athena's first drill programme comprised 5 RC holes totalling 871 metres at the Oldfield prospect. Athena's best intersection was in drillhole OF07RC004, which intersected 30 metres of disseminated sulphides assaying 0.56% nickel from 53 to 83 metres down hole. The intersection included 8 metres at 0.74% nickel. Results for all of Athena's drillholes are listed below in Table 1. Two holes have significant intersections of disseminated sulphide mineralisation.

The holes were positioned to optimise the testing of the eastern ultramafic zone in the first instance. The programme was designed principally as a platform for downhole electromagnetic geophysical surveying. OF07RC004, drilled by Athena, is 60m southeast of RDH2 and 200m south-southwest of RDH3, both of which were drilled in 1972. OF07RC003 is approximately 235m to the northeast of OF07RC004. The host unit dips at 10° to the east and intercepts in Athena's holes are believed to be close to true width.

The drilling confirmed the correlation between the ultramafic units that host the nickel sulphide mineralisation at the Oldfield prospect and magnetic highs. The ultramafic body associated with the magnetic anomaly is divided into an eastern and a western lobe. Athena's first drill programme focused on the larger eastern zone which has a strike length of approximately 600 metres within a broader anomaly that is 1,100 metres long. At its widest point the magnetic anomaly is 900 metres wide.

The Company has commissioned a metallurgical test programme using drilling cuttings from the recently completed drilling programme to determine metallurgical recoveries and possible treatment processes for the Oldfield mineralisation.

During regional reconnaissance surveys Athena's team of geologists identified a number of untested outcropping adcumulate and mesocumulate textured ultramafic bodies with associated magnetic anomalies. Rock chip samples from these locations (0.63% nickel and 0.07% cobalt) are comparable to samples collected over the Oldfield prospect. The new anomalies have similar magnetic textures and amplitudes to Oldfield where nickel sulphides have been intersected in drilling. These targets will be evaluated by drilling in 2007-2008.

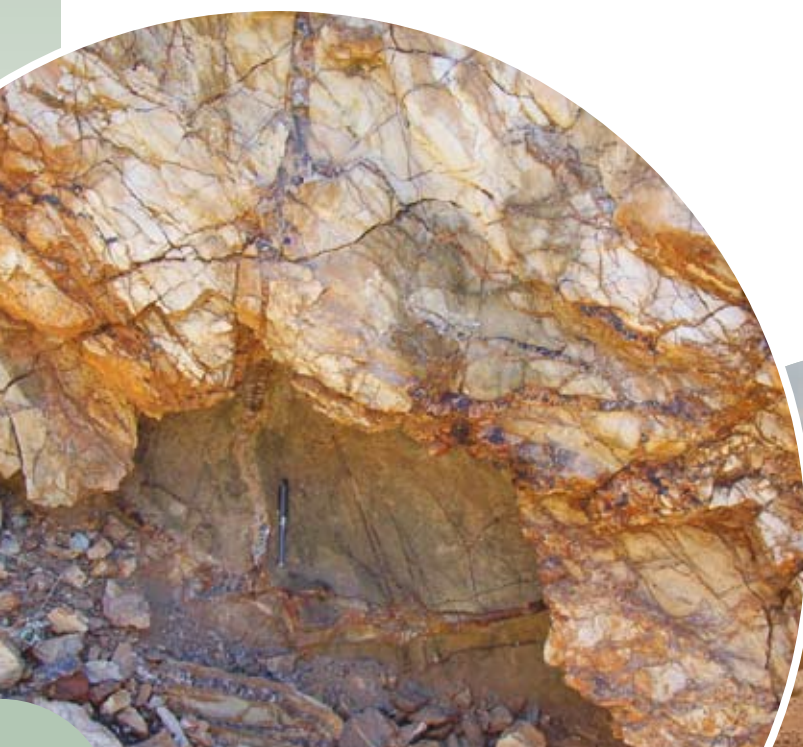
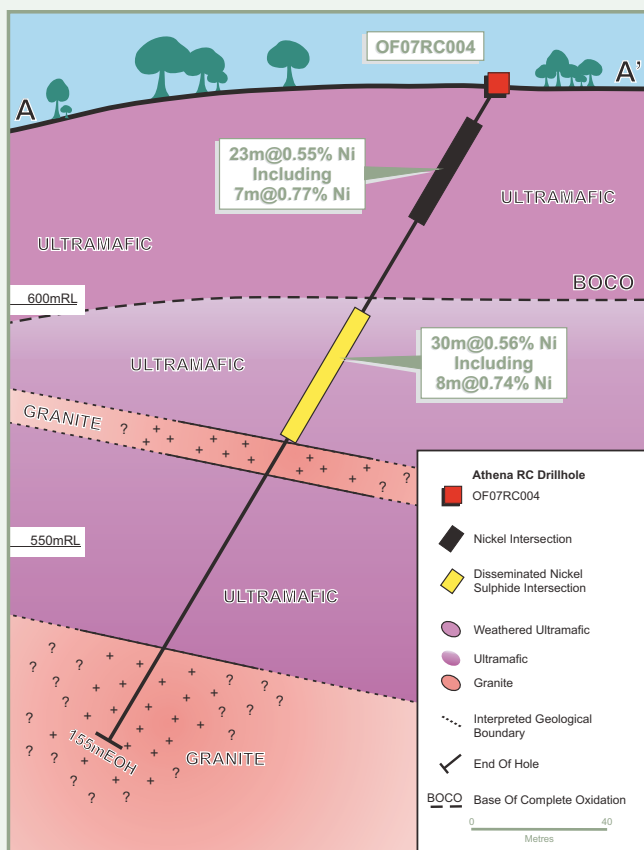




TABLE 1 – ATHENA'S 2007 DRILLING SUMMARY OF NICKEL INTERSECTIONS (>0.5% NI)

Hole ID	MGA East	MGA North	Hole Dip	Direction Magnetic	Interval Downhole	Intercept % Nickel	Comments	
OF07RC001	272328	6290417	-60°	256°	1 to 41m	40 metres @ 0.67%	Laterite Nickel	
					Including	19 to 35m	16 metres @ 1.00%	
OF07RC002	272240	6290592	-60°	256°	5 to 9m	4 metres @ 0.68%	Laterite Nickel	
					Including	6 to 8m	2 metres @ 0.92%	
OF07RC003	272308	6290521	-60°	256°	0 to 30m	30 metres @ 0.51%	Laterite Nickel	
					Including	19 to 22m	3 metres @ 0.84%	
						57 to 67m	10 metres @ 0.61%	Disseminated
					Including	63 to 66m	3 metres @ 1.03%	Sulphides
OF07RC004	272201	6290312	-60°	256°	7 to 30m	23 metres @ 0.55%	Laterite Nickel	
					Including	22 to 29m	7 metres @ 0.77%	
						53 to 83m	30 metres @ 0.56%	Disseminated
					Including	54 to 62m	8 metres @ 0.74%	Sulphides
OF07RC005	271657	6291087	-60°	256°	24 to 27m	3 metres @ 0.55%	Laterite Nickel	





## **2. ASHBURTON COPPER GOLD BASE METALS PROJECT**

### **2.1 LOCATION AND ACCESS**

The Ashburton Project is located approximately 60 kilometres 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 100 kilometres from Nanutarra.

### **2.2 TENURE**

Athena's Ashburton Project covers about 1,000 square kilometres and consists of one Mining Lease (M08/189) and three Exploration Licences (EL08/1641, EL08/1679 and EL08/1680).

### **2.3 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 frequently associated with large mineral systems. The combination of folds, thrust faults and granitic intrusions is of particular interest.

Conceptual targets include large mesothermal orogenic saddle reef and stock-work style gold and/or basemetals mineralisation similar to deposits at Bendigo and Ballarat in Victoria, Pine Creek in the Northern Territory, and Telfer in Western Australia.

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 limited follow-

up drill testing. There are a number of known lead, copper and gold occurrences within Athena's tenement area and anomalous gravity and magnetic responses are evident in the regional data sets. Geochemical anomalies from the Western Australian Geological Survey's regional sampling programme have been identified that warrant follow-up testing.

### **2.4 WORK COMPLETED BY ATHENA**

Athena completed a helicopter borne VTEM survey at Kooline in December 2006 and commissioned Hyvista Corporation to fly an orientation hyperspectral survey. The Company also acquired the latest government 400 metre spaced regional magnetic and radiometric data sets and is in the process of integrating these, together with most recent aerial photography, in a GIS environment.

Athena tested the area over two of the lead mines with fixed loop electromagnetic (EM) surveys. The EM identified several targets for drill testing. A programme of rock chip and soil sampling (43 and 500 samples respectively) has been completed to "finger print" the known mineralisation and determine what, if any, other metals are present in the mineralised system. Results are pending.

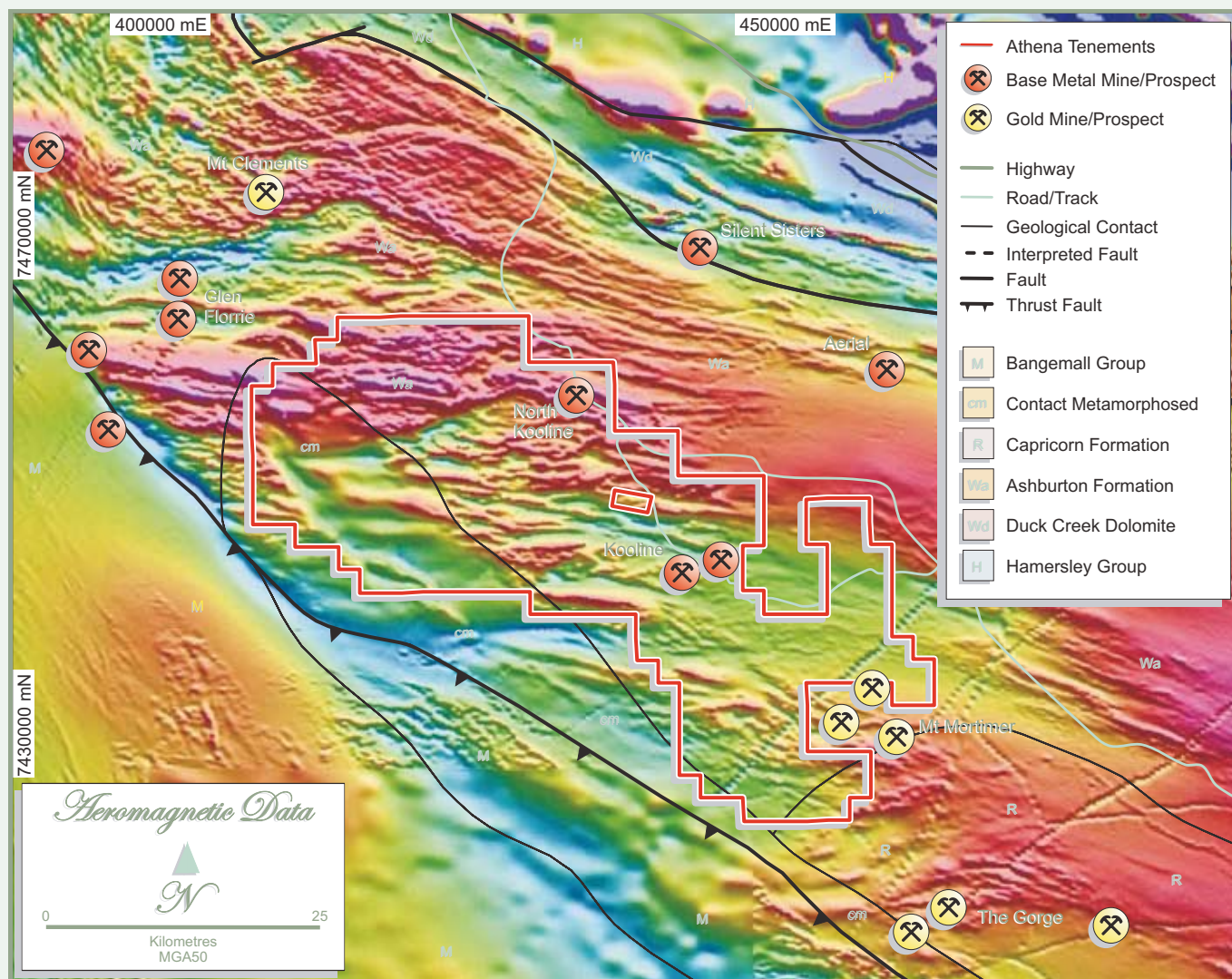
Athena has identified a quartz vein with associated stock work hosted copper and lead mineralisation that can be traced at surface for over 900 metres. The Company has recorded over seventy minor workings in an area measuring 7 km x 4 km. The controlling structures are penetrative axial planar shears similar to the structures which control the distribution of mineralisation in Victoria and at Pine Creek in the Northern Territory. These structures continue beyond this area with some minor but unrecorded production for small time prospector pits and shafts.

Rock chip and grabs samples collected from one of the Kooline lead mines have returned high-grade assays for lead and silver from samples of both massive and disseminated



TABLE 2 – SUMMARY OF SIGNIFICANT ROCK CHIP ASSAYS FROM ATHENA'S RAVENSTHORPE PROJECT

Sample No	MGA East	MGA North	Ni ppm	Cu ppm	Co ppm
OF070319-05	271680	6290048	6160	20	780
OF070319-13	271578	6291071	4840	460	820
OF070320-01	272246	6290576	4340	-20	260
OF070320-02	272148	6290290	4020	-20	180
OF070320-03	272289	6290388	8200	-20	1460
OF070323-03	268387	6298370	3300	-20	200
OF070323-06	268688	6298141	6320	-20	780





sulphide ore. Samples of lead concentrate and tailings assayed 72.3% Pb, 210ppm Ag and 3.0% Pb and 10ppm Ag respectively.

The workings have never been drilled and provide an attractive exploration target for basemetals. If sufficient resources can be delineated at Kooline a high-grade lead/silver sulphide concentrate could be produced for direct shipping using relatively simple low cost gravity separation.

### 3. BYRO NICKEL-COPPER PGE PROJECT

#### 3.1 LOCATION AND ACCESS

The Byro Project is located near Byro Station in the Gascoyne Mineral Field, of Western Australia. The centre of the project is approximately 250 kilometres from Geraldton and 300 kilometres from Carnarvon.

#### 3.2 TENURE

Athena's Byro Project covers 5,100 square kilometres and consists of ten Exploration Licence Applications. Athena has an 80% interest in the project contributing 100%.

#### 3.3 GEOLOGY AND MINERALISATION

Athena's Byro Project is located along the north-western margin of the Yilgarn Craton, within an Archaean Gneiss Belt which trends NNE for approximately 200km. The geology is predominately highly metamorphosed quartzofeldspathic gneisses and migmatites with amphibolites, quartzites, BIF's, felsic volcanics and layered mafic-ultramafic intrusions. Regional folding and thrusting has resulted in a dominant (steep) westerly dip and north northeast strike, although locally this varies from north to east. The magnetic and gravity data suggests a series of ultramafic and mafic layered intrusions under shallow alluvial cover, more extensive than previously interpreted.

Past exploration in the region indicates the presence of anomalous copper-nickel-PGE and chromite mineralisation. Two altered, layered mafic-ultramafic bodies are found at Taccabba Well and Imagi Well where iron-rich chromite occurrences have been discovered. The available magnetic data consists of broad spaced (1600 metres) regional surveys carried out by the Western Australia Geological Survey and Geoscience Australia. Athena plans to commission new higher resolution surveys to better pin point targets area.

#### 3.4 WORK COMPLETED BY ATHENA

Athena has been actively compiling open file data held by the Geological Survey of Western Australia ahead of ground reconnaissance in the coming months. Assessment of past exploration includes the capture of historic surface and drill hole geochemical data as digital files. These data sets are currently being integrated with gravity, magnetic and remote sensing data from public sources to identify specific targets for ground checking.

### 4. BINNERINGIE NICKEL-COPPER PGE PROJECT

#### 4.1 LOCATION AND ACCESS

The Binneringie Project comprises a series of tenement applications extending across the Yilgarn Craton from Lake Cowan (southeast of Kalgoorlie) in the east to Williams on the Albany Highway in the west; a distance of about 580 kilometres.

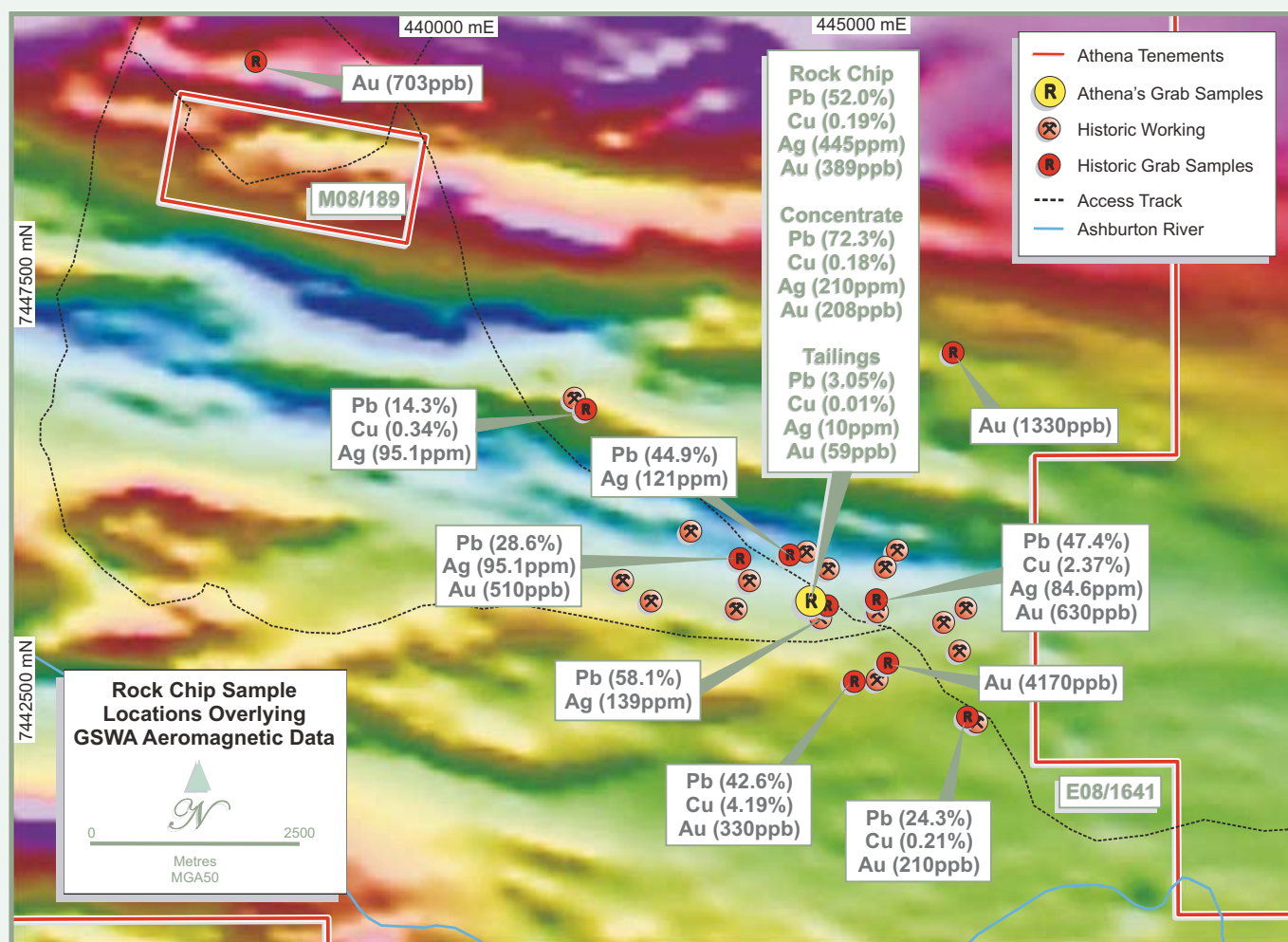
#### 4.2 TENURE

Athena's Binneringie Project covers approximately 4,300 square kilometres and consists of fourteen Exploration Licence Applications. Athena has an 80% interest in the project contributing 100%.



TABLE 3 - ASSAYS OF GRAB SAMPLES FROM THE KOOLINE LEAD MINES

Sample	Lead %	Silver ppm	Copper ppm	Comments
BX202552	70	240	1950	Rock Chip
0612A3	52	445	1900	Rock Chip
BX202554	24	20	150	Rock Chip
BX202549	11	15	150	Rock Chip
BX202550	72	210	1850	Concentrate
BX202551	3	10	150	Tailings





### 4.3 GEOLOGY AND MINERALISATION

The Binneringie Project is a conceptual exploration play based on similarities with the Great Dyke of Zimbabwe and is known to host anomalous copper sulphides and PGE's in the Lake Cowan area near Widgiemooltha 120 kilometres southeast of Kalgoorlie.

The Binneringie dyke is prospective for magmatic nickel-copper-PGE-chromite, titaniferous magnetite and vanadium deposits. The area was targeted using gravity and magnetic data, which indicate a major east-west trending mafic dyke parallel to and belonging to the Jimberlana Dyke swam. A nickel-copper-cobalt occurrence is recorded at Bronzite Ridge on the Jimberlana Dyke. The gravity and magnetic data indicate a number of poorly exposed, but largely continuous ultramafic and mafic to felsic intrusions along the trend of the dyke. The Binneringie dyke is comparable in length to the Great Dyke of Zimbabwe and is the only member of the Jimberlana suite to have a significant gravity signature associated with it.

### 4.4 WORK COMPLETED BY ATHENA

Athena has been actively compiling open file data held by the Geological Survey of Western Australia ahead of ground reconnaissance in the coming months. Assessment of past exploration includes the capture of historic surface and drill hole geochemical data as digital files. These data sets are currently being integrated with gravity, magnetic and remote sensing data from public sources to identify specific targets for ground checking.

*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 Australasian Institute of Mining and Metallurgy, and has sufficient relevant experience in the styles of mineralisation and deposit styles under consideration to qualify as a Competent Person as defined in "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition)". Mr Thomson consents to this inclusion of the information in this report in the context and format in which it appears.*

*This report contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "aim", "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect Athena's current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause actual results to differ materially from the statements made including those factors detailed from time to time in filings made by Athena to securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated or expected. Athena does not intend and does not assume any obligation to update these forward-looking statements.*



# Directors' Report

## 3



Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited and its controlled entity ("Athena") for the financial year ended 30 June 2007.

### DIRECTORS

The following persons were Directors of Athena Resources Limited during the whole of the financial year and up to the date of this report;

Edmond William Edwards	Executive Chairman
Donald Fergusson Thomson	Executive Director
Shane Beatty Sadleir	Non-Executive Director

### PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

#### Edmond William Edwards Executive Chairman and Company Secretary

##### Qualifications

Mr Edwards is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. He is a Fellow of The Australian Institute of Company Directors.

##### Experience

Mr Edwards has over 26 years experience in the mining industry in Western Australia. He was previously 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.

As the Finance Director of both Fox Resources Ltd and Aztec Resources Ltd 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. Mr Edwards was previously a Director of Acclaim Exploration NL and Matlock Mining NL which with Eagle Mining successfully developed the Nimary Gold Mine.

Mr Edwards was a partner at Hendry Rae & Court 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.

##### Interest in Shares and Options

3,350,000 Fully Paid Shares  
3,400,000 Options exercisable at 20 cents expiring 30 November 2009

### Special Responsibilities

Mr Edwards is responsible for Treasury, Corporate, Finance and is the Company Secretary.

### Directorships held in listed entities

Company Name	Appointed	Resigned
Aztec Resources Limited	15/05/1997	02/07/2004
Fox Resources Limited	26/04/2002	02/07/2004
Resource Mining Corporation Limited	05/04/2004	19/01/2006

#### Donald Fergusson Thomson Executive Director

##### Qualification

Mr Thomson has a Bachelor of Science (Hons) in Geology and is a Member of the Australian Institute of Mining and Metallurgy.

##### Experience

Mr Thomson is a geologist with over 25 years industry experience and is a member of the Australian Institute of Mining and Metallurgy. He worked for Newcrest for 9 years in mining and regional exploration throughout Western Australia and the Northern Territory, and was involved in drill-outs at New Celebration and Telfer.

From 1996 to 2001 as Exploration Manager for Johnson's Well Mining (now Regis), he led the team responsible for the discovery of gold resources totalling 2 million ounces, including the 1.2 million ounce Rosemont gold deposit. During this time he oversaw the consolidation of mining and exploration tenure over the Duketon belt.

He served as Exploration Manager for Acclaim Exploration NL, Aztec Resources Ltd and Fox Resources Ltd, managing exploration on the Wingellina, Koolan Island and Radio Hill projects for these respective companies. He was Technical Director of both Acclaim and Aztec during critical periods in the development of these companies.

Most recently, as Exploration Manager, Mr Thomson was responsible for the restructuring of Legend Mining Ltd's technical team to focus on exploration.

##### Interest in Shares and Options

550,000 Fully Paid Shares  
550,000 Options exercisable at 20 cents expiring 30 November 2009



## Directors' Report (cont.)

### 3

#### Special Responsibilities

Mr Thomson is responsible for Exploration activities.

#### Directorships held in listed entities

Company Name	Appointed	Resigned
Acclaim Exploration NL	27/11/2002	23/03/2005
Aztec Resources Limited	31/01/2003	05/09/2003

#### Shane Beatty Sadleir Non-executive director

##### Qualification

Mr Sadleir has a Bachelor of Science (Hons) in Geology and is a Fellow of the Australian Institute of Mining and Metallurgy.

##### Experience

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 industrial, mining and land use projects and remediation of contaminated sites in Western Australia.

#### Interest in Shares and Options

1,560,000 Fully Paid Shares

1,555,000 Options exercisable at 20 cents expiring 30 November 2009

#### Special Responsibilities

Mr Sadler is Chairman of the Audit Committee.

#### Directorships held in listed entities

Company Name	Appointed	Resigned
Trafford Resources Limited	19/06/2006	-
Bannerman Resources Limited	28/04/2005	13/02/2006

#### PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration in Australia.

#### OPERATING AND FINANCIAL REVIEW

A review of operations of the Company and its controlled entities during the financial year is contained in the Review of Operations section of the annual report.

	2007	2006
Operating Results	\$	\$
Consolidated loss after income tax for the financial year	<u>275,465</u>	<u>10,292</u>

#### Financial Position

At 30 June 2007, the Company has cash reserves of \$1,300,479 and other short term assets readily realisable in cash of \$59,545.

#### Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

#### MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in subsequent financial years.

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.



## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2007, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
Edmond William Edwards	17	17
Donald Fergusson Thomson	17	17
Shane Beatty Sadleir	17	17

## AUDIT COMMITTEE

The audit committee is comprised of the non-executive director. During the year ended 30 June 2007, Mr Sadleir chaired one meeting of the Audit Committee.

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and executive of Athena Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

### Remunerations policy (audited)

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

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

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

### Performance-based remuneration

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

### Details of remuneration for year ended 30 June 2007 (audited)

#### Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. Details of the agreements are set out below.

#### Agreements in respect of cash remuneration of Directors:

Mr. Edwards is the Executive Chairman responsible for the day-to-day operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr. Thomson is the Technical Executive responsible for the technical operations of the Company. The Company has an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Thomson to the Company in relation to its activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd. The Company may terminate the contract by giving three months notice. Indigo Exploration Services Pty Ltd may terminate by giving three months notice.

Mr. Sadleir is a non executive director. The Company has an agreement with Mineral Products Holdings Pty Ltd to provide the services of Mr. Sadleir to the Company on normal commercial terms and conditions. An annual fee of \$36,000 excluding GST was paid during the year. Mr. Sadleir is a director of Mineral Products Holdings Pty Ltd. The Company may terminate the contract by giving three months notice. Mineral Products Holdings Pty Ltd may terminate by giving three months notice.

The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
<b>Year ended 30 June 2007</b>			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
S B Sadleir	Mineral Products Holdings Pty Ltd	36,000	36,000
		<u>276,000</u>	<u>276,000</u>
<b>Year ended 30 June 2006</b>			
E W Edwards	Tied Investments Pty Ltd	-	-
D F Thomson	Indigo Exploration Services Pty Ltd	-	-
S B Sadleir	Mineral Products Holdings Pty Ltd	-	-
		<u>-</u>	<u>-</u>

The consolidated entity does not have any full time executive officers, other than directors as detailed above.

There were no performance related payments made during the year.

### SHARE OPTIONS

As at the date of this report, there were 25,485,000 options over unissued ordinary shares in the parent entity. These options are listed, and are exercisable at \$0.20 on or before 30 November 2009. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

### ENVIRONMENTAL ISSUES

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

### INDEMNIFICATION OF DIRECTORS

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

The Company has entered into agreements with Edmond Edwards, Donald Thomson and Shane Sadleir to indemnify them against any liability incurred by them as an officer of the Company including costs and expenses of successfully defended legal proceedings.

### AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

### NON-AUDIT SERVICES

The following non-audit services were provided by our auditors, HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.



HLB Mann Judd received the following amounts for the provision of non-audit services:

Independent Accountants Report included in Prospectus dated 25 September 2006	\$7,500
Review of Short Form Prospectus	\$150

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2007 and can be found within these financial statements.

### PROCEEDINGS ON BEHALF OF COMPANY

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

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

E W Edwards  
Executive Chairman

Date at Perth this 26 September 2007





# Corporate Governance Statement

## 4

### CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2007.

<b>Principle Ref</b>	<b>Recommendation Ref</b>	<b>Notification of Departure</b>	<b>Explanation for Departure</b>
2	2.1	For the Reporting Period the Board comprised three directors, only one of whom, Mr S Sadleir, was considered to be independent.	The Board acknowledges that a greater proportion of independent directors may be desirable over the longer term.
2	2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.3	The Audit Committee does not meet the requirements for composition in numbers or independent chairperson.	The Board will make any appropriate changes to the composition of the Audit Committee as the composition of the Board changes.

### BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The names of independent directors of the company are:

Shane Sadleir

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the consolidated entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice at the company's expense in the furtherance of their duties as directors. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.



### TRADING POLICY

The company's policy regarding directors and employees trading in its securities is set by the board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

### AUDIT COMMITTEE

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

### PERFORMANCE EVALUATION

During the Reporting Period an evaluation of the Board was informally carried out by the Chairman.

### REMUNERATION POLICIES

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executive officers, in the context of prevailing market conditions.

The Executive Chairman and Executive Director receive a fixed consultancy fee for the services provided to the Company in an Executive capacity.

The non-executive director is entitled to receive a fixed fee for his service as a director.

There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievements of certain key performance indicators.

The amount of remuneration for all directors and executives, including all monetary and non-monetary components, are detailed in the annual report. All remuneration paid to executives is valued at the cost to the company and expensed.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

### REMUNERATION COMMITTEE

The remuneration committee is made up of the full board of Athena.

### OTHER INFORMATION

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at [www.athenaresources.com.au](http://www.athenaresources.com.au)





# Auditor's Independence Declaration

## 5



Accountants | Business and Financial Advisers

### Auditors' Independence Declaration

As lead auditor for the audit of the financial report of Athena Resources Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Athena Resources Limited.

**Perth, Western Australia**  
**26 September 2007**

**N G NEILL**  
**Partner, HLB Mann Judd**

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](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>

Partners: Terry M Blenkinsop, Litsa Christodoulou, 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  International and the HLB Mann Judd National Association of independent accounting firms

# Income Statement

## 6



### FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	2	77,540	-	77,540	-
Administration Costs					
Depreciation	9	(20,485)	-	(20,485)	-
Employee and Consultant Costs		(176,451)	(472)	(176,451)	(472)
Listing and Share Registry Costs		(43,650)	(717)	(43,650)	(717)
Office and Communication Costs		(75,112)	(6,243)	(75,112)	(6,243)
Other expenses		(37,307)	(2,860)	(37,307)	(2,860)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<u>(275,465)</u>	<u>(10,292)</u>	<u>(275,465)</u>	<u>(10,292)</u>
Income tax expense		-	-	-	-
<b>NET LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF ATHENA RESOURCES LIMITED</b>		<u><b>(275,465)</b></u>	<u><b>(10,292)</b></u>	<u><b>(275,465)</b></u>	<u><b>(10,292)</b></u>
Basic loss per share (cents per share)	24	(1.46)	(0.14)		
Diluted loss per share (cents per share)	24	(0.97)	(0.14)		

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



# Balance Sheet

## 7

### AS AT 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	1,300,479	1,959	1,300,279	1,959
Trade and other receivables	6	59,545	2,617	59,545	2,617
Other current assets	7	-	4,062	-	4,062
<b>Total Current Assets</b>		<u>1,360,024</u>	<u>8,638</u>	<u>1,359,824</u>	<u>8,638</u>
<b>NON CURRENT ASSETS</b>					
Trade and other receivables	6	-	-	230,701	-
Financial assets	8	-	-	200,000	-
Plant and equipment	9	145,390	-	145,390	-
Mineral exploration and evaluation	10	<u>2,195,655</u>	<u>284,502</u>	<u>1,765,154</u>	<u>284,502</u>
<b>Total Non Current Assets</b>		<u>2,341,045</u>	<u>284,502</u>	<u>2,341,245</u>	<u>284,502</u>
<b>TOTAL ASSETS</b>		<u>3,701,069</u>	<u>293,140</u>	<u>3,701,069</u>	<u>293,140</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	378,523	48,332	378,523	48,332
Interest bearing liabilities	12	<u>14,702</u>	-	<u>14,702</u>	-
<b>Total Current Liabilities</b>		<u>393,225</u>	<u>48,332</u>	<u>393,225</u>	<u>48,332</u>
<b>NON CURRENT LIABILITIES</b>					
Interest bearing liabilities	12	<u>28,829</u>	-	<u>28,829</u>	-
<b>Total Non Current Liabilities</b>		<u>28,829</u>	-	<u>28,829</u>	-
<b>TOTAL LIABILITIES</b>		<u>422,054</u>	<u>48,332</u>	<u>422,054</u>	<u>48,332</u>
<b>NET ASSETS</b>		<u>3,279,015</u>	<u>244,808</u>	<u>3,279,015</u>	<u>244,808</u>
<b>EQUITY</b>					
Issued capital	13	3,333,772	255,100	3,333,772	255,100
Reserves	14	231,000	-	231,000	-
Accumulated losses	14	<u>(285,757)</u>	<u>(10,292)</u>	<u>(285,757)</u>	<u>(10,292)</u>
<b>TOTAL EQUITY</b>		<u>3,279,015</u>	<u>244,808</u>	<u>3,279,015</u>	<u>244,808</u>

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

# Statement of Changes in Equity

## 8



### FOR YEAR ENDED 30 JUNE 2007

<b>Consolidated Entity</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Options Reserve \$</b>	<b>Total \$</b>
<b>Period ended 30 June 2006</b>				
Shares issued (net)	255,100	-	-	255,100
Net loss	-	(10,292)	-	(10,292)
Balance at 30 June 2006	<u>255,100</u>	<u>(10,292)</u>	<u>-</u>	<u>244,808</u>
<b>Year ended 30 June 2007</b>				
Balance at 1 July 2006	255,100	(10,292)	-	244,808
Shares issued (net)	3,078,672	-	-	3,078,672
Options issued	-	-	231,000	231,000
Net loss	-	(275,465)	-	(275,465)
Balance at 30 June 2007	<u>3,333,772</u>	<u>(285,757)</u>	<u>231,000</u>	<u>3,279,015</u>
<b>Parent Entity</b>				
	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Options Reserve \$</b>	<b>Total \$</b>
<b>Period ended 30 June 2006</b>				
Shares issued (net)	255,100	-	-	255,100
Net loss	-	(10,292)	-	(10,292)
Balance at 30 June 2006	<u>255,100</u>	<u>(10,292)</u>	<u>-</u>	<u>244,808</u>
<b>Year ended 30 June 2007</b>				
Balance at 1 July 2006	255,100	(10,292)	-	244,808
Shares issued (net)	3,078,672	-	-	3,078,672
Options issued	-	-	231,000	231,000
Net loss	-	(275,465)	-	(275,465)
Balance at 30 June 2007	<u>3,333,772</u>	<u>(285,757)</u>	<u>231,000</u>	<u>3,279,015</u>

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



# Cash Flow Statement

## 9

FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payment to suppliers		(315,366)	(11,643)	(315,366)	(11,643)
Interest income received		77,540	-	77,540	-
Interest and other finance costs paid		(939)	-	(939)	-
<b>Net Cash Outflow From Operating Activities</b>	19	<u>(238,765)</u>	<u>(11,643)</u>	<u>(238,765)</u>	<u>(11,643)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for exploration expenditure		(1,200,655)	(141,498)	(1,000,764)	(141,498)
Payment for investments		(4,000)	-	(4,000)	-
Payment for other fixed assets		(118,869)	-	(118,869)	-
Refund/ (payment) of bonds		(250,000)	-	(250,000)	-
Loans to related parties		-	-	(199,891)	-
Cash acquired on purchase of subsidiary		200	-	-	-
Proceeds on disposal of share investment		4,412	-	4,412	-
<b>Net Cash Outflow From Investing Activities</b>		<u>(1,568,912)</u>	<u>(141,498)</u>	<u>(1,569,112)</u>	<u>(141,498)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares and options		3,339,000	155,100	3,339,000	155,100
Share and option issue transaction costs		(229,328)	-	(229,328)	-
Repayment of borrowings		(3,475)	-	(3,475)	-
<b>Net Cash Inflow From Financing Activities</b>		<u>3,106,197</u>	<u>155,100</u>	<u>3,106,197</u>	<u>155,100</u>
Net increase in cash held		1,298,520	1,959	1,298,320	1,959
Cash and cash equivalents at beginning of the financial year		<u>1,959</u>	-	<u>1,959</u>	-
Cash and cash equivalents at the end of this financial year	5	<u>1,300,479</u>	<u>1,959</u>	<u>1,300,279</u>	<u>1,959</u>

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



### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2007

#### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of Australian Accounting Standards Board and the Corporation Act 2001. The financial report has been prepared on a historical cost basis.

The financial report covers the consolidated entity of Athena Resources Limited and controlled entity, and Athena Resources Limited as an individual parent entity. Athena Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Athena Resources Limited and controlled entity, and Athena Resources Limited as an individual parent entity, complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

In the year ended June 30 2007, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. It has been determined by the Consolidated Entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Consolidated Entity accounting policies.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial report was authorised for issue on 26 September 2007.

#### Basis of Preparation

##### Reporting Basis and Conventions

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding as occurred during the year ended 30 June 2007 as disclosed in Note 13, can be derived from either one or a combination of the following:

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

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.



### Accounting Policies

#### (a) Principles of Consolidation

A controlled entity is any entity controlled by Athena Resources Limited. Control exists where Athena Resources Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Athena Resources Limited to achieve the objectives of Athena Resources Limited. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the financial report.

#### (b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### (c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.



The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### **(d) Exploration, Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

#### **(e) Impairment of Assets**

At each reporting date, the directors reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(f) Provisions**

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.



**(g) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**(h) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and service tax (GST).

**(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the balance sheet are shown inclusive of GST.

**(j) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(k) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(l) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

**(m) Key Estimates – Impairment**

The directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of costs carried forward as exploration assets. The ultimate recoupment of value is dependent on the successful development and commercial exploration or sale of the respective areas.





	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 2 - REVENUE</b>				
Revenue from non-operating activities				
Interest received	77,540	-	77,540	-
Total revenue	77,540	-	77,540	-
<b>NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES</b>				
<b>(a) Expenses</b>				
Borrowing costs expensed:	939	-	939	-
Total borrowing costs expensed	939	-	939	-
Depreciation of non-current assets:				
Plant and equipment	10,100	-	10,100	-
Office furniture and equipment	757	-	757	-
Motor vehicles	4,301	-	4,301	-
Computer software	5,327	-	5,327	-
Total depreciation of non-current assets	20,485	-	20,485	-
<b>(b) Losses / (Gains)</b>				
Net gain on sale of investments	412	-	412	-



	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

#### NOTE 4 - INCOME TAX

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

Loss for the year	<u>(275,465)</u>	<u>(10,292)</u>	<u>(275,465)</u>	<u>(10,292)</u>
Income tax calculated at 30%	(82,640)	(3,088)	(82,640)	(3,088)
<b>Tax effect of permanent differences:</b>				
Non-allowable provisions and write-downs	-	-	-	-
Non-allowable expenditure	-	-	-	-
Tax amortisation of capital raising costs	-	-	-	-
Deferred tax asset not recognised	<u>82,640</u>	<u>3,088</u>	<u>82,640</u>	<u>3,088</u>
<b>Income Tax Attributable To Operating Loss</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The directors estimate the deferred tax asset attributable to the company and its controlled entity at 30% are as follows:

<b>Capital Losses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenue Losses</b>	<u>85,728</u>	<u>3,088</u>	<u>85,728</u>	<u>3,088</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2007 as the directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

- The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
- The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

#### Franking Credits

No franking credits are available at balance date for the subsequent financial year.



	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 5 - CASH AND CASH EQUIVALENTS</b>				
Cash at bank and on hand	<u>1,300,479</u>	<u>1,959</u>	<u>1,300,279</u>	<u>1,959</u>
	1,300,479	1,959	1,300,279	1,959
<b>NOTE 6 - TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
GST Receivable	53,263	-	53,263	-
Other	<u>6,282</u>	<u>2,617</u>	<u>6,282</u>	<u>2,617</u>
	59,545	2,617	59,545	2,617
<b>Non Current</b>				
Controlled entity				
Amounts due (1)	<u>-</u>	<u>-</u>	<u>230,701</u>	<u>-</u>
	-	-	230,701	-
(1) For future information on receivables from controlled entity, refer to Note 21.				
<b>NOTE 7 - OTHER CURRENT ASSETS</b>				
Prepayments	<u>-</u>	<u>4,062</u>	<u>-</u>	<u>4,062</u>
	-	4,062	-	4,062
<b>NOTE 8 - FINANCIAL ASSETS</b>				
Shares in unlisted controlled entity – at cost	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
	-	-	200,000	-



	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 9 - PLANT AND EQUIPMENT</b>				
Plant and equipment				
Cost	165,875	-	165,875	-
Provision for depreciation	(20,485)	-	(20,485)	-
	<u>145,390</u>	<u>-</u>	<u>145,390</u>	<u>-</u>
Movement for the year				
Opening balance	-	-	-	-
Additions	165,875	-	165,875	-
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation expensed	(20,485)	-	(20,485)	-
Closing balance	<u>145,390</u>	<u>-</u>	<u>145,390</u>	<u>-</u>
<b>NOTE 10 - MINERAL EXPLORATION AND EVALUATION</b>				
At cost brought forward	284,502	-	284,502	-
Transfer to subsidiary	-	-	(30,810)	-
Expenditure during the year	1,461,353	184,000	1,261,462	184,000
Fair value of acquisition	449,800	100,000	250,000	100,000
Expenditure written off	-	-	-	-
At cost less impairment	<u>2,195,655</u>	<u>284,502</u>	<u>1,765,154</u>	<u>284,502</u>

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

#### NOTE 11 - TRADE AND OTHER PAYABLES

##### Current

Trade creditors and accruals	343,323	48,332	343,323	48,332
Due to directors - remuneration	35,200	-	35,200	-
	<u>378,523</u>	<u>48,332</u>	<u>378,523</u>	<u>48,332</u>



	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 12 - INTEREST BEARING LIABILITIES</b>				
<b>Current</b>				
Hire purchase liability	14,702	-	14,702	-
<b>Non Current</b>				
Hire purchase liability	28,829	-	28,829	-

**Terms and conditions**

Hire purchase agreements are repayable by monthly installments, the timing and amount of which are disclosed in Note 15 and at the weighted average interest rate disclosed in Note 25(a).

**Financing Agreements**

No overdraft facilities have been formalised at 30 June 2007 and neither the company nor any of its controlled entity have lines of credit at 30 June 2007.

	Parent Entity	
	2007	2006
	\$	\$
<b>NOTE 13 - ISSUED CAPITAL</b>		
<b>(a) Issued capital:</b>		
25,715,000 ordinary shares fully paid		
(2006: 8,500,000 ordinary shares fully paid)	<u>3,333,772</u>	<u>255,100</u>

**(b) Movements in ordinary share capital of the Company since incorporation were as follows:**

Date	Details	No. Of Shares	Issue Price Cents	Value \$
11/04/05	Subscriber Shares	100	100.00	100
25/05/05	Subscriber Shares	4,999,900	0.10	5,000
09/06/05	Subscriber Shares	1,300,000	5.00	65,000
27/07/05	Subscriber Shares	700,000	5.00	35,000
27/04/06	Subscriber Shares	1,000,000	5.00	50,000
27/04/06	Vendor Shares (ii)	<u>500,000</u>	20.00	<u>100,000</u>
		8,500,000		255,100
31/08/06	Subscriber Shares	1,100,000	10.00	110,000
08/09/06	Subscriber Shares	500,000	10.00	50,000
10/11/06	Vendor Shares (iii)	1,000,000	20.00	200,000
17/11/06	Initial Public Offering Shares	12,000,000	20.00	2,400,000
13/02/07	Placement (i),(iv)	2,500,000	21.00	525,000
12/03/07	Conversion of Options	45,000	20.00	9,000
04/05/07	Conversion of Options	10,000	20.00	2,000
16/05/07	Conversion of Options	<u>60,000</u>	20.00	<u>12,000</u>
30/06/07	Closing balance	25,715,000		3,563,100
	Less: Transaction costs arising on share issues			<u>(229,328)</u>
		<u>25,715,000</u>		<u>3,333,772</u>

(i) Funds raised for working capital purposes and replenish the option fee paid under the Ucabs Agreement.

(ii) Purchase of Ravensthorpe Tenements (see NOTE 21).

(iii) Purchase of Capricorn Resources Pty Ltd (see NOTE 21).

(iv) Placement of Shares at 21 cents with a free attaching option.

**(c) Options as at 30 June 2007:**

Date	Details	No. Of Options	Issue Price Cents	Value \$
13/02/07	Placement of Shares and Options	2,500,000	0.00	-
14/02/07	Option Entitlement Issue	23,100,000	1.00	231,000
	Conversion of Options	<u>(115,000)</u>		<u>-</u>
		<u>25,485,000</u>		<u>231,000</u>

**(d) Voting and dividend rights**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.



	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 14 - RESERVES AND ACCUMULATED LOSSES</b>				
Share Option Reserve (a)	231,000	-	231,000	-
Accumulated Losses (b)	(285,757)	(10,292)	(285,757)	(10,292)

**(a) Share Option Reserve**

(i) Nature and purpose of reserve

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

(ii) Movement in reserves

Issue of Options Note 13(c)	231,000	-	231,000	-
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**(b) Accumulated Losses**

Balance at beginning of the year	(10,292)	-	(10,292)	-
Net Loss from ordinary activities	(275,465)	(10,292)	(275,465)	(10,292)
Balance at end of the year	(285,757)	(10,292)	(285,757)	(10,292)

**NOTE 15 - COMMITMENTS FOR EXPENDITURE**

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay in the year ended 30 June 2007 amounts of \$997,700 (2006: \$499,372) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

Not later than one year	997,770	499,372	593,519	499,372
Later than 1 year but not later than 2 years	997,770	499,372	593,519	499,372
Later than 2 years but not later than 5 years	2,993,310	1,498,116	1,780,557	1,498,116
	4,988,850	2,496,860	2,967,595	2,496,860

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

The commitments referred to above represent the Companies' share of obligations under joint venture agreement without allowing for dilution.

(b) Hire purchase liabilities

Hire purchase agreements are payable

- Within one year	17,654	-	17,654	-
- One year or later and no later than five years	30,895	-	30,895	-
	48,549	-	48,549	-
Less charges yet to mature	(5,018)	-	(5,018)	-
	43,531	-	43,531	-
Hire purchase liabilities provided for in the financial statements				
- Current (Note 12)	14,702	-	14,702	-
- Non-current (Note 12)	28,829	-	28,829	-
	43,531	-	43,531	-

**NOTE 16 - CONTINGENT LIABILITIES**

Athena Resources Limited and its controlled entity have no known material contingent liabilities as at 30 June 2006 or 30 June 2007 except as follows. On 8 December 2006 the company entered into an option agreement to acquire 75% of the Oldfield Nickel-Copper Sulphide Project (exploration licence E74/218) at Ravensthorpe from Ucabs Pty Ltd. The terms of the agreement are as follows: -

1. Athena 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 and \$200,000 worth of Athena shares at that date.
3. The option may be exercised by final payment of \$1,500,000 and \$1,500,000 worth of Athena shares at that date.
4. Ucabs will be free carried for its 25% interest to completion of a feasibility study.

Only the financial impact of the initial payment of \$250,000 has been included in the financial statements.

**NOTE 17 - INVESTMENT IN CONTROLLED ENTITY**

	Class of Shares		Contribution to consolidated net loss		Book Value of Athena's Investments	
			2007	2006	2007	2006
			\$	\$	\$	\$
Athena Resources Limited - Parent Entity	Ordinary	100%	(275,465)	(10,292)	-	-
Capricorn Resources Limited	Ordinary	100%	-	-	200,000	-
			<u>(275,465)</u>	<u>(10,292)</u>	<u>200,000</u>	<u>-</u>

(a) The above controlled entity is incorporated in Australia.

(b) The book value of Athena Resources Limited's investment in the ordinary shares of controlled entity, is at cost which does not exceed the underlying net assets of the entity.

**NOTE 18 - SEGMENT INFORMATION**

The consolidated entity is involved in the mineral exploration industry solely within Australia.

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

**NOTE 19 - NOTES TO THE CASH FLOW STATEMENT**

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	(275,465)	(10,292)	(275,465)	(10,292)
Depreciation	20,485	-	20,485	-
Profit on sale of non-current assets	(412)	-	(412)	-
Movement in assets and liabilities				
Receivables	(11,424)	-	(11,424)	-
Other current assets	4,062	(4,062)	4,062	(4,062)
Payables	23,989	2,711	23,989	2,711
Net cash used in operating activities	<u>(238,765)</u>	<u>(11,643)</u>	<u>(238,765)</u>	<u>(11,643)</u>

**NOTE 20 - KEY MANAGEMENT PERSONNEL**

## (a) Directors

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

Edmond William Edwards	Executive Chairman
Donald Ferguson Thomson	Executive Director
Shane Beatty Sadleir	Non-Executive Director

## (b) Remuneration Policies

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

## (c) Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. Details of the agreement are set out below.

Agreements in respect of cash remuneration of Directors:

Mr. Edwards is the Executive Chairman responsible for the day-to-day operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr. Thomson is the Technical Executive responsible for the technical operations of the Company. The Company has an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Thomson to the Company in relation to its activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST was paid during the year. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd. The Company may terminate the contract by giving three months notice. Indigo Exploration Services Pty Ltd may terminate by giving three months notice.

Mr. Sadleir is a non executive director. The Company has an agreement with Mineral Products Holdings Pty Ltd to provide the services of Mr. Sadleir to the Company on normal commercial terms and conditions. An annual fee of \$36,000 excluding GST was paid during the year. Mr. Sadleir is a director of Mineral Products Holdings Pty Ltd. The Company may terminate the contract by giving three months notice. Mineral Products Holdings Pty Ltd may terminate by giving three months notice.

The Directors' are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business. The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
<b>Year ended 30 June 2007</b>			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
S B Sadleir	Mineral Products Holdings Pty Ltd	36,000	36,000
		<u>276,000</u>	<u>276,000</u>

**NOTE 20 - KEY MANAGEMENT PERSONNEL (CONT.)**

Director	Associated Company	Fees	Total
<b>Year ended 30 June 2006</b>			
E W Edwards	Tied Investments Pty Ltd	-	-
D F Thomson	Indigo Exploration Services Pty Ltd	-	-
S B Sadleir	Mineral Products Holdings Pty Ltd	-	-
		<u>-</u>	<u>-</u>

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

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current				
Accounts payable	<u>35,200</u>	<u>-</u>	<u>35,200</u>	<u>-</u>

	Balance 1 July 2006	Balance at date of appointment	Received as Vendor	Options Exercised	Net change other	Balance 30 June 2007
(e) Shareholding						
E W Edwards	1,800,000	-	500,000	-	1,000,000 (1)	3,300,000
D F Thomson	300,000	-	-	-	250,000 (1)	550,000
S B Sadleir	<u>1,550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550,000</u>
	<u>3,650,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>1,250,000</u>	<u>5,400,000</u>

(f) Optionholding

E W Edwards	-	-	-	-	3,400,000 (1)	3,400,000
D F Thomson	-	-	-	-	550,000 (1)	550,000
S B Sadleir	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550,000 (1)</u>	<u>1,550,000</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>5,500,000</u>

(1) - Shares or options purchased

**NOTE 21 - RELATED PARTY INFORMATION**

	<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Transactions within the Consolidated Entity		
Aggregate amount receivable within the consolidated entity at balance date		
Non-current receivables	230,171	-
Less : provision for non recovery	-	-
	<u>230,171</u>	<u>-</u>

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

**1. Capricorn Resources Acquisition Agreement.**

On 27 April 2006, Athena Resources Limited entered into an agreement with Tied Nominees Pty Ltd (ACN 008 229 163) (a company associated with Mr E W Edwards a director of Athena) and Lightwave Investments Pty Ltd (ACN 105 744 223) (together "the Vendors") to acquire all the issued share capital in Capricorn Resources Pty Ltd (ACN 117 893 106) ("Capricorn").

Capricorn is the registered owner of the Mining Lease M08/189 and Exploration Licences E08/1641, E08/1679 and E08/1680.

The agreement was settled on 10 November 2007 comprising consideration for the Capricorn Shares of \$200,000 payable by the issue of 1,000,000 ordinary fully paid shares in Athena to the Vendors.

**2. Tenement Acquisition Agreement**

On 27 April 2006 Athena entered into an agreement with Tied Investments Pty Ltd (ACN 009 229 163) (a company associated with Mr E W Edwards a director of Athena) and Grant Donnes (together "the Vendors") to acquire all the interest of the Vendors in Exploration Licence E74/345 and Exploration Licence E74/365 ("Tenements").

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

**NOTE 22 - REMUNERATION OF AUDITORS**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Amount received, or due and receivable, by the auditors for:				
Auditing and reviewing of the financial statement of Athena Resources Limited and of its controlled entity	2,500	-	2,500	-
Other Services (Independent Accountants Report)	7,650	-	7,650	-
	<u>10,150</u>	<u>-</u>	<u>10,150</u>	<u>-</u>

**NOTE 23 - PURCHASE OF SUBSIDIARY**

On 10 November 2006, Athena acquired 100% of the voting shares of Capricorn Resources Pty Ltd. The total cost of the combination was \$200,000. Athena issued 1,000,000 ordinary shares with a fair value of \$0.20 each, based on the quoted price of the shares of Athena at the date of exchange.

The fair value of the identifiable assets and liabilities of Capricorn Resources Pty Ltd as at the date of acquisition are:

	<b>Consolidated</b>	<b>Carrying value</b>
	<b>Recognized on</b>	<b>\$</b>
	<b>acquisition</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
Mineral exploration and evaluation	199,800	-
Cash and cash equivalents	200	200
	<u>200,000</u>	<u>200</u>
Fair value of identifiable net assets	200,000	
Goodwill arising on acquisition	<u>199,800</u>	
Cost of the combination:		
Shares issued, at fair value	<u>200,000</u>	
Total cost of the combination	<u>200,000</u>	

	<b>Consolidated</b>
	<b>\$</b>
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	200
Cash paid	-
Net cash inflow	<u>200</u>

From the date of acquisition Capricorn Resources Pty Ltd has contributed nil to the net profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been unchanged and revenue from continuing operations would have been unchanged.

Included in the business acquired was a contingent liability in relation to commitments for expenditure on mining tenements of \$44,000.

**NOTE 24 - LOSS PER SHARE**

	<b>Number of Shares</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>18,858,178</u>	<u>7,217,260</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	<u>28,486,753</u>	<u>7,217,260</u>

25,485,000 options have been included in the determination of diluted earnings per share.

**NOTE 25 - FINANCIAL INSTRUMENTS**

## (a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighed average interest rate on these financial assets, is as follows:

	Non Interest Bearing		Weighted Average Effective Interest Rate		Floating Interest Rate	
	\$ 2007	\$ 2006	% 2007	% 2006	\$ 2007	\$ 2006
Financial Assets						
- Cash at bank	-	-	5.85	5.25	1,300,479	1,959
- Trade debtors	59,545	2,617			-	-
Total Financial Assets	<u>59,545</u>	<u>2,617</u>			<u>1,300,479</u>	<u>1,959</u>
Financial Liabilities						
- Payable and accruals	343,323	48,332			-	-
- Amounts payable related parties	35,200	-			-	-
- Interest bearing liabilities	-	-	8.22	-	43,531	-
Total Financial Liabilities	<u>378,523</u>	<u>48,332</u>			<u>43,531</u>	<u>-</u>

## (b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority Supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

## (c) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

**NOTE 26 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR**

Subsequent to the end of financial year, no significant events have occurred.



# Directors' Declaration

## 11

### **DIRECTORS DECLARATION**

The Directors of the company declare that:

- 1) the financial statement and notes are in accordance with the Corporation Act 2001 and:
  - (a) comply with Accounting Standards and the Corporation Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on the date of the company and consolidated entity;
  
- 2) the Chief Executive Officer and Chief Financial Officer have each declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001;
  - (b) the financial statement and notes for the financial year comply with the Account Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
  
- 3) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

E W Edwards  
Executive Chairman

Date at Perth this 26 September 2007



### To the members of **ATHENA RESOURCES LIMITED**

We have audited the accompanying financial report of Athena Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the Athena Resources Limited Group ("the consolidated entity") as set out on pages 21 to 42. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership)

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Partners: Terry M Blenkinsop, Litsa Christodoulou, 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  International and the HLB Mann Judd National Association of independent accounting firms



### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Athena Resources Limited and included in the Directors' Report, would be on the same terms if provided to the directors as at the date of this auditor's report.

### Auditor's Opinion

In our opinion:


- (a) the financial report of Athena Resources Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**HLB MANN JUDD**  
**Chartered Accountants**

**N G NEILL**  
**Partner**

**Perth, Western Australia**  
**26 September 2007**

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.  
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### ANALYSIS OF SHAREHOLDING as at 2 October 2007

	SHARES	OPTIONS
1 – 1,000	6	2
1,001 – 5,000	57	17
5,001 – 10,000	136	99
10,001 – 100,000	258	221
100,001 – or more	36	38
	493	377
Total on issue	25,715,000	25,485,000
Shareholders holding less than marketable parcel	9	4

### Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

### Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporation Act 2001.

Edmond William Edwards	3,350,000	12.90%
Shane Beatty Sadleir	1,560,000	6.71%
Denis Hugh Kelly	1,300,022	5.07%

### Directors' Shareholding

Interest of each director in the share capital of the Company is detailed at Note 20.

**TOP TWENTY SHAREHOLDERS**

<b>NAME AND ADDRESS</b>	<b>SHARES</b>	<b>%</b>	<b>RANK</b>
TIED NOMINEES PTY LTD	3,100,000	12.06	1
SHANE BEATTY SADLEIR	1,550,000	6.03	2
DANOLA PTY LTD ATF TOM GALOPOULOS SUPER FUND	1,100,000	4.28	3
MR PETER AND MR CHRISTIAN GALOPOULOS	1,100,000	4.28	4
KELANCO PTY LTD ATF KELLY FAMILY TRUST	947,000	3.68	5
MR GRANT DONNES	590,000	2.29	6
LIGHTWAVE INVESTMENTS PTY LTD	500,000	1.94	7
FORTIS CLEARING NOMINEES PTY LTD	400,000	1.56	8
MR IAN PATON	400,000	1.56	9
SURAMAN HOLDINGS PTY LTD ATF GALOPOULOS FAMILY A/C	325,000	1.26	10
RONALD ALBERT JOHN HINTZ	306,194	1.19	11
DONALD FERGUSON THOMSON	300,000	1.17	12
INDIGO EXPLORATION SERVICES PTY LTD	250,000	0.97	13
SINOM (HONG KONG) PTY LTD	250,000	0.97	14
TIED INVESTMENTS PTY LTD	250,000	0.97	15
KELANCO PTY LTD	238,022	0.93	16
MR JEREMY HARRISON COOPER MINERVA SIPP	220,000	0.86	17
BOND STREET CUSTODIANS LIMITED	200,000	0.78	18
DR STUART EWEN LOCKERBIE	200,000	0.78	19
VELSBERRY PTY LTD ATF STREETER FAMILY A/C	200,000	0.78	20
<b>TOP 20 TOTAL</b>	<b>12,426,216</b>	<b>48.32</b>	

**TOP TWENTY OPTIONHOLDERS**

<b>NAME AND ADDRESS</b>	<b>OPTIONS</b>	<b>%</b>	<b>RANK</b>
TIED NOMINEES PTY LTD	3,050,000	11.97	1
SHANE BEATTY SADLEIR	1,550,000	6.08	2
DANOLA PTY LTD ATF TOM GALOPOULOS SUPER FUND	1,100,000	4.32	3
MR PETER AND MR CHRISTIAN GALOPOULOS	1,100,000	4.32	4
MR GRANT DONNES	720,000	2.83	5
KELANCO PTY LTD	684,022	2.68	6
GURITALI PTY LTD	557,965	2.19	7
LIGHTWAVE INVESTMENTS PTY LTD	500,000	1.96	8
CORPORATE SYSTEMS PUBLISHING PTY LTD	496,075	1.95	9
FORTIS CLEARING NOMINEES PTY LTD	400,000	1.57	10
MR PETER GALOPOULOS	360,492	1.41	11
SURAMAN HOLDINGS PTY LTD ATF GALOPOULOS FAMILY A/C	325,000	1.28	12
DONALD FERGUSON THOMSON	300,000	1.18	13
ANZ NOMINEES PTY LTD	285,444	1.12	14
INDIGO EXPLORATION SERVICES PTY LTD	250,000	0.98	15
MR FINIAN MACCANA LAMBERT SUPERANNUATION A/C	250,000	0.98	16
SINOM (HONG KONG) PTY LTD	250,000	0.98	17
TIED INVESTMENTS PTY LTD	250,000	0.98	18
L S ROCCHI PTY LTD ATF ROCCHI SUPERANNUATION FUND	240,000	0.94	19
VELSBERRY PTY LTD ATF STREETER FAMILY A/C	200,000	0.78	20
<b>TOP 20 TOTAL</b>	<b>12,868,998</b>	<b>50.05</b>	





## Interest in Mining Tenements

# 14

### **RAVENSTHORPE**

ELA39/1311  
ELA39/1327  
E74/218  
E74/341  
E74/342  
E74/343  
E74/345  
E74/350  
E74/355  
ELA74/356  
E74/357  
E74/364  
E74/377  
P74/276

### **BINNERINGIE**

ELA15/992  
ELA15/993  
ELA15/994  
ELA15/995  
ELA15/996  
ELA63/1143  
ELA63/1149  
ELA70/3131  
ELA70/3132  
ELA70/3133  
ELA70/3134  
ELA70/3135  
ELA70/3136  
ELA77/1439

### **ASHBURTON**

E08/1641  
E08/1679  
E08/1680  
M08/189  
P08/493

### **BYRO**

ELA09/1409  
ELA09/1410  
ELA09/1411  
ELA09/1412  
ELA09/1413  
ELA09/1414  
ELA09/1464  
ELA09/1465  
ELA09/1466  
ELA59/1377

E – EXPLORATION LICENSE

ELA - EXPLORATION LICENSE APPLICATION

M – MINING LEASE

P – PROSPECTING LICENSE



# Athena

RESOURCES LIMITED



RESO



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*Athena*  
RESOURCES LIMITED