



ABN 69 113 758 900

# **ANNUAL FINANCIAL REPORT 2008**

**COMPANY INFORMATION**

<b>ABN</b>	69 113 758 900
<b>Directors</b>	E W Edwards (Executive Chairman) D F Thomson (Executive Director) A P Thomson (Non Executive Director)
<b>Secretary</b>	E W Edwards
<b>Registered Office</b>	63 Lindsay Street Perth, WESTERN AUSTRALIA 6000  Telephone: +61 8 9428 2900 Facsimile: +61 8 9428 2910 Email: <a href="mailto:ahn@athenaresources.com.au">ahn@athenaresources.com.au</a>
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH, WESTERN AUSTRALIA 6000  Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
<b>Auditor</b>	HLB Mann Judd 15 Rheola Street WEST PERTH, WESTERN AUSTRALIA 6005  Telephone: +61 8 9481 0977 Facsimile: +61 8 9481 3686
<b>Bankers</b>	BankWest 54 Adelaide Street FREMANTLE, WESTERN AUSTRALIA 6160
<b>Stock Exchange Listing</b>	Athena Resources Limited shares are listed on the Australian Stock Exchange (Home Exchange – Perth) ASX Code: Shares AHN Options AHNO
<b>Website</b>	<a href="http://www.athenaresources.com.au">www.athenaresources.com.au</a>



**DIRECTORS' REPORT (Continued)**

**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 23 years industry experience and is a Member of the Australasian 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 over saw the consolidation of mining and exploration tenure over the Duketon belt.

He served as Exploration Manger 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 Manger, Mr Thomson was responsible for the restructuring of Legend Mining Ltd's technical team to focus on exploration.

*Interest in Shares and Options*

687,500 Fully Paid Shares

687,500 Options exercisable at 20 cents expiring 30 November 2009

*Special Responsibilities*

Mr Thomson is responsible for Exploration activities.

*Directorships held in listed entities*

In the 3 years immediately before the end of the financial year Mr D Thomson also served as a director of the following listed companies:

Company Name	Appointed	Resigned
Acclaim Exploration NL	27/11/2002	23/03/2005

**Andrew Peter Thomson**

**Non Executive Director (Appointed 17 June 2008)**

*Qualification*

The Honourable Andrew P Thomson BA, LLB, LLM is a graduate of the Law Faculty of the University of Melbourne, the International Center of Keio University in Tokyo, and Georgetown University Law Center.

*Experience*

Mr. A Thomson lives in Singapore and works as a consultant to Minter Ellison Lawyers working in the Middle East and Asia on investment and government relations matters. He is also chairman of Citadel Resources Group Limited and chairman of Gulf & Asian Mining Pty Ltd.

Until 2005 Mr. A Thomson lived in Washington D.C. where he served at the World Bank as an Assistant and Acting Executive Secretary of the Inspection Panel. In this role Mr A Thomson conducted investigations of developing world projects. He also practiced as an attorney with Willkie Farr & Gallagher.

### DIRECTORS' REPORT (*Continued*)

Mr A Thomson spent the early years of his career in Tokyo working as a fund manager for GT Management (Japan) Ltd and later as an investment banker at Credit Suisse-First Boston (Japan) focusing on Japanese equities and fixed income funds and commodity-based derivatives.

Before moving to Washington D.C. in 2001 Mr A Thomson was a Member of Parliament in Australia, representing a district in Sydney in the House of Representatives. During the 1990s he served as Parliamentary Secretary for Foreign Affairs, Minister for Sport, Tourism, and Minister Assisting the Prime Minister for the Sydney 2000 Games, Chairman of the Australia-Japan Parliamentary Friendship League, and Chairman of the Joint Standing Committee on Treaties (JSCOT).

Mr A Thomson's other languages are Japanese, Mandarin Chinese, and Arabic.

#### *Interest in Shares and Options*

105,480 Fully Paid Shares  
1,000,000 Options exercisable at 20 cents expiring 30 November 2009

#### *Special Responsibilities*

Mr A Thomson is Chairman of the Audit Committee.

#### *Directorships held in listed entities*

In the 3 years immediately before the end of the financial year Mr A Thomson also served as a director of the following listed companies:

Company Name	Appointed	Resigned
Citadel Resources Group Limited	16/06/2008	Continuing

### PRINCIPAL ACTIVITIES

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

### OPERATING AND FINANCIAL REVIEW

#### Review of Operations

Athena Resources has four key projects: Ashburton, Byro, Binneringie and Ravensthorpe.

#### 1. ASHBURTON COPPER GOLD BASE METALS PROJECT

##### 1.1 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.

##### 1.2 TENURE

Athena's Ashburton Project covers about 1,020 square kilometres and consists of one Mining Lease (M08/189) 90%, three Exploration Licences (EL08/1641, EL08/1679 and EL08/1680) 100% and a Prospecting License (P08/493) 95%.

##### 1.3 PROJECT GEOLOGY AND MINERALISATION

Athena's tenements encompass rocks of the Ashburton and Capricorn formations of the Wyloo Group along the northern margin of the west Bangemall Basin. Area selection was driven by studies of the regional geophysics which indicate a number of elements conducive to the formation of large mineral systems. The combination of granitic intrusions, folds and thrust faults is of particular interest as these provide a source of heat and the structures to focus and trap mineralising fluids.

## DIRECTORS' REPORT (*Continued*)

A number of lead, copper and gold occurrences are located within Athena's project area and anomalous gravity and magnetic responses are evident in the regional data sets. Previous work has largely been confined to surface geochemistry and prospecting along the access corridors with limited follow-up drill testing. The Western Australian Geological Survey's regional sampling programme has identified geochemical anomalies from that warrant follow-up testing.

The region is reasonably remote and rugged and Athena's tenements have been only lightly explored. Conceptual targets include large orogenic mesothermal saddle-reef and stock-work style gold/base metal deposits comparable to Bendigo and Ballarat in Victoria, Enterprise at Pine Creek in the Northern Territory and Telfer in Western Australia. The Ashburton district was the site of some of earliest gold discoveries recorded in Western Australia but was soon overlooked as discoveries were made at Southern Cross and Coolgardie.

### 1.4 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 has acquired the latest regional magnetic and radiometric data sets flown at 400 metre line spacing for the state government and integrated these, together with most recent aerial photography, in a GIS environment.

In December 2007 Digital Mapping Australia (DiMap) flew high-resolution (10cm) digital aerial photography over an area centred on the Kooline mining area. This data was used to generate high quality seamless digital images and digital terrain models (DTM) to aid outcrop and regolith mapping, and assist with the planning and interpretation of the surface geochemistry surveys.

#### Rock Chip Sampling

During the year Athena completed extensive rock chip sampling programs aimed at identifying and characterising mineralisation at the silver-lead mines and in adjacent outcrops at Kooline in the Ashburton. The peak results for gold (Au), silver (Ag), lead (Pb), and copper (Cu) from these sampling programs are listed in Table 1. The combined strike length of the three anomalous outcropping trends identified by Athena at Kooline is 11.4 kilometres.

The initial program resulted in the identification of two new anomalous trends with distinct copper-gold and copper-gold-lead signatures which are to the north and south of, and run parallel to, the known silver-lead mineralisation. The three trends are labelled "Gold Zone", "Lead Zone" and "Copper Zone". These zones are also characterised by slightly different orientations and markedly different arsenic and antimony signatures, suggesting that the different styles of mineralisation are not be related.

A second field mapping and rock chip sampling program tested favourable geological positions and historical prospecting sites that were identified during the analysis of the high resolution aerial photography and DTM data.

Rock chip sampling of the remnant mineralisation in the Kooline lead workings shows the area to be characterised by veins of high-grade silver-bearing galena (lead sulphide). The mineralisation varies in width from stingers a few millimetres wide to over 30 centimetres. Records indicate that stopes were developed on lenses of ore up to 2 metres thick and 50-200 meters long. The grades obtained by Athena are consistent with production records for the mines, which produced over 3,600 tonnes of lead and 950 kilograms (30,000 ounces) of silver. Athena has located 130 prospecting pits and shafts that date from the 1950's, 10 of which have extensive development. None have been drilled tested.

**DIRECTORS' REPORT (Continued)**

**Table 1 – Rock Chip Analyses from Athena's Ashburton Project  
Selected Samples and Elements (sorted by location)**

Sample	MGA 50East	MGA 50North	Copper (%)	Gold (g/t)	Silver (g/t)	Lead (%)	Mineralised Trend
AKCR048	442026	7443745	<b>3.78</b>	<b>0.34</b>	<b>375</b>	<b>42</b>	Copper Zone
AKCR023	445076	7442573	<b>1.63</b>	<b>0.31</b>	20	*NSA	Copper Zone
AKCR047	442132	7443764	<b>1.49</b>	0.21	<b>245</b>	<b>58</b>	Copper Zone
AKCR045	442538	7443559	<b>0.70</b>	<b>0.51</b>	<b>280</b>	<b>56</b>	Copper Zone
AKCR046	442389	7443578	<b>0.44</b>	0.23	<b>120</b>	<b>46</b>	Copper Zone
AKCR013	446320	7441999	0.29	<b>0.41</b>	<b>35</b>	12	Copper Zone
AKCR044	442560	7443552	0.27	0.11	<b>225</b>	<b>46</b>	Copper Zone
AKCR038	444290	7442871	0.15	0.10	<b>85</b>	<b>42</b>	Copper Zone
AKCR035	446186	7441136	NSA	<b>0.79</b>	NSA	NSA	Copper Zone
AKCR041	444973	7445336	NSA	0.10	<b>155</b>	<b>59</b>	Gold Zone
AKCR015	444566	7443542	NSA	0.19	<b>210</b>	<b>43</b>	Silver-lead Zone
AKCR016	445304	7443878	NSA	0.04	<b>40</b>	<b>37</b>	Silver-lead Zone
AKCR007	443591	7443844	<b>2.15</b>	<b>0.56</b>	<b>175</b>	<b>34</b>	Silver-lead Zone
AKCR060	446153	7443040	<b>2.07</b>	<b>0.60</b>	<b>580</b>	<b>30</b>	Silver-lead Zone
AKCR049	442274	7445505	<b>0.99</b>	0.15	<b>220</b>	<b>68</b>	Silver-lead Zone
AKCR004	443554	7443569	<b>0.43</b>	<b>0.32</b>	<b>65</b>	<b>26</b>	Silver-lead Zone
AKCR052	441685	7445854	0.43	0.05	30	8	Silver-lead Zone
AKCR005	443559	7443720	0.38	<b>0.70</b>	<b>30</b>	5	Silver-lead Zone
AKCR051	441541	7445930	0.24	0.18	60	18	Silver-lead Zone
AKCR056	442936	7444392	0.06	0.11	<b>140</b>	<b>49</b>	Silver-lead Zone
AKCR061	445897	7443190	0.04	0.01	65	21	Silver-lead Zone
AKCR057	445376	7443407	0.02	0.13	70	25	Silver-lead Zone
AKCR059	446185	7443007	0.02	0.03	<b>120</b>	<b>56</b>	Silver-lead Zone
AKCR058	446191	7443399	0.01	<b>0.46</b>	70	<b>31</b>	Silver-lead Zone

\*NSA: No Significant Assay

The trend referred to as the "Lead Zone" is centred on the old Kooline mine workings. It extends for approximately 5.6 kilometres in a north-westerly direction. The two kilometre northwest trend defined by samples AKCR049, 051, 052, and 056 has extended the known "Lead Zone" mineralisation, with the remaining samples extended this zone to the southeast. Samples AKCR048 (0.34g/t Au, 375g/t Ag, 42.5% Pb, 3.78% Cu), AKCR049 (0.15g/t Au, 220g/t Ag, 68.4% Pb, 0.99% Cu), and AKCR060 (0.60g/t Au, 580g/t Ag, 29.9% Pb, 2.07% Cu) confirm the potential for high grade polymetallic mineralisation along this trend.

Athena's maximum result was 68% lead with 220g/t silver in sample AKCR049. The maximum silver value was 580g/t in sample AKCR060; this sample also contained 30% lead and 2.03% copper. The mean of the assays for all 66 rock chip samples were; 0.17g/t gold, 0.27% copper, 63 g/t silver and 16% lead.

**DIRECTORS' REPORT (Continued)**

The copper and gold association in the "Gold" and "Copper Zones" is particularly encouraging. The zones are located sub-parallel and approximately 1700 metres and 800 metres respectively north and south of the "Lead Zone". The maximum copper value obtained by Athena was from this zone in sample AKCR048, which assayed 3.78% copper, 375g/t Silver and 42% lead. Samples AKCR044 to AKCR048 are approximately two kilometres along strike of the area shown as the "Copper Zone". The outcropping strike length of the "Copper Zone" is approximately 4.6 kilometres.

AKCR035 assayed 0.79g/t gold and is significant as it is from another parallel structural trend 800m to the south of the "Copper Zone". This result, from outside of the area of the historic workings covered by soil sampling, verifies the association between host rock, structure and mineralisation.

Sample AKCR041 (59.1% Pb, 155g/t Ag) was a rock chip from a shear zone within the "Gold Zone" north of the lead workings. No lead mineralisation had been previously recorded from this area and there are no prospecting pits at this locality. The area surrounding this sample has a distinct "gold-copper" signature in the soil geochemistry. The "Gold Zone" has a strike length of 1.2 kilometres in outcrop.

The gold and copper mineralisation at Kooline is associated with quartz veins and stockworks adjacent to shears along fold axes trends east-southeast to west-northwest parallel to the Kooline lead workings. The rock chip surveys encouraged Athena to test below the shallow alluvial veneer that surrounds the lead workings with a soil auger sampling program. The alluvium would have masked mineralisation from historical prospecting methods.

**Soil Sampling**

In September 2007 Athena carried out an orientation soil geochemical survey at the Kooline lead-silver mines and on three other areas on the Ashburton Project tenements. A follow-up auger soil geochemical sampling program designed to explore for mineralisation under the thin veneer of colluvium and alluvium surrounding these same areas was carried out in May 2008. This follow-up program was an outstanding success.

In the first program five hundred soil samples were collected from four target areas. Two of these areas, the Kooline silver-lead and recently identified parallel zone of copper mineralisation, have outcropping quartz veins with visible lead and copper mineralisation. The other two areas had no known mineralisation. The peak assay results for gold, copper and lead are listed in Table 2.

The initial soil sampling program demonstrated that in areas of outcrop soil geochemistry is a cost effective exploration tool and confirmed the three parallel east-west trends first identified in the rock-chip samples. As with the rock samples the northern zone is strongly anomalous in gold; the middle zone, over the lead mines is anomalous in lead and the southern zone is typified by elevated copper and gold.

**Table 2. Top Ten Assays for Selected Elements First Soil Sampling**

Rank	Au ppb	Cu ppm	Pb ppm
1	<b>331</b>	<b>235</b>	<b>3800</b>
2	<b>292</b>	<b>228</b>	<b>3140</b>
3	<b>202</b>	156	1180
4	184	126	<b>2265</b>
5	168	126	<b>1860</b>
6	138	130	1340
7	121	106	1310
8	116	104	1070
9	106	102	1060
10	91	100	1060

(Note: 10,000ppm = 1% and 1,000ppb = 1ppm)

**DIRECTORS' REPORT (Continued)**

The follow-up May 2008 auger soil geochemical sampling program extended the area covered by the soil geochemistry to include extensive areas of shallow sheet wash and colluvium. The soil samples in this latest survey were collected to a maximum depth of 1.7 metres using a power auger mounted on a bob-cat. Hilly terrain and incised drainages not accessible by the bob-cat were excluded from the survey and as a result several anomalous trends remain open. This auger soil survey confirmed and extended the results of Athena's orientation soil sampling program.

Athena is further encouraged by the fact 634 of the 863 auger holes reached blade refusal in less than 1.5 metres suggesting that the extensive alluvial plains away from the Ashburton River are mostly thin veneers which can be cost effectively explored using this approach.

The top ten assays for gold (Au), copper (Cu) and lead (Pb), together with a statistical summary of the results from the auger survey is provided in Tables 3. Fifty-eight (**58**) of the 863 samples assayed **10ppb gold or better**. The maximum gold assay of **496ppb** was again from the "Gold Zone", a coincident gold-copper anomaly in the northeast of the survey area. This anomaly was enhanced and extended by the auger survey and now exceeds **1.5 kilometres** in length and is open in both the easterly and westerly directions.

A number of anomalous trends are apparent in the data and the majority of these are open along strike. The copper-gold trend in the south of the survey area has also been extended and enhanced. This anomaly, as defined by the **30ppm** copper contour, is over **6 kilometres** in a northwest-southeast orientation and open in both directions. The peak copper assay (**388ppm**) came from in the southeast corner of this zone. This anomalous trend intersects with an east-northeast trending copper-gold anomaly that runs along a creek system interpreted to be a structural zone of interest.

The peak lead results are mainly concentrated adjacent to the Kooline lead mining centre, although encouraging results were recorded in the southeast corner of the survey area, coincident with the peak copper assay. This area is covered by thin alluvial sheet wash, which would have masked mineralisation to prospectors in the 1950's. Similar results were achieved in covered areas along strike of the old lead workings, providing Athena with additional exploration drill targets.

**Table 3. Top Ten Assays for Selected Elements**

Rank	Au ppb	Cu ppm	Pb ppm
1	<b>496</b>	<b>388</b>	<b>1260</b>
2	<b>189</b>	<b>238</b>	<b>1250</b>
3	<b>117</b>	<b>154</b>	<b>1180</b>
4	<b>80</b>	<b>144</b>	<b>985</b>
5	62	<b>138</b>	727
6	43	<b>130</b>	715
7	36	128	412
8	33	114	378
9	30	112	376
10	28	96	272

(Note: 10,000ppm = 1% and 1,000ppb = 1ppm)

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**DIRECTORS' REPORT (Continued)**

**Airborne Geophysical Survey**

UTS Geophysics, the Company's airborne geophysical contractor, flew a combined high resolution aeromagnetic and radiometric survey on lines 50 metres apart and 30 metres above the ground over the Kooline area. Athena is confident additional exploration targets will be generated when a structural interpretation of the data from this survey, along with the integration of the auger soil geochemistry and known surface gold, copper and lead mineralisation is finalised.

**Planned Drilling Program**

Athena has planned a 2000 metre reverse circulation (RC) drilling program to test targets identified by the soil geochemistry and previous exploration results. The documentation to obtain relevant departmental approvals has been submitted and the drilling scheduled to be completed prior to the end of the current exploration field season.

**2. BYRO NICKEL-COPPER PGE PROJECT**

**2.1 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.

**2.2 TENURE**

Athena's Byro Project covers 5,300 square kilometres and consists of ten Exploration Licence Applications. Athena has an 80% interest in the project contributing 100%.

**2.3 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 north-northeast for approximately 200km. The geology is predominately quartzo-feldspathic gneisses and migmatites with amphibolites, quartzites, BIF's, felsic volcanics and layered mafic-ultramafic intrusions. Regional folding and thrusting has resulted in a steep dominant westerly dip and north northeast strike, although locally this varies from north to east. The magnetic and gravity data suggests a series of ultramafic and mafic layered intrusions which are located in the area are more extensive than previously interpreted and are covered by relatively shallow alluvium.

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. Athena's discovery outcrop at Moonborough is approximately 20 kilometres west of Mithril Resources and Yilgarn Mining Limited's Byro East Joint Venture, and 10 kilometres north of the Imagi Well chromite occurrence. These occurrences confirm the Byro area as having "fertile" mafic intrusions like those found in the West Pilbara and Halls Creek Mobile Belt.

The available magnetic data consists of broad spaced (1600 metres) regional surveys carried out by the Western Australia Geological Survey and Geoscience Australia. The Geological Survey of Western Australia (GSWA) recently commissioned a higher resolution survey at 400 metre line spacing to better resolve the geology of the area. The results of this regional survey are expected later this year.

**2.4 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.

**DIRECTORS' REPORT (Continued)**

**Rock Chip Sampling**

Athena rediscovered the Moonborough copper occurrence 2 kilometres north of Byro Station Homestead in September 2007. Assay results from two rock chip samples from this site subsequently confirmed the presence of platinum group metal (PGM)-gold mineralisation. One rock chip sample assayed **1.5% copper, 0.79g/t Pt+Pd and 0.44g/t gold**, with another **0.75% copper, 0.36g/t Pt+Pd and 0.19g/t gold**. This metal association is typical of mineralised layered complexes and results are indicative of gabbro hosted nickel-copper sulphide and PGM mineralisation.

Follow-up sampling at Moonborough by Athena in early 2008 confirmed the tenor of Athena's original assays. Results of **1.93% copper, 3.01g/t (3015 ppb) palladium and 0.53g/t gold**, and are high for rock chip samples in "greenfields" exploration. The assay results above 0.1% copper are shown in Table 4.

Geological mapping at Moonborough shows the copper-gold-PGM mineralisation to be hosted by sheared meta-gabbro (now amphibolite). The gabbro is bounded immediately to the west by pyroxenite and then lateratised cumulate-textured ultramafic. At this stage the relationships of these lithologies, which are typically found in layered mafic intrusions, is uncertain due to the lack of outcrop. However, the presence of these lithologies and the association with all known copper mineralisation in the area is particularly encouraging for the Company's exploration model.

Elevated copper-gold-PGM mineralisation was also obtained from a sample of outcropping gabbro collected seven (7) kilometres northeast of the Moonborough Prospect. This sample (MBCR072) assayed **0.3% copper, 186 ppb palladium and 140ppb gold**. Elevated values such as these are highly anomalous and potentially indicate a new zone of mineralisation. Visible copper mineralisation in the form of malachite (Cu<sub>2</sub>CO<sub>3</sub>(OH)<sub>2</sub>) staining of feldspars in gabbro is unusual and is evident at both Moonborough and this new, as yet un-named, zone. Athena's regional geological reconnaissance has shown that mafic and ultramafic lithologies are more common with the Byro area than is apparent from government maps, providing confidence that more copper-nickel-PGM mineralisation will be found.

**Table 4. Moonborough prospect - Rock Chip Assays above 0.1% Copper**

Sample	Copper (%)	Platinum (ppb*)	Palladium (ppb)	Gold (ppb)
MBCR057	<b>1.93%</b>	8	<b>3015</b>	<b>525</b>
MBCR056	<b>1.22%</b>	93	<b>130</b>	<b>475</b>
MBCR058	<b>0.96%</b>	84	<b>166</b>	<b>413</b>
MBCR055	0.61%	18	<b>89</b>	<b>482</b>
MBCR060	0.55%	43	337	272
MBCR059	0.48%	24	118	165
MBCR070	0.47%	52	81	329
MBCR061	0.32%	53	115	121
MBCR069	0.11%	12	130	10

(\*ppb = parts per billion, 1% = 10,000 parts per million, BD = Below Detection)

**Soil Sampling**

Following on from the rock chip results a focused soil sampling programme was completed at the Moonborough Prospect and the results have outlined a strong coincident copper-PGM geochemical anomaly. The Moonborough anomaly measures 750 metres long and 300 metres at its widest point, and is open to the north and south as the sampling was confined to the area of shallow cover and sub-cropping bed rock. Peak results include **492 ppm copper, 53 ppb palladium, 11ppb gold and 4 ppb platinum** from 226 soil samples collected over the prospect.

One hundred and twelve (112) of the soil samples returned copper assays of 100 ppm or better, forty six (46) samples were 10ppb palladium or better, and 110 samples assayed over 30ppm nickel. These copper and palladium assays are considered by Athena to be exceptionally high for soil samples.

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**DIRECTORS' REPORT (Continued)**

**Geophysical Survey**

The Company's airborne geophysical contractor UTS carried out a combined aeromagnetic and radiometric survey over the majority of Exploration Licence Application 09/1507. This survey, which was flown on east-west lines 100 metres apart, is a considerable improvement on the existing government 1600 metre survey. This large survey is the first of its type in this area and will greatly improve the understanding of Athena's Byro Project. The data from Athena's aeromagnetic survey will be integrated with the recently completed GSWA 400 metre regional surveys to identify additional and classify existing targets on Athena adjoining Byro applications.

**3. RAVENSTHORPE NICKEL COPPER GOLD PROJECT**

**3.1 LOCATION AND ACCESS**

The Ravensthorpe Project is 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.

**3.2 TENURE**

The Ravensthorpe Project comprises a mostly contiguous area of approximately 500 square kilometres. Athena is the registered owner.

**3.3 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 and outcrops. 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 swam that ranges in composition from ultramafic to anorthosite. Athena is targeting nickel sulphide mineralisation hosted in these dykes. Nickel sulphide mineralisation was interested 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.

**3.4 WORK COMPLETED BY ATHENA**

***100% Athena Tenements***

A high resolution digital terrain model and digital ortho-photography was delivered to Athena and used to design a soil geochemical sampling programme over North Point and several other select magnetic targets. During regional reconnaissance surveys over these 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 were evaluated by soil geochemical and ground geophysical surveys. Future exploration includes assessment of the geochemical survey results, assays pending, and regional interpretation of the high resolution geophysical datasets acquired during the previous two field seasons.

## DIRECTORS' REPORT (Continued)

Exploration planned for the future includes an assessment of all geochemical survey results, assays and a regional interpretation of the high resolution geophysical datasets acquired during the previous two field seasons.

### **Oldfield Option**

The Company commissioned SGS Lakefield Oretest Pty Ltd to carry out a pilot metallurgical test programme using composite samples of drilling cuttings from the reverse circulation (RC) drilling programme. The aim of the programme was to determine metallurgical recoveries and possible treatment options for the mineralisation at Oldfield on E74/218.

The results from the metallurgical test work, which were received in September 2007, were disappointing with recoveries less than expected for sulphide material. RC drill chips are not an ideal sample medium for metallurgical test work and it is possible that some oxidation of the samples occurred between the time the holes were drilled and the test work commenced; suppressing the recoveries. Petrology on the samples indicated that the Ni-Fe sulphides, pentlandite and violarite and the nickel sulphide, millerite are present in trace amounts. These minerals were observed in composite particles with pyrite or host silicates or carbonates. The head assay results show that non-sulphide nickel dominates the nickel content of all the oxidized and relatively fresh samples. The inferred Ni in sulphide (range of 0.05-0.12 wt %) and ratio of Ni<sub>sulphide</sub>:S (range of 0.17-0.29) from head assay results indicates that the Ni or Ni-Fe sulphides are in trace amounts and less abundant than the pyrite which was observed.

A fixed loop ground and down-hole Electro-Magnetic (EM) survey was completed at Oldfield to test for off-hole conductors not sampled by Athena's reverse circulation (RC) drilling program. Good correlation was achieved within the zones tested by the drilling, however no anomalous off-hole conductors were identified. The EM was followed-up with a 3D Induced Polarisation (IP) survey, designed to detect disseminated sulphides. The 3D IP survey failed to map any anomalous zones at depth, however it did identify a near surface conductor adjacent to RC drillhole OF07RC003, which intersected a 10 metre interval at 0.61% nickel from 57 metres downhole.

On the basis of these results Athena withdrew from the Oldfield Option Agreement. The Company also carried out a partial reduction on one tenement ahead of scheduled reductions and surrendered a further four exploration licences to concentrate on the 100% owned tenements in the Ravensthorpe Project.

## **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 Forrestania in the west; a distance of about 250 kilometres.

### **4.2 TENURE**

Athena's Binneringie Project covers approximately 1,450 square kilometres and consists of fourteen Exploration Licence Applications. Athena has an 80% interest in the project contributing 100%.

### **4.3 GEOLOGY AND MINERALISATION**

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

**DIRECTORS' REPORT (Continued)**

The Binneringie dyke is prospective for magmatic nickel-copper-PGE-chromite, titaniferous magnetite and vanadium deposits. 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. 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. The gravity and magnetic data along the Binneringie Dyke indicate a number of poorly exposed, but largely continuous ultramafic and mafic to felsic intrusions along the trend of the dyke. A nickel copper cobalt occurrence at Bronzite Ridge on the parallel trending Jimberlana Dyke to the south, demonstrates that these dykes have the potential to host copper-nickel and platinum group metal mineralisation.

**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.

	2008	2007
<b>Operating Results</b>	\$	\$
Consolidated loss after income tax for the financial year	1,386,565	275,465

**Financial Position**

At 30 June 2008 the Company has cash reserves of \$514,768 and other short term assets readily realisable in cash of \$50,844.

**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.

**DIRECTORS' REPORT (Continued)**

**MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2008, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	<b>Number eligible to attend</b>	<b>Number attended</b>
Edmond William Edwards	10	10
Donald Fergusson Thomson	10	10
Shane Beatty Sadleir	9	9
Andrew Peter Thomson	0	0

**AUDIT COMMITTEE**

The audit committee is comprised of the non-executive director. During the year ended 30 June 2008 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 following persons acted as directors during or since the end of the financial year:

Edmond William Edwards	Executive Chairman	
Donald Fergusson Thomson	Executive Director	
Andrew Peter Thomson	Non Executive Director	Appointed 17 June 2008
Shane Beatty Sadleir	Non Executive Director	Resigned 30 May 2008

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 2008(audited)**

**DIRECTORS' REPORT (Continued)**

**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 was a non executive director. The Company had 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 payable during the year. Mr. Sadleir is a director of Mineral Products Holdings Pty Ltd.

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 2008</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	33,000	33,000
A P Thomson		-	-
		<u>273,000</u>	<u>273,000</u>
<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>

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.

## DIRECTORS' REPORT (*Continued*)

### SHARE OPTIONS

As at the date of this report, there were 28,923,649 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, Andrew 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

No non-audit services were provided by our auditors, HLB Mann Judd during year ended 30 June 2008.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2008 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.

Signed in accordance with a resolution of the directors.

.....  
E W EDWARDS  
Executive Chairman

Dated at Perth this 19 day of September, 2008.

## CORPORATE GOVERNANCE STATEMENT

### 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 2008.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	For the Reporting Period the Board comprised three directors, only one of whom, Mr S Sadleir and then Mr A Thomson, 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 director's report.

The names of independent directors of the company are:

Shane Sadleir until his resignation and Andrew Thomson on his appointment.

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.

**CORPORATE GOVERNANCE STATEMENT (Continued)**

**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**

As lead auditor for the review of the financial report of Athena Resources Limited for the year ended 30 June 2008, 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 review.

This declaration is in respect of Athena Resources Limited and its controlled entities.



Perth, Western Australia  
19 September 2008

N G NEILL  
Partner, HLB Mann Judd

**INCOME STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

		Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	2	37,936	77,540	37,936	77,540
Administration Costs					
Depreciation	9	(49,182)	(20,485)	(49,182)	(20,485)
Employee and Consultant Costs		(208,867)	(176,451)	(208,867)	(176,451)
Exploration Written Off		(1,057,884)	-	(1,057,884)	
Listing and Share Registry Costs		(36,503)	(43,650)	(36,503)	(43,650)
Office and Communication Costs		(23,425)	(75,112)	(23,425)	(75,112)
Other expenses		(48,640)	(37,307)	(48,640)	(37,307)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(1,386,565)</b>	<b>(275,465)</b>	<b>(1,386,565)</b>	<b>(275,465)</b>
Income tax expense		-	-	-	-
<b>NET LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF ATHENA RESOURCES LIMITED</b>		<b>(1,386,565)</b>	<b>(275,465)</b>	<b>(1,386,565)</b>	<b>(275,465)</b>
Basic loss per share (cents per share)	24	(5.14)	(1.46)		

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

**BALANCE SHEET**  
AS AT 30 JUNE 2008



**AND CONTROLLED ENTITIES**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	514,768	1,300,479	514,468	1,300,279
Trade and other receivables	6	55,755	59,545	55,755	59,545
Other current assets	7	10,000	-	10,000	-
<b>Total Current Assets</b>		<u>580,523</u>	<u>1,360,024</u>	<u>580,223</u>	<u>1,359,824</u>
<b>NON CURRENT ASSETS</b>					
Trade and other receivables	6	-	-	939,615	230,701
Financial assets	8	-	-	200,100	200,000
Plant and equipment	9	110,490	145,390	110,490	145,390
Mineral exploration and evaluation	10	2,316,766	2,195,655	1,177,351	1,765,154
<b>Total Non Current Assets</b>		<u>2,427,256</u>	<u>2,341,045</u>	<u>2,427,556</u>	<u>2,341,245</u>
<b>TOTAL ASSETS</b>		<u>3,007,779</u>	<u>3,701,069</u>	<u>3,007,779</u>	<u>3,701,069</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	225,892	378,523	225,892	378,523
Interest bearing liabilities	12	15,990	14,702	15,990	14,702
<b>Total Current Liabilities</b>		<u>241,882</u>	<u>393,225</u>	<u>241,882</u>	<u>393,225</u>
<b>NON CURRENT LIABILITIES</b>					
Interest bearing liabilities	12	12,838	28,829	12,838	28,829
<b>Total Non Current Liabilities</b>		<u>12,838</u>	<u>28,829</u>	<u>12,838</u>	<u>28,829</u>
<b>TOTAL LIABILITIES</b>		<u>254,720</u>	<u>422,054</u>	<u>254,720</u>	<u>422,054</u>
<b>NET ASSETS</b>		<u>2,753,059</u>	<u>3,279,015</u>	<u>2,753,059</u>	<u>3,279,015</u>
<b>EQUITY</b>					
Issued capital	13	4,194,381	3,333,772	4,194,381	3,333,772
Reserves	14	231,000	231,000	231,000	231,000
Accumulated losses	14	(1,672,322)	(285,757)	(1,672,322)	(285,757)
<b>TOTAL EQUITY</b>		<u>2,753,059</u>	<u>3,279,015</u>	<u>2,753,059</u>	<u>3,279,015</u>

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

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

<b>Consolidated Entity</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Options Reserve \$</b>	<b>Total \$</b>
<b>Period 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>Year ended 30 June 2008</b>				
Balance at 1 July 2007	3,333,772	(285,757)	231,000	3,279,015
Shares issued (net)	860,609	-	-	860,609
Net loss	-	(1,386,565)	-	(1,386,565)
Balance at 30 June 2008	<u>4,194,381</u>	<u>(1,672,322)</u>	<u>231,000</u>	<u>2,753,059</u>
<b>Parent Entity</b>				
<b>Parent Entity</b>	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Options Reserve \$</b>	<b>Total \$</b>
<b>Period 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>Year ended 30 June 2008</b>				
Balance at 1 July 2007	3,333,772	(285,757)	231,000	3,279,015
Shares issued (net)	860,609	-	-	860,609
Net loss	-	(1,386,565)	-	(1,386,565)
Balance at 30 June 2008	<u>4,194,381</u>	<u>(1,672,322)</u>	<u>231,000</u>	<u>2,753,059</u>

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

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payment to suppliers		(323,708)	(315,366)	(323,708)	(315,366)
Interest income received		37,936	77,540	37,936	77,540
Interest and other finance costs paid		(2,951)	(939)	(2,951)	(939)
<b>Net Cash Outflow From Operating Activities</b>	19	<u>(288,723)</u>	<u>(238,765)</u>	<u>(288,723)</u>	<u>(238,765)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for exploration expenditure		(1,118,612)	(1,200,655)	(579,814)	(1,000,764)
Payment for investments		(14,000)	(4,000)	(14,100)	(4,000)
Payment for other fixed assets		(14,282)	(118,869)	(14,282)	(118,869)
Refund/ (payment) of bonds		-	(250,000)	-	(250,000)
Loans to related parties		-	-	(538,798)	(199,891)
Cash acquired on purchase of subsidiary		-	200	-	-
Proceeds on disposal of share investment		4,000	4,412	4,000	4,412
<b>Net Cash Outflow From Investing Activities</b>		<u>(1,142,894)</u>	<u>(1,568,912)</u>	<u>(1,142,994)</u>	<u>(1,569,112)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares and options		687,730	3,339,000	687,730	3,339,000
Share and option issue transaction costs		(27,121)	(229,328)	(27,121)	(229,328)
Repayment of borrowings		(14,703)	(3,475)	(14,703)	(3,475)
<b>Net Cash Inflow From Financing Activities</b>		<u>645,906</u>	<u>3,106,197</u>	<u>645,906</u>	<u>3,106,197</u>
Net (decrease) / increase in cash held		(785,711)	1,298,520	(785,811)	1,298,320
Cash and cash equivalents at beginning of the financial year		<u>1,300,479</u>	<u>1,959</u>	<u>1,300,279</u>	<u>1,959</u>
Cash and cash equivalents at the end of this financial year	5	<u>514,768</u>	<u>1,300,479</u>	<u>514,468</u>	<u>1,300,279</u>

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

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

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

**Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration.

*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 2008 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 entities to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should the company be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

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.

**Adoption of new and revised standards**

**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2008, the Group has adopted 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 2007. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

AASB 101 'Presentation of Financial Instruments' (revised October 2006)

AASB 7 'Financial Instruments: Disclosures'

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2008. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Statement of Compliance**

The financial report was authorised for issue on 18 September 2008.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**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 consistencies with those policies applied by the parent entity.

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

**(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.

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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	
	2008	2007	2008	2007
	\$	\$	\$	\$

**NOTE 2 - REVENUE**

Revenue from non-operating activities

Interest received	37,936	77,540	37,936	77,540
Total revenue	<u>37,936</u>	<u>77,540</u>	<u>37,936</u>	<u>77,540</u>

**NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX  
EXPENSES**

**(a) Expenses**

Borrowing costs expensed:	2,951	939	2,951	939
Total borrowing costs expensed	<u>2,951</u>	<u>939</u>	<u>2,951</u>	<u>939</u>

Depreciation of non-current assets:

Plant and equipment	20,848	10,100	20,848	10,100
Office furniture and equipment	1,198	757	1,198	757
Motor vehicles	17,350	4,301	17,350	4,301
Computer software	9,786	5,327	9,786	5,327
Total depreciation of non-current assets	<u>49,182</u>	<u>20,485</u>	<u>49,182</u>	<u>20,485</u>

**(b) Losses / (Gains)**

Net gain on sale of investments		412	-	412
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**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**



**AND CONTROLLED ENTITIES**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**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>(1,386,565)</u>	<u>(275,465)</u>	<u>(1,386,565)</u>	<u>(275,465)</u>
Income tax calculated at 30%	(415,970)	(82,640)	(415,970)	(82,640)
<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>(415,970)</u>	<u>82,640</u>	<u>(415,970)</u>	<u>82,640</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>-</u>	<u>85,728</u>	<u>-</u>	<u>85,728</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2008 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.

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**NOTE 5 - CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	<u>514,768</u>	<u>1,300,479</u>	<u>514,468</u>	<u>1,300,279</u>
	<u>514,768</u>	<u>1,300,479</u>	<u>514,468</u>	<u>1,300,279</u>

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>NOTE 6 - TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
GST Receivable	25,540	53,263	25,540	53,263
Other	30,215	6,282	30,215	6,282
	<u>55,755</u>	<u>59,545</u>	<u>55,755</u>	<u>59,545</u>
<b>Non Current</b>				
Controlled entities				
Amounts due	(i) -		939,615	230,701
	-		<u>939,615</u>	<u>230,701</u>
(i) For future information on receivables from controlled entity, refer to Note 21.				
<b>NOTE 7 - OTHER CURRENT ASSETS</b>				
Investment held for resale	10,000		10,000	.
	<u>10,000</u>		<u>10,000</u>	.
<b>NOTE 8 - FINANCIAL ASSETS</b>				
Shares in unlisted controlled entities – at cost	-		200,100	200,000
	-		<u>200,100</u>	<u>200,000</u>
<b>NOTE 9 - PLANT AND EQUIPMENT</b>				
Plant and equipment				
Cost	180,157	165,875	180,157	165,875
Provision for depreciation	(69,667)	(20,485)	(69,667)	(20,485)
	<u>110,490</u>	<u>145,390</u>	<u>110,490</u>	<u>145,390</u>
Movement for the year				
Opening balance	145,390	-	145,390	-
Additions	14,282	165,875	14,282	165,875
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation expensed	(49,182)	(20,485)	(49,182)	(20,485)
Closing balance	<u>110,490</u>	<u>145,390</u>	<u>110,490</u>	<u>145,390</u>

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>NOTE 10 - MINERAL EXPLORATION AND EVALUATION</b>				
At cost brought forward	2,195,655	284,502	1,765,154	284,502
Transfer to subsidiary	-	-	-	(30,810)
Expenditure during the year	928,995	1,461,353	220,081	1,261,462
Fair value of acquisition	250,000	449,800	250,000	250,000
Expenditure written off	(1,057,884)	-	(1,057,884)	-
At cost less impairment	<u>2,316,766</u>	<u>2,195,655</u>	<u>1,177,351</u>	<u>1,765,154</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	200,805	343,323	200,805	343,323
Due to directors - remuneration	25,087	35,200	25,087	35,200
	<u>225,892</u>	<u>378,523</u>	<u>225,892</u>	<u>378,523</u>

**NOTE 12 - INTEREST BEARING LIABILITIES**

**Current**

Hire purchase liability	<u>15,990</u>	<u>14,702</u>	<u>15,990</u>	<u>14,702</u>
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**Non Current**

Hire purchase liability	<u>12,838</u>	<u>28,829</u>	<u>12,838</u>	<u>28,829</u>
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**Terms and conditions**

Hire purchase agreements are repayable by monthly instalments, 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 2008 and neither the company nor any of its controlled entities have lines of credit at 30 June 2008.

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**Parent Entity**  
**2008**                      **2007**  
**\$**                              **\$**

**NOTE 13 - ISSUED CAPITAL**

**(a) Issued capital:**

29,700,649 ordinary shares fully paid (2007: 25,715,000 ordinary shares fully paid)	4,194,381	3,333,772
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**(b) Movements in ordinary share capital of the Company were as follows:**

Date	Details	No. Of Shares	Issue Price Cents	Value \$
	<b>Balance June 30 2006</b>	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 (ii)	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),(iii)	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	60,000	20.00	12,000
30/06/07	Closing balance	25,715,000		3,563,100
	Less: Transaction costs arising on share issues			(229,328)
	<b>Balance June 30 2007</b>	25,715,000		3,333,772
28/11/07	Vendor Shares (iv)	547,000	36.56	200,000
26/03/08	Rights Issue	3,438,649	20.00	687,730
	Less: Transaction costs arising on share issues			(27,121)
	<b>Balance June 30 2008</b>	29,700,649		4,194,381

- (i) Funds raised for working capital purposes and replenish the option fee paid under the Ucabs Agreement.
- (ii) Purchase of Capricorn Resources Pty Ltd (see **NOTE 21**).
- (iii) Placement of Shares at 21 cents with a free attaching option.
- (iv) Shares issued as part of option fee paid under the Ucabs Agreement

**(c) Movement in Options:**

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	(115,000)		-
	<b>Balance June 30 2007</b>	25,485,000		231,000
26/03/08	Rights Issue	3,438,649	0.00	-
		28,923,649		231,000

**(d) Voting and dividend rights**

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

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

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>NOTE 14 - RESERVES AND ACCUMULATED LOSSES</b>				
Share Option Reserve (a)	231,000	231,000	231,000	231,000
Accumulated Losses (b)	<u>(1,672,322)</u>	<u>(285,757)</u>	<u>(1,672,322)</u>	<u>(285,757)</u>

**(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)	<u>231,000</u>	<u>231,000</u>	<u>231,000</u>	<u>231,000</u>
(b) Accumulated Losses				
Balance at beginning of the year	(285,757)	(10,292)	(285,757)	(10,292)
Net Loss from ordinary activities	<u>(1,386,565)</u>	<u>(275,465)</u>	<u>(1,386,565)</u>	<u>(275,465)</u>
Balance at end of the year	<u><u>(1,672,322)</u></u>	<u><u>(285,757)</u></u>	<u><u>(1,672,322)</u></u>	<u><u>(285,757)</u></u>

**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	748,887	997,770	344,636	593,519
Later than 1 year but not later than 2 years	748,887	997,770	344,636	593,519
Later than 2 years but not later than 5 years	<u>2,246,661</u>	<u>2,993,310</u>	<u>1,033,908</u>	<u>1,780,557</u>
	<u>3,744,435</u>	<u>4,988,850</u>	<u>1,723,180</u>	<u>2,967,595</u>

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

The commitments referred to above represent the 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	17,654	17,654
- One year or later and no later than five years	<u>13,241</u>	<u>30,895</u>	<u>13,241</u>	<u>30,895</u>
	30,895	48,549	30,895	48,549
Less charges yet to mature	<u>(2067)</u>	<u>(5,018)</u>	<u>(2067)</u>	<u>(5,018)</u>
	<u>28,828</u>	<u>43,531</u>	<u>28,828</u>	<u>43,531</u>
Hire purchase liabilities provided for in the financial statements				
- Current (Note 12)	15,990	14,702	15,990	14,702
- Non-current (Note 12)	<u>12,838</u>	<u>28,829</u>	<u>12,838</u>	<u>28,829</u>
	<u>28,828</u>	<u>43,531</u>	<u>28,828</u>	<u>43,531</u>

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

FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 16 - CONTINGENT LIABILITIES**

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2008 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 were 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.

On 28 November 2007 the agreement was varied and the option was extended to 30 May 2008 by payment of \$50,000 and the issue of 547,000 Shares. On 7 April 2008 Athena terminated the option agreement. The financial impact of the cash payments of \$250,000 and \$50,000 and the issue of shares have been included in the financial statements. In addition a total of \$834,874 (inclusive of these payments) was written off during the 2008 year.

**NOTE 17 - INVESTMENT IN CONTROLLED ENTITIES**

	Class of Shares		Contribution to consolidated net loss		Book Value of Athena's Investments	
			2008	2007	2008	2007
			\$	\$	\$	\$
Athena Resources Limited - Parent Entity	Ordinary	100%	(1,386,565)	(275,465)	-	-
Complex Exploration Pty Ltd	Ordinary	100%	-	-	100	-
Capricorn Resources Pty Ltd	Ordinary	100%	-	-	200,000	200,000
			<u>(1,386,565)</u>	<u>(275,465)</u>	<u>200,100</u>	<u>200,000</u>

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

**NOTE 18 - SEGMENT INFORMATION**

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

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

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

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	(1,386,565)	(275,465)	(1,386,565)	(275,465)
Depreciation	49,182	20,485	49,182	20,485
Profit on sale of non-current assets	-	(412)	-	(412)
Write off of Mineral Exploration	1,057,884	-	1,057,884	-
Movement in assets and liabilities				
Receivables	3,790	(11,424)	3,790	(11,424)
Other current assets	-	4,062	-	4,062
Payables	(13,014)	23,989	(13,014)	23,989
Net cash used in operating activities	<u>(288,723)</u>	<u>(238,765)</u>	<u>(288,723)</u>	<u>(238,765)</u>

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**



**AND CONTROLLED ENTITIES**

**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 Fergusson Thomson	Executive Chairman
Andrew Peter Thomson	Non-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 was a non executive director until 30 May 2008. The Company had 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 \$33,000 excluding GST was paid during the year. Mr. Sadleir is a director of Mineral Products Holdings Pty Ltd.

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:

<b>Director</b>	<b>Associated Company</b>	<b>Fees</b>	<b>Total</b>
<b>Year ended 30 June 2008</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	33,000	33,000
		<u>276,000</u>	<u>276,000</u>

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 20 - KEY MANAGEMENT PERSONNEL (Continued)**

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>

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

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Accounts payable	<u>25,087</u>	<u>35,200</u>	<u>25,087</u>	<u>35,200</u>

	Balance 1 July 2007	Balance at date of appointment	Right Issue	Purchase/ Sales	Balance at date of resignation	Balance 30 June 2008
<b>(e) Shareholding</b>						
E W Edwards	3,300,000	-	840,000	80,000	1	4,220,000
D F Thomson	550,000	-	137,500	-	1	687,500
A P Thomson	-	105,480	-	-		105,480
S B Sadleir	<u>1,550,000</u>	-	<u>395,000</u>	<u>20,000</u>	<u>(1,965,000)</u>	-
	<u>5,400,000</u>	<u>105,480</u>	<u>1,372,500</u>	<u>100,000</u>	<u>(1,965,000)</u>	<u>5,012,980</u>

<b>(f) Optionholding</b>						
E W Edwards	3,400,000	-	840,000-	(1,000,000)	1	3,240,000
D F Thomson	550,000	-	137,500	-		687,500
A P Thomson		1,000,000	-	-		1,000,000
S B Sadleir	<u>1,550,000</u>	-	<u>395,000</u>	<u>5,000</u>	<u>(1,950,000)</u>	-
	<u>5,500,000</u>	<u>1,000,000</u>	<u>1,372,500</u>	<u>(995,000)</u>	<u>(1,950,000)</u>	<u>4,927,500</u>

1 - Shares or options purchased/sold

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**



**AND CONTROLLED ENTITIES**

**NOTE 21 - RELATED PARTY INFORMATION**

Parent Entity	
2008	2007
\$	\$

**Transactions within the Consolidated Entity**

Aggregate amount receivable within the consolidated entities at balance date

Non-current receivables	939,615	230,171
Less : provision for non recovery	-	-
	939,615	230,171

All loans to related parties and controlled entities 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**

Consolidated Entity		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$

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 entities	15,300	2,500	15,300	2,500
Other Services (Independent Accountants Report)	-	7,650	-	7,650
	15,300	10,150	15,300	10,150

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

:

**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:

	Consolidated <i>Recognised on acquisition</i> \$	<i>Carrying value</i> \$
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>	

	Consolidated \$
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.

On 9 November 2007, Athena incorporated Complex Exploration Pty Ltd with 100% of the voting shares by subscribing for 100 \$1.00 shares. From the date of incorporation Complex Exploration Pty Ltd has contributed nil to the net profit of the Group.

**NOTE 24 - LOSS PER SHARE**

	Number of Shares	
	2008	2007
	\$	\$
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	<u>26,952,537</u>	<u>18,858,178</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	<u>26,952,537</u>	<u>28,486,753</u>

2008 NIL ( 2007, 25,485,000) options were included in the determination of diluted earnings per share.

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 25 - FINANCIAL RISK  
MANAGEMENT**

**(a) Financial Risk Management Policies**

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

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

**(i) Financial Risk Exposures and Management**

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

**Interest Rate Risk**

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

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$	
	2008	2007	2008	2007	2008	2007
<b>Financial Assets</b>						
- Cash at bank	-	-	6.64	5.85	514,768	1,300,479
- Trade debtors	55,605	59,545			-	-
Total Financial Assets	<u>55,605</u>	<u>59,545</u>			<u>514,768</u>	<u>1,300,479</u>
<b>Financial Liabilities</b>						
- Payable and accruals	199,155	343,323			-	-
- Amounts payable related parties	25,087	35,200			-	-
- Interest bearing liabilities	-	-	8.22	8.22	28,828	43,531
Total Financial Liabilities	<u>224,242</u>	<u>378,523</u>			<u>28,828</u>	<u>43,531</u>

**Liquidity Risk**

The group manages liquidity risk by monitoring forecast cash flows.

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any 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.

**Capital Management Risk**

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the group since the prior year.

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**NOTE 25 - FINANCIAL RISK  
MANAGEMENT (Continued)**

**(b) Financial Instruments**

**Net Fair Values**

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

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

**Interest Rate Sensitivity Analysis**

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2008 the effect on the loss and equity as a result of changes in the interest rate with all other variables remaining constant is as follows:

	2008	\$	2007
Change in Loss			
- Increase in interest by 2%	11,600		22,100
- Decrease in interest by 2%	(11,600)		(22,100)
Change in equity			
- Increase in interest by 2%	11,600		22,100
- Decrease in interest by 2%	(11,600)		(22,100)

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

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

## DIRECTORS DECLARATION

FOR THE YEAR ENDED 30 JUNE 2008



## AND CONTROLLED ENTITIES

### 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 2008 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 19 September 2008

## INDEPENDENT AUDITOR'S REPORT

### 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 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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 20 to 41. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the 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.

#### *Independence*

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

*Auditor's Opinion*

In our opinion:

- (a) the financial report of Athena Resources Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; 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.

*Continuation as a Going Concern*

Without qualification to the opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 and 15 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Athena Resources Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.



HLB MANN JUDD  
Chartered Accountants



N G NEILL  
Partner

Perth, Western Australia  
19 September 2008

**SHAREHOLDER DETAILS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**ANALYSIS OF SHAREHOLDING – 4 September 2008**

	SHARES	OPTIONS
1 – 1,000	11	7
1,001 – 5,000	58	32
5,001 – 10,000	100	71
10,001 – 100,000	266	235
100,001 – or more	49	51
	484	396
 Total on issue	 29,700,649	 28,923,649
 Shareholders holding less than marketable parcel	 72	 200

**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	4,220,000	14.21%
Shane Beatty Sadleir	1,812,500	6.10%
Denis Hugh Kelly	1,656,277	5.58%

**Directors' Shareholding**

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

**SHAREHOLDER DETAILS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**TOP TWENTY SHAREHOLDERS**

<b>NAME AND ADDRESS</b>	<b>SHARES</b>	<b>%</b>	<b>RANK</b>
Tied Nominees Pty Ltd	3,970,000	13.37	1
Shane Beatty Sadleir	1,812,500	6.10	2
Kelanco Pty Ltd	1,656,277	5.58	3
Danola Pty Ltd ATF Tom Galopoulos Super Fund	1,375,000	4.63	4
Mr Peter and Mr Christian Galopoulos	1,350,000	4.55	5
Ucabs Pty Ltd	638,692	2.15	6
Lightwave Investments Pty Ltd	600,000	2.02	7
Mr Grant Donnes	479,000	1.61	8
Fortis Clearing Nominees Pty Ltd	400,000	1.35	9
Mr Ian Paton	400,000	1.35	10
Donald Fergusson Thomson	375,000	1.26	11
Saruman Holdings Pty Ltd ATF Galopoulos Family A/c	330,000	1.11	12
Ronald Albert John Hintz	306,194	1.03	13
Indigo Exploration Services Pty Ltd	312,500	1.05	14
Ronald Albert John Hintz	306,194	1.03	15
Bond Street Custodians Limited	250,000	0.84	16
Tied Investments Pty Ltd	250,000	0.84	17
Sinom (Hong Kong) Pty Ltd	246,875	0.83	18
Mr Jeremy Harrison Cooper Minerva Sipp	220,000	0.74	19
Velsberry Pty Ltd ATF Streeter Family A/c	200,000	0.67	20
<b>TOP 20 TOTAL</b>	<b>15,478,232</b>	<b>52.11</b>	

**TOP TWENTY OPTIONHOLDERS**

<b>NAME AND ADDRESS</b>	<b>OPTIONS</b>	<b>%</b>	<b>RANK</b>
Tied Nominees Pty Ltd	2,927,500	10.12	1
Shane Beatty Sadleir	1,937,500	6.70	2
Danola Pty Ltd ATF Tom Galopoulos Super Fund	1,375,000	4.75	3
Mr Peter and Mr Christian Galopoulos	1,350,000	4.67	4
Kelanco Pty Ltd	1,312,277	4.54	5
Mr Andrew Thomson	1,000,000	3.46	6
Mr Grant Donnes	620,000	2.14	7
Lightwave Investments Pty Ltd	600,000	2.07	8
Guritali Pty Ltd	507,965	1.76	9
Corporate Systems Publishing Pty Ltd	496,075	1.72	10
Fortis Clearing Nominees Pty Ltd	400,000	1.38	11
Donald Fergusson Thomson	375,000	1.30	12
Mr Peter Galopoulos	360,492	1.25	13
Suraman Holdings Pty Ltd ATF Galopoulos Family A/c	325,000	1.12	14
Indigo Exploration Services Pty Ltd	312,500	1.08	15
Tied Investments Pty Ltd	312,500	1.08	16
Sinom (Hong Kong) Pty Ltd	299,375	1.04	17
Bond Street Custodians Limited	250,000	0.86	18
Mr Peter Zaverdinos	250,000	0.86	19
Mr Finian Maccana Lambert Superannuation A/c	230,000	0.80	20
<b>TOP 20 TOTAL</b>	<b>15,241,184</b>	<b>52.69</b>	

**INTEREST IN MINING TENEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2008



**AND CONTROLLED ENTITIES**

**INTEREST IN MINING TENEMENTS**

**Ravensthorpe**

ELA39/1311  
ELA39/1327  
E74/341  
E74/342  
E74/350  
P74/276

**Ashburton**

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

**Binneringie**

ELA15/1076  
ELA15/1077  
ELA15/1078  
ELA15/1079  
ELA15/1080  
EL63/1143  
EL63/1149  
ELA77/1439

**Byro**

ELA09/1409  
ELA09/1410  
ELA09/1411  
ELA09/1412  
ELA09/1413  
ELA09/1414  
ELA09/1465  
ELA09/1466  
ELA09/1507  
ELA09/1508  
ELA09/1551  
ELA09/1552  
ELA20/677

E – Exploration License  
ELA - Exploration License Application  
M – Mining Lease  
P – Prospecting License