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## MARCH 2010 QUARTERLY REPORT

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### ATHENA RESOURCES LIMITED

ASX Symbol: **AHN**

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### CONTACTS

Mr Ed Edwards  
Managing Director

### PROJECTS

**Ashburton:** Gold and Basemetals

**Byro:** Iron Ore, Nickel-Copper-  
PGE's



### HIGHLIGHTS

#### **Secures strategic Investor in Ishine International Resources Limited**

- **Ishine agrees to take up to a 19.9% strategic stake in Athena**
- **Investment First Tranche \$1,037,500 and Second Tranche \$1,216,844**
- **Funding will further accelerate exploration of Athena's Byro Iron Ore Project**
- **Ishine brings significant iron ore experience to Athena**

#### **Byro Tenements now all granted**

## **1. CORPORATE**

### **Strategic Investment by Ishine International Resources Limited**

During the quarter Athena announced that Ishine International Resources Limited would become a strategic investor in the Company with the placement, subject to the approval of Athena shareholders, of shares and options as follows:

- Tranche 1
- a) 8,300,000 ordinary fully paid shares at 12 cents per share to raise \$996,000.
  - b) 4,150,000 Options exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option to raise \$41,500.

Subject to Ishine exercising its option to participate in Tranche 2 at anytime up to 5.00pm (WST) on 31 October 2010:

- Tranche 2
- a) 5,935,823 ordinary fully paid shares at 20 cents per share to raise \$1,187,165.
  - b) 2,967,912 Options expiring exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option to raise \$29,679.

Ishine is an Australian company that listed on ASX in December 2009. Ishine's major shareholders are Shandong Ishine Mining Industry Co Ltd (SIMIC) (68.7%) and Mr Yunde Li (11.5%). Mr Li is the Chairman of Ishine and SIMIC. SIMIC is an iron ore mining and production company well established in Shandong Province, China and which converted from state ownership in 2001. SIMIC owns three iron ore plants and has iron resources of nearly 50 million tonnes within three exploration areas. Its core business is the production and sale of its own fine iron ore concentrates

Athena obtained shareholder approval on 9 April 2010 to the issue of the shares and options referred to above. The shares and options referred to in Tranche 1 were allotted on receipt of the payment of \$1,037,500 on 15 April 2010.

On completion of the first tranche Ishine's nominee Dr Caigen Wang was appointed as a director of Athena. Dr Wang is the Managing Director of Ishine. He is a professional mining engineer with over 20 years international mining experience in Australia, Canada and China.

### **Option Rights Issue**

The Company advised on 21 January 2010 that the Non Renounceable Rights Issue of Options closed on 19 January 2010 with Eligible Shareholders applying to take up 155% of the Rights Issue.

The Company received 19,944,566 acceptances (70%) for options from Eligible Shareholders together with applications for additional options of 24,448,282 (85%).

Funds raised from the rights issue totalled \$286,504.

### **Board Restructure**

On 16 April the Company announced the following changes to the board.

Chairman                      The appointment of The Honourable Andrew P Thomson BA, LLB, LLM as Chairman.

Managing Director        The appointment of Mr Edmond Edwards BCom, ACA, FAICD as Managing Director.

Non-Executive Director   The appointment of Dr Caigen Wang PhD, CPEng, MIEAust, MAusIMM as a non executive Director.

Company Secretary        The appointment of Mr Peter Newcomb FCA as joint company secretary.

This restructure follows the placement announced by Ishine International Resources Limited and the appointment of Cr Wang the Managing Director of Ishine to the Board.

Mr Donald Thomson had resigned as a director. The board wishes to thank Don for his contribution to the company.

## **2. BYRO PROJECT (Figure 1) (Athena Resources 80%, contributing 100%)**

### **Byro Iron Ore Targets**

In the December quarter, Athena announced that it had identified twenty six areas of potential outcropping and buried iron ore targets with a combined strike length of 35 kilometers. This followed on from the receipt of encouraging iron assays in 45 rock chip samples over three magnetic target areas at Byro (Figure 2). All samples exceeded 30% iron, ranging from a low of 31% to a high of 58% Fe.

Athena's Byro project lies within the same geological terrane as the Jack Hills and Tallering Peak iron deposits and is centred approximately 60 kilometres west of the Jack Hills deposit. At Jack Hills total iron Mineral Resource are estimated at about 96 million tonnes comprising of Direct Shipping Ore grading 58.7% Fe and 991 million tonnes of magnetite Beneficiation Feed Ore grading 34.1% Fe. Tallering Peak, located 150 kilometres south of the Byro project has a more modest Mineral Resource of 14.9 million tonnes at 61.8% Fe.

### **Byro Base and Precious Metals Targets**

#### **Moonborough**

Athena has also previously reported encouraging nickel, copper, platinum, palladium and gold assays in both soil and rock chip geochemical samples from the Byro area. At Moonborough the Company has a coincident **+100ppm copper** and **+10ppb palladium** soil anomaly that exceeds 700 metres strike length in soils.

#### **Byro East**

Athena also received further encouraging copper assays from rock chip samples along the eastern basal contact zone at Byro East on Exploration licence E08/1637 (Figure 3). Ten additional rock chip samples collected from outcrops along the eastern basal contact of the Byro East ultramafic intrusion have extended the area of known copper mineralisation for over 1.8 kilometres. With best results of **7.49 and 3.28% copper**, the new rock chip samples were collected as follow-up to the **25.5% copper** previously reported from sample MBCR186.

The most recent results coincide with outcrops near collars from holes drilled by Jododex in the early 1970's that interested significant copper mineralisation including **67 metres at 0.63% copper** and **3 metres at 1.35% copper**. Jododex's soil geochemistry appears to have been less effective in areas with poor or limited outcrop.

The Byro East Ultramafic complex consists of four zones with a total exposed area of 6.25 square kilometres and a combined basal contact length of 29.1 kilometres. Jododex's soil sampling has partially mapped the basal contact zone for 3.6 kilometres. The long, narrow "tail" and smaller intrusions on the southern end of the body of the main intrusion may be part of the "feeder zone" and as such are attractive exploration targets. It is significant that the peak copper results in the historic soil samples come from this area and have not been drill tested.

### **Grant of Tenements**

All 9 exploration licences comprising the Byro Project have now been granted by the Department of Minerals and Petroleum. The granting of these tenements allows Athena to conduct drilling and other "ground disturbing" activities set out in the tenement conditions subject to obtaining statutory approvals and heritage clearance.

### **Proposed exploration in June quarter**

Athena has received approval from the Department of Minerals and Petroleum for approximately 20 drill holes targeting the Byro iron ore targets and the Moonborough base metal targets. Heritage clearance is expected shortly followed by the drilling.

Discussions are also underway with contractors to conduct further aeromagnetic surveys to a) infill the 400m data over the iron ore targets on E09/1507 and b) to obtain better data over the iron ore targets on E09/1551.

A VTEM program is also planned over the Moonborough and Byro East base metal targets.

### **3. ASHBURTON PROJECT (Athena Resources 100%, P08/493 95%, M08/189 90%)**

No field work was carried out on the Ashburton Project in the March Quarter due to the extreme weather conditions during that period. Activity on the project was limited to compilation of the past exploration data from open file reports held by the Department of Mines and Petroleum.

#### **4. RAVENSTHORPE PROJECT**

During the quarter Athena granted a 12 month option over the Ravensthorpe tenements. An option fee of \$15,000 has been received. The option can be exercised at any time by the payment of \$50,000. The purchaser is not related to Athena or its Directors.

E W Edwards

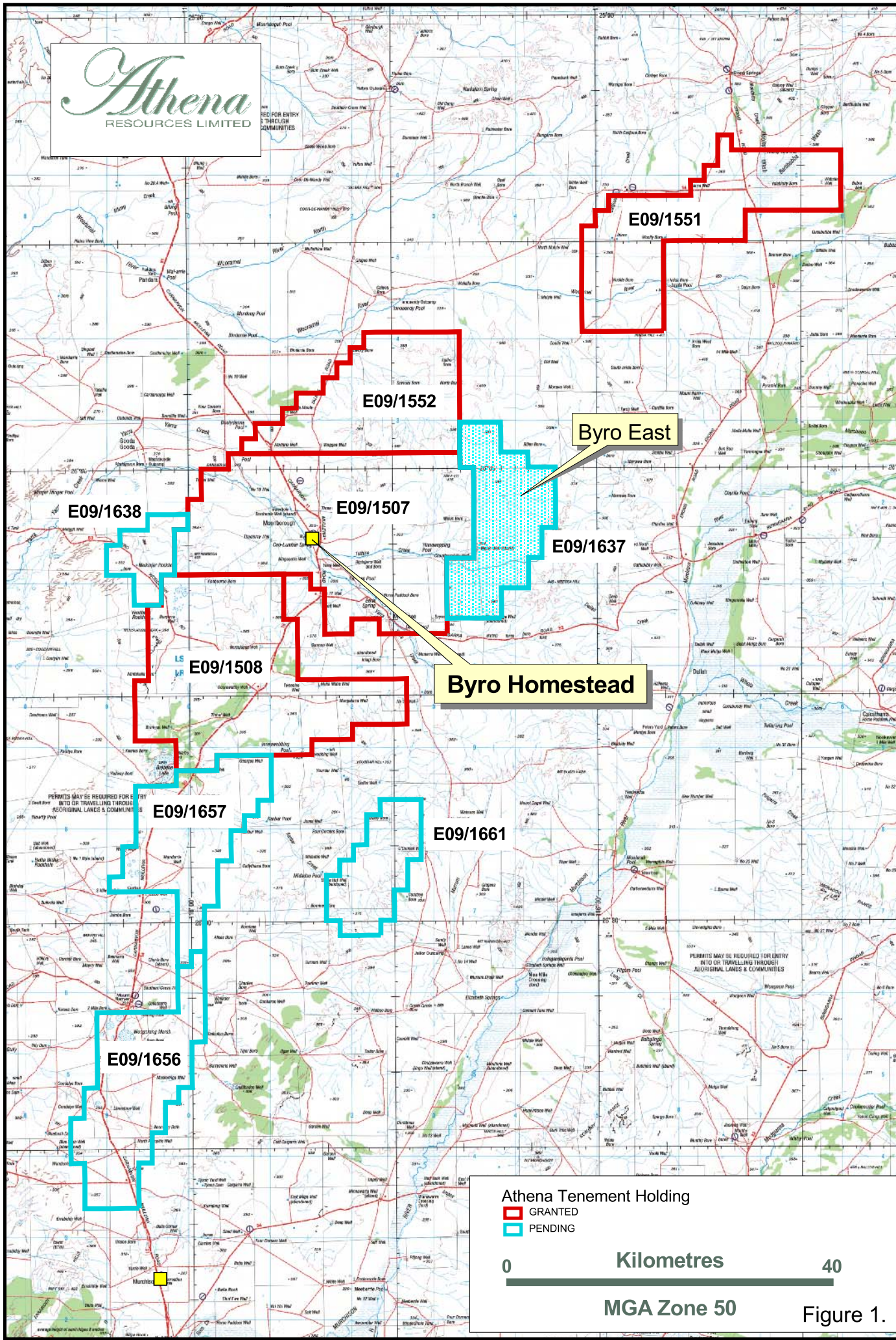
*Managing Director*  
*29 April 2010*

#### *Competent Persons Statement*

The technical information relating to Athena's exploration projects was compiled by Mr Martin Dormer, an employee of Ishine International Resources Limited. Mr Dormer 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 Dormer consents to this inclusion of the information in this report in the context and format in which it appears.



PERMITS MAY BE REQUIRED FOR ENTRY INTO OR TRAVELLING THROUGH ORIGINAL LANDS & COMMUNITIES



Athena Tenement Holding  
█ GRANTED  
█ PENDING



MGA Zone 50

Figure 1.

400000

410000

420000

430000

440000

7140000

7140000

7130000

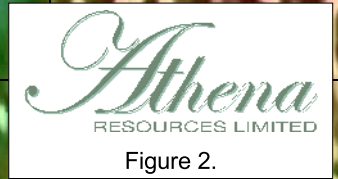
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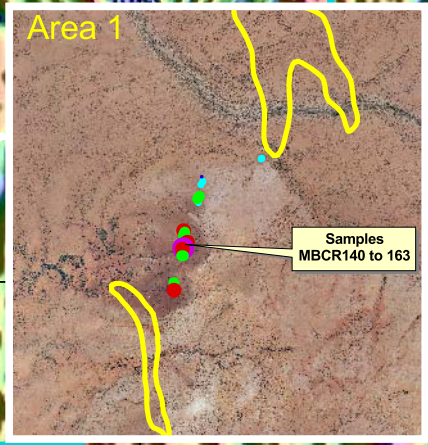
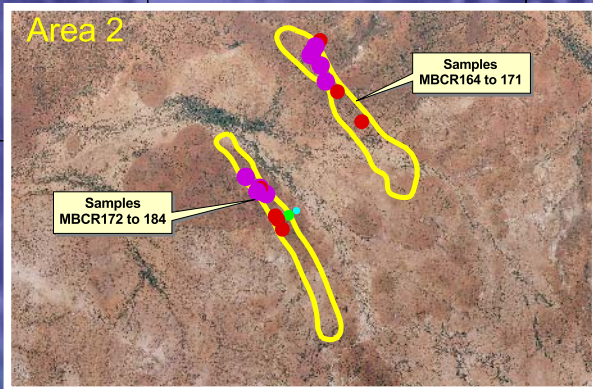


**Rock Chip Samples (Iron)**

- 50 - 58%
- 45 - 50%
- 40 - 45%
- 35 - 40%
- 31 - 35%

Reduced to Pole Aeromagnetic Data with 60deg ENE Sun Angle

▭ Peak Magnetic Zones



**Bryo East Ultramafic Intrusion**

**Moonborough Prospect**

**Byro Homestead**

0 Kilometres 10

MGA Zone 50

400000

410000

420000

430000

440000

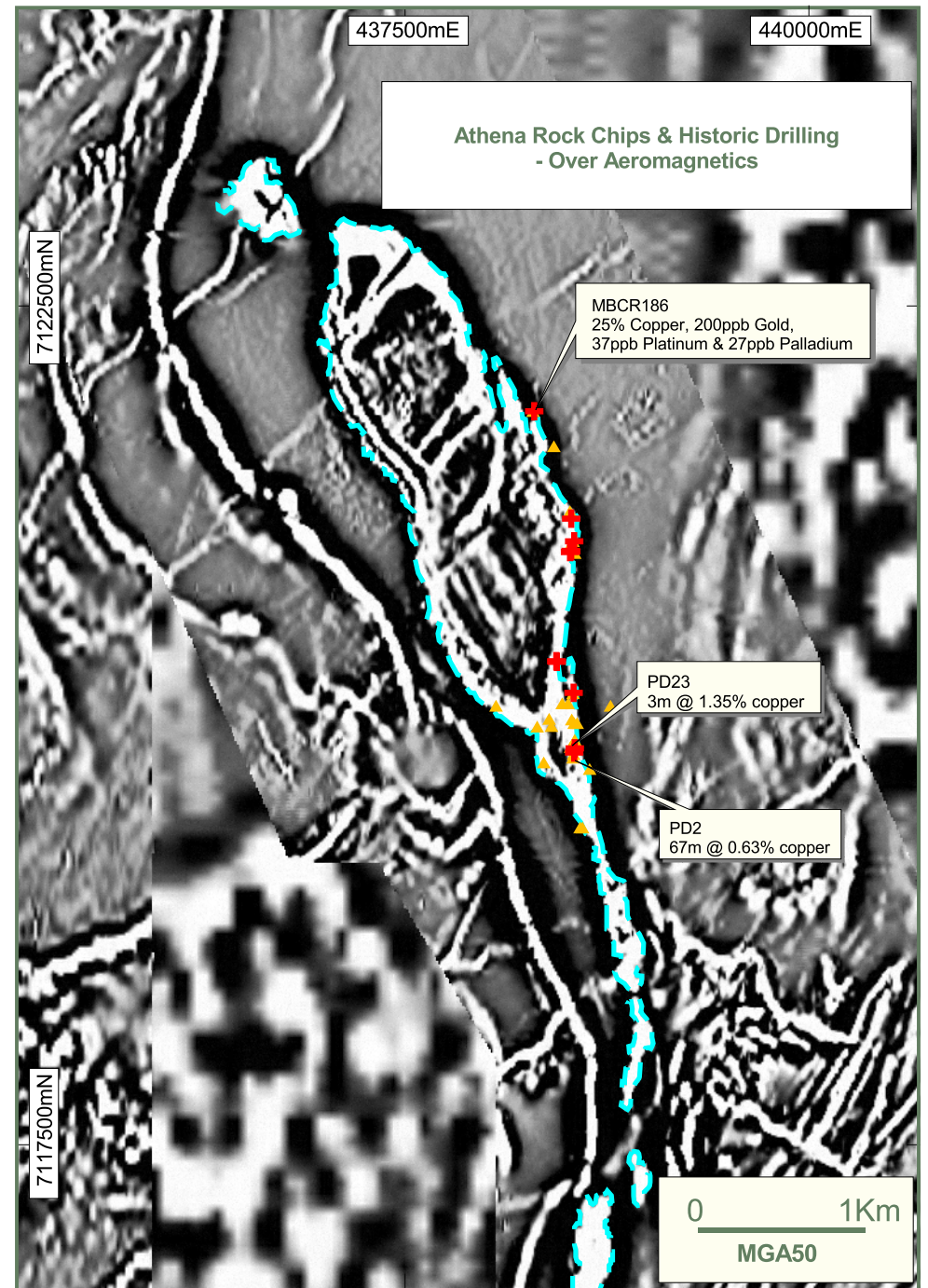
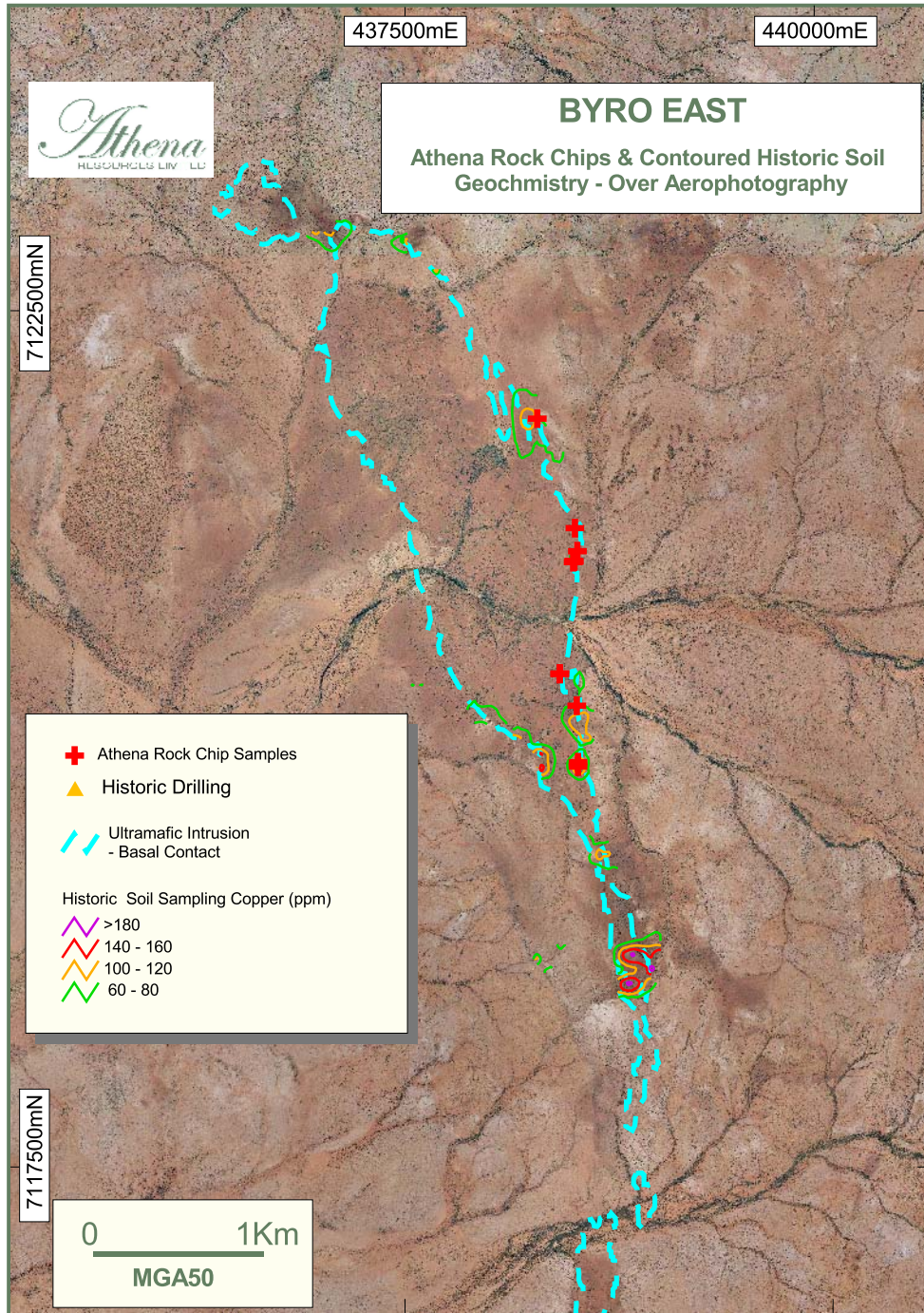


Figure 3