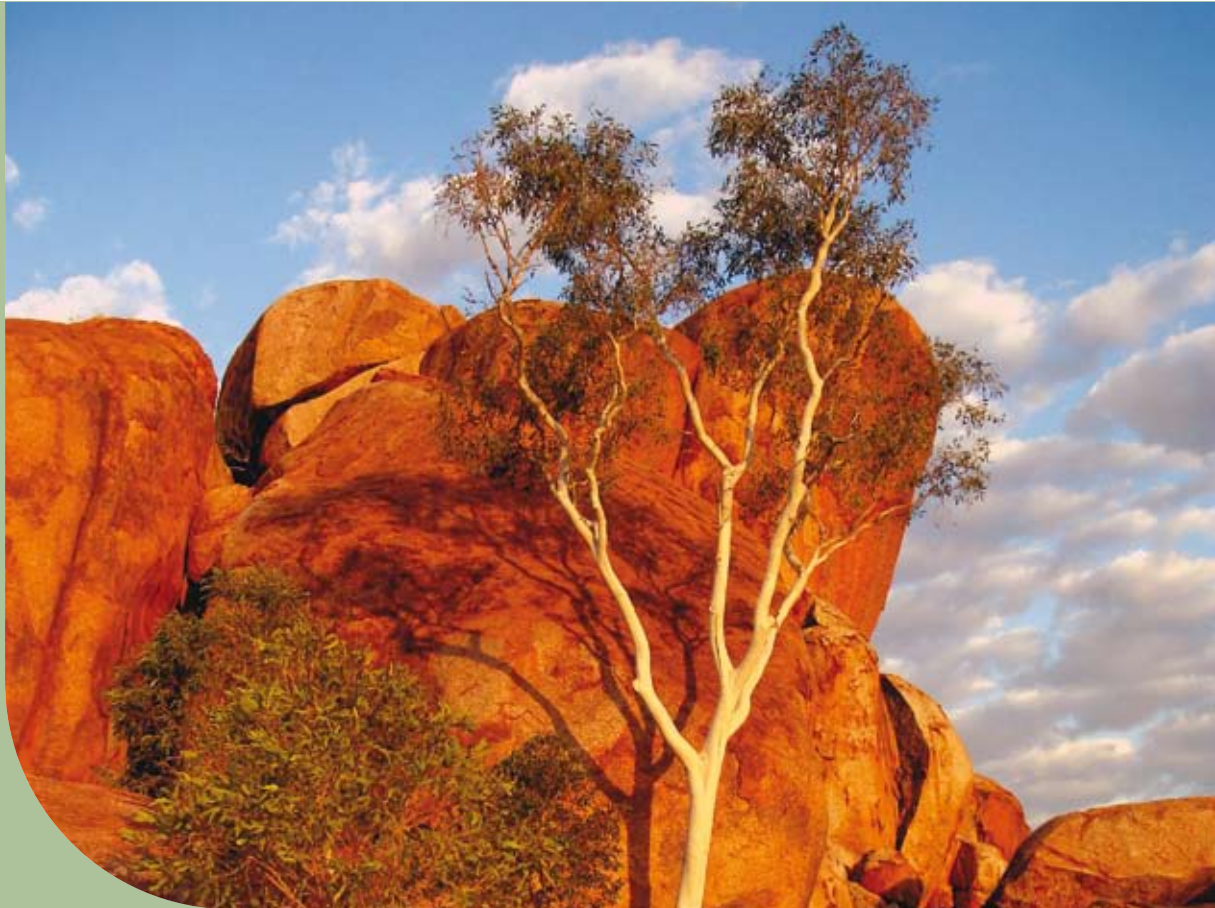


Athena
RESOURCES LIMITED



Annual
Report | **10**

ATHENA RESOURCES LIMITED
ACN 113 758 900

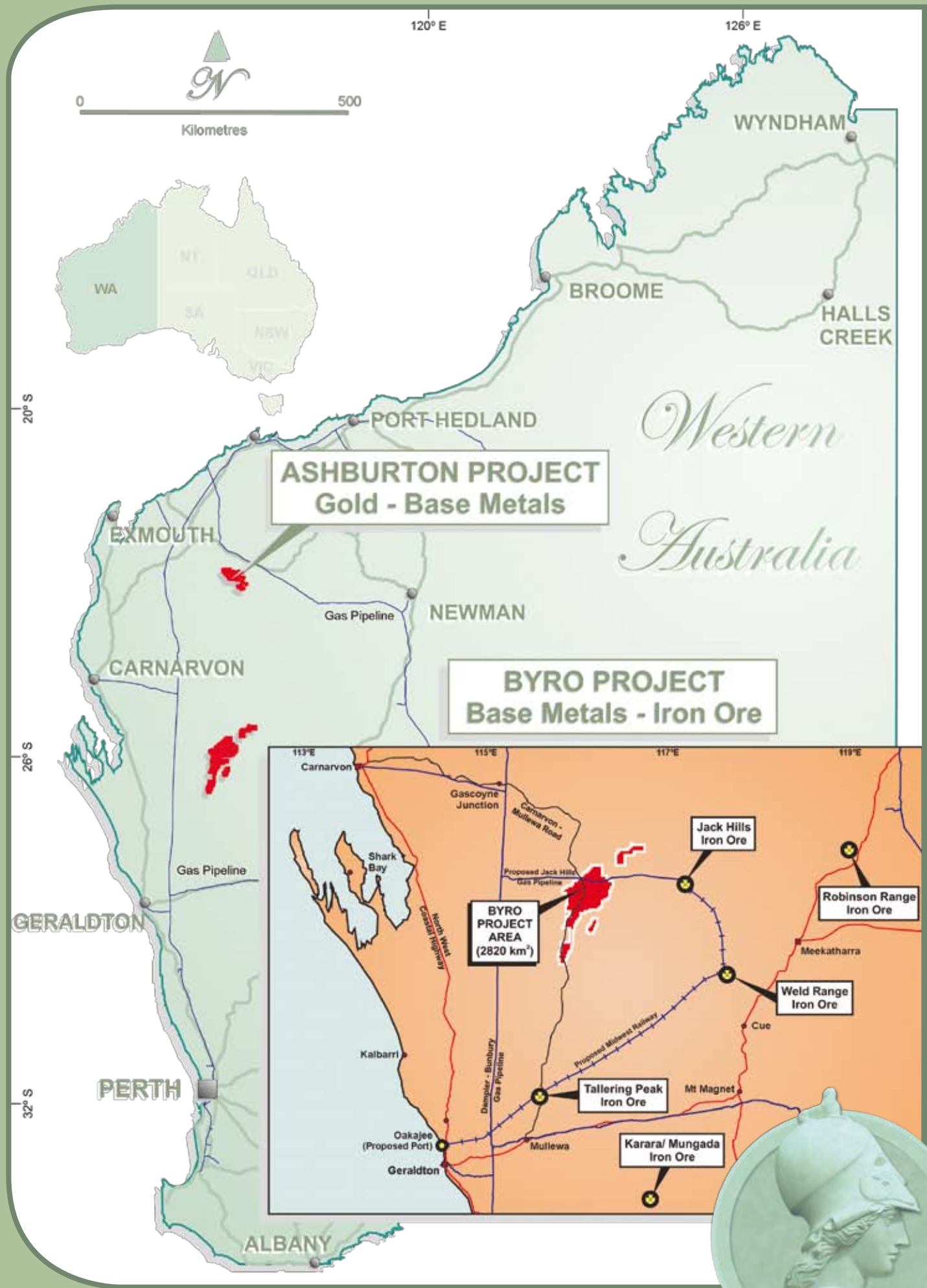


Figure 1



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The photographs contained in this Annual Report are for illustration purposes only and are not necessarily assets of the Company.

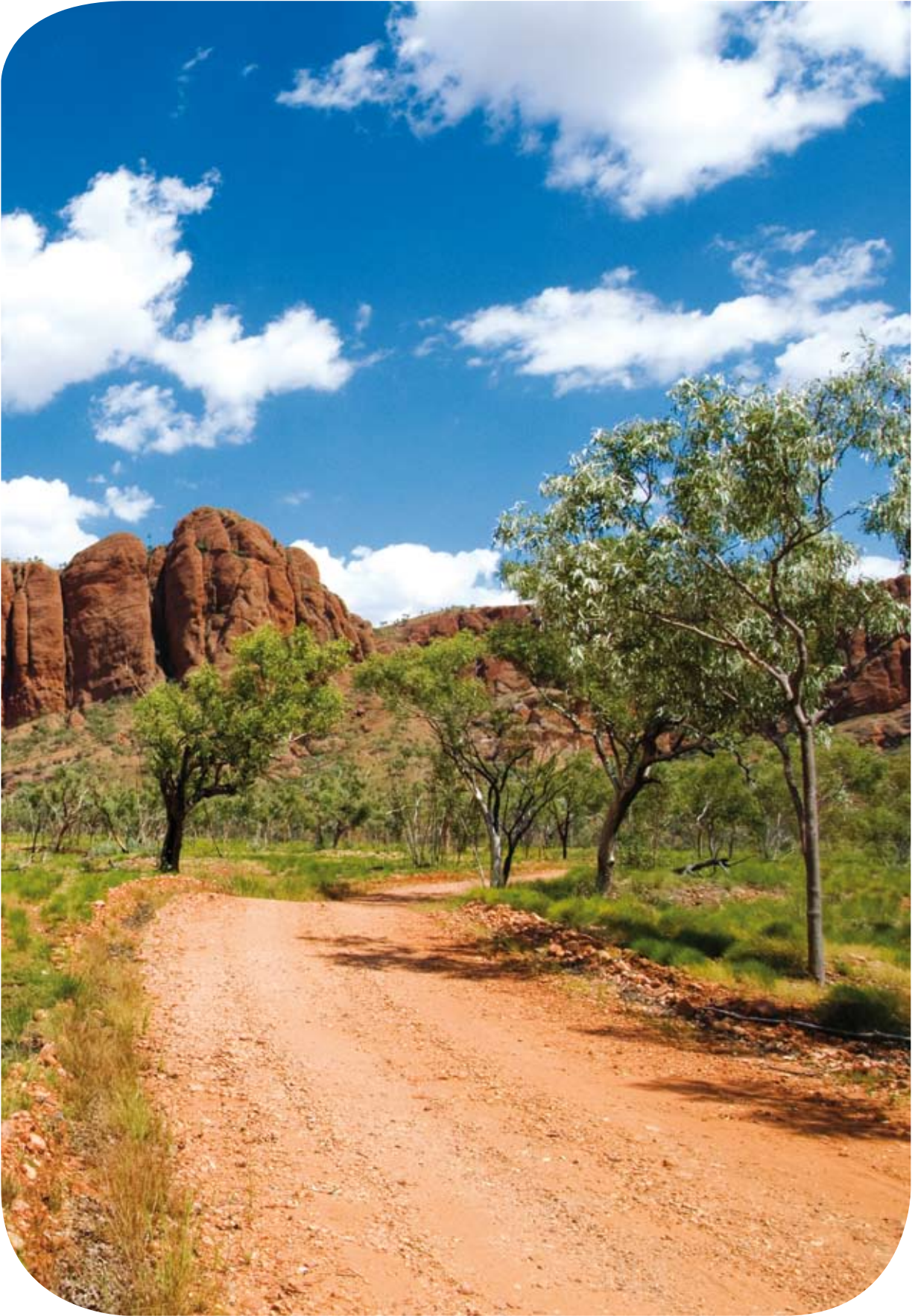


Company Information

ABN	69 113 758 900
Directors	A P Thomson (Chairman) E W Edwards (Managing Director) C Wang (Non Executive Director)
Secretary	E W Edwards P J Newcomb
Registered Office	63 Lindsay Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9428 2900 Facsimile: +61 8 9428 2910 Email: ahn@athenaresources.com.au
Share Registry	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
Auditor	HLB Mann Judd 130 Stirling Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation 116 James Street Perth, WESTERN AUSTRALIA 6000
Securities Exchange Listing	Athena Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares AHN Options AHNOA
Website	www.athenaresources.com.au



Neoclassical Statue of Athena
in the Peterhof Gardens,
St. Petersburg, Russia.



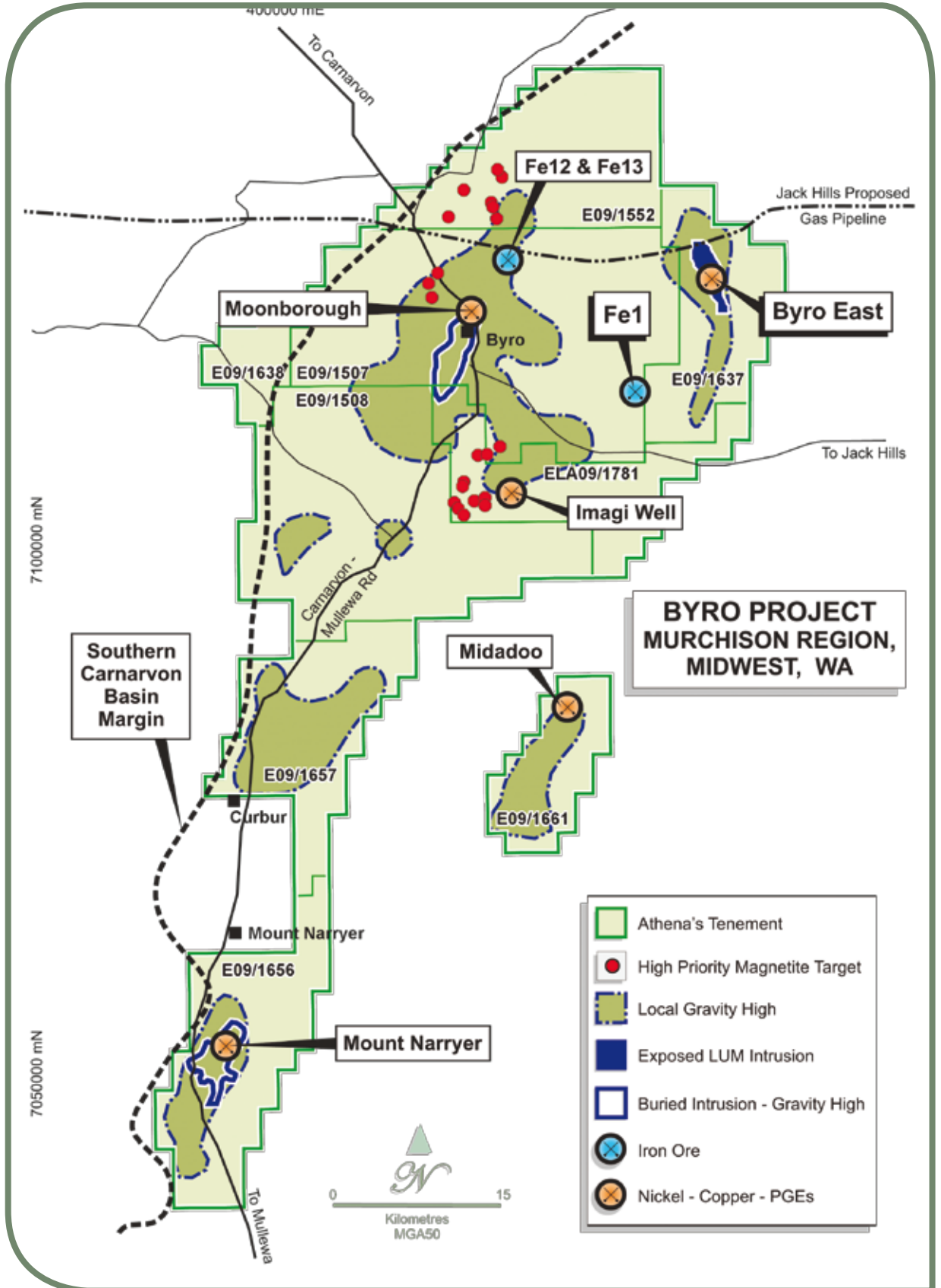


Figure 2

Review of Operations (Cont.)

02



Athena Resources has two key projects Byro and Ashburton which are described below.

1. BYRO IRON ORE / NICKEL-COPPER PGE PROJECT

1.1 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 (Figures 1 and 2).

1.2 TENURE

Athena's Byro Project covers approximately 2,800 square kilometres and consists of nine Exploration Licences and 1 Exploration Licence Application. Athena has an 80% interest in the project contributing 100%. The Company has applied and received authorisation to explore for iron ore on Exploration Licences E08/1507 and E08/1552.

1.3 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. Outcropping sequences of mafic to ultramafic lithologies suggest a series of prospective intrusions, the extent of which has been refined with gravity and detailed magnetic surveys where alluvial cover persists.

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. At the Byro East Project, copper gossans exist where nearby historic drilling intersected copper and nickel mineralisation. Athena's Moonborough project, located approximately 20km to the west of Byro East Project, has anomalous nickel, copper, platinum, palladium results in soils, with rockchip results up to 1.93% Cu, and 3.01g/t Pd in a gabbro. This abundance of chalcophile elements indicates the fertility of these intrusions and their prospectivity as exploration targets.

1.4 REGIONAL EXPLORATION

IRON ORE

Following integration of GSWA 400m line spaced aeromagnetic survey, and more a detailed 100m line spaced survey flown by Athena over most of E09/1507, a number of magnetic anomalies were identified as being potential to represent magnetite bearing units capable of hosting iron ore deposits. The combined strike length of these anomalies is some 35km. This followed receipt of 45 encouraging rockchip assays over three magnetic targets at Byro where all samples exceeded 30% Fe, with a peak result of 58% Fe. The majority of these magnetic units are however under shallow alluvial cover and don't outcrop.

In May and June 2010, Athena completed further aeromagnetic surveys at its Byro project to:

- a) Improve the GSWA 400m data over the iron ore targets on E09/1552, as shown in Figure 3, including the large anomalous magnetic zone to the east.
- b) Acquire 25m line spacing high resolution magnetic data over the iron ore targets (Fe1; Fe12; Fe13) on E09/1507 to optimally position drill holes.

The final data is expected to be received in August 2010.

Athena's Byro project lies within the same geological terrane as the Jack Hills and Talling 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% iron and 991 million tonnes of magnetite Beneficiation Feed Ore grading 34.1% iron. Talling Peak, located 150 kilometres south of the Byro project has a Mineral Resource of 14.9 million tonnes at 61.8% iron.

Athena applied and received Ministerial Approval to explore for iron on **E09/1507** and **E09/1552**.

5

Athena Resources Limited | ANNUAL REPORT 2010

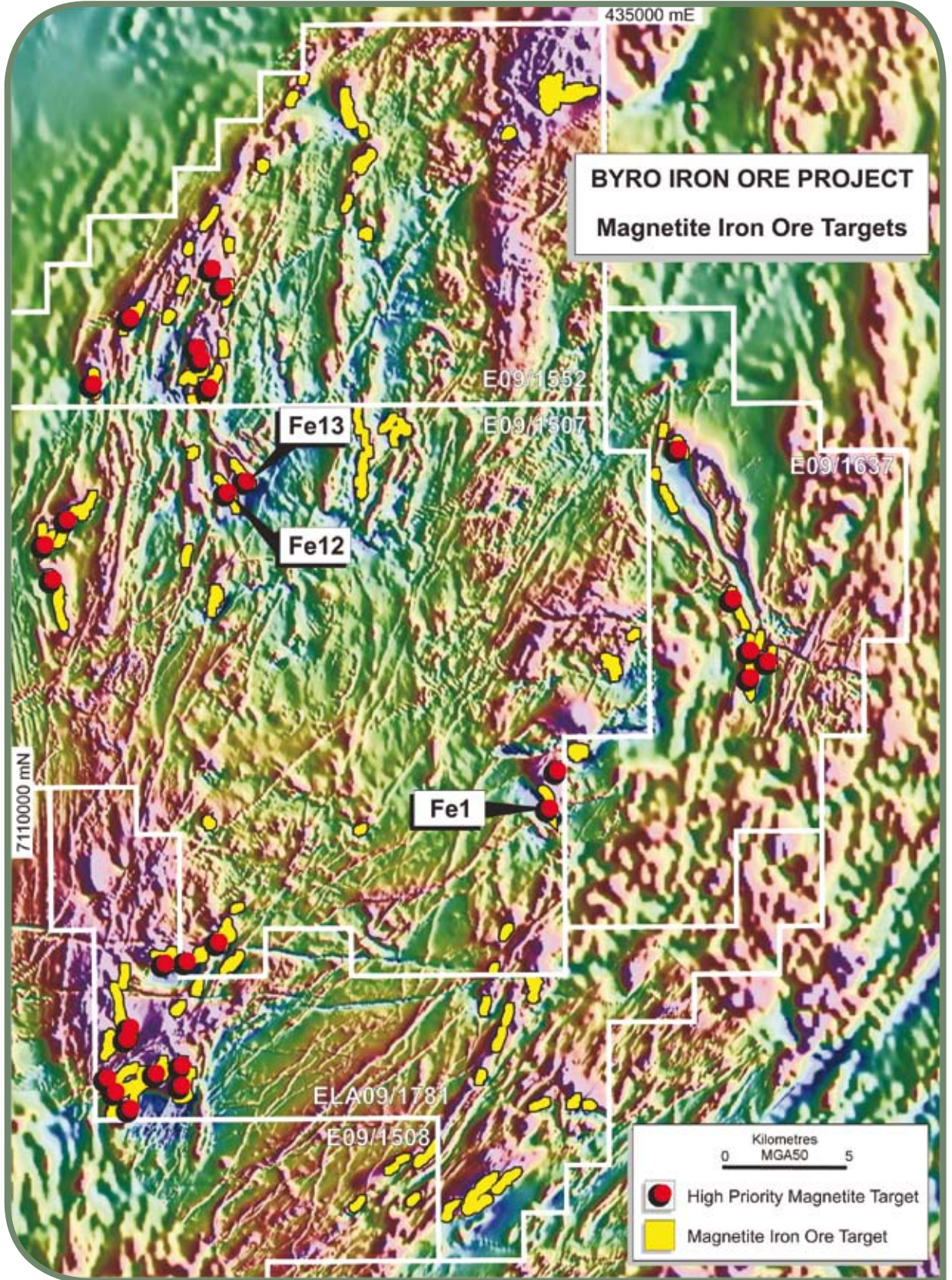


Figure 3

Review of *Operations (Cont.)*

02



COPPER-NICKEL-PGE'S

Byro/ Moonborough

At the Moonborough Prospect, 2 kilometres north of Byro station homestead, Athena has outlined a strong coincident copper-platinum group metal (PGM) geochemical anomaly. This 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 sub-cropping bed rock. Peak results for Athena's soil geochemical programs include 492 ppm copper, 53 ppb palladium, 11ppb gold and 4 ppb platinum from the 226 samples collected. 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. The Moonborough mineralisation is hosted by sheared and metamorphosed gabbro, pyroxenite and lateritised cumulate-textured ultramafic. An aeromagnetic survey flown by Athena has mapped the host unit to the north for at least five kilometres

Geophysical and geological data integration and field reconnaissance by Athena suggests that the host rocks form part of an extensive hereto unrecognised mafic/ultramafic complex. Rock chip sampling by the Company has shown that additional copper-PGM mineralisation also occurs 7 kilometres to the north-east of the Moonborough Prospect. In March 2009 Athena used the high-resolution aeromagnetic data to identify extensions to the Moonborough prospect. Images of the data suggest that the mafic host unit containing platinum, palladium and copper mineralisation at Moonborough extends north under shallow cover for at least five kilometres.

Wide spaced traverses of reconnaissance soil geochemistry subsequently confirmed the interpretation and showed the mineralisation extends for 3.5 kilometres; the limit of the geochemical coverage. The geochemistry in conjunction with aeromagnetic imagery also indicates that the mineralised horizon is open to both the north and the south.

The importance of the elevated platinum (10, 11, 12, 16, 17, 18 ppb), palladium (10, 21, 31 ppb) and copper (74, 84, 94, 132, 162 ppm) assays in these and the earlier samples from Moonborough cannot be over stated. Platinum, palladium and copper have a preference for bonding with sulphur and are essential indicators of sulphide mineralisation. These latest results verify that Athena has identified a fertile mafic igneous system at Byro which requires immediate drill testing.

Athena extended its 25m line spaced infill aeromagnetic survey to include the Moonborough Prospect. To the south, this intrusion extends beneath transported cover in vicinity of Byro Homestead. The sub-cropping rocks at Moonborough are interpreted to be part of this extensive sequence of prospective yet untested rocks. A helicopter borne VTEM survey was flown over a large extent of this intrusion with Southern Geoscience contracted to review and interpret this data with the view of identifying further drill targets on the Byro / Moonborough prospects.

Byro East

During the year Athena completed a compilation and review of historic exploration data from open file reports relating to the Byro East ultramafic intrusion. Rock chip sampling was carried out along the prospective eastern contact with a number of anomalous copper results, the best of which was 25.5% Cu from a siliceous gossan. Further encouraging copper assays from rock chip samples along the eastern contact zone were subsequently collected with best results of 7.49% Cu and 3.28% Cu. Ten additional rock chip samples collected from outcrops along the eastern contact of the Byro East ultramafic intrusion have extended the area of known copper mineralisation for over 1.8 kilometres.

From the compilation of historic drilling, previous intercepts along the eastern contact include:

67 metres at **0.63% copper** from 0 metres, Including 16.75 metres at **1.17% copper** from 30.5 metres in hole PD2, and

3 metres at **1.35% copper** from 6 metres in hole PD23

These two holes were drilled on adjacent lines 45 metres apart in the early 1970's by Jododex.

The Byro East Ultramafic complex consists of four zones with a total exposed area of 6.25 square kilometres and a combined contact length of 29.1 kilometres. Jododex's soil sampling has partially mapped the eastern contact zone for 3.6 kilometres. The long, narrow "tail" and smaller intrusions on the southern extension 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.

During May 2010, Athena carried out a helicopter borne VTEM survey over the entire intrusion, including the southern extension (Figure 4). This is the first time airborne electromagnetic data has been acquired over this prospect. Athena has contracted for Southern Geoscience to interpret and review the VTEM survey data with the view of identifying further drill targets on the Byro East base metal project.



Review of Operations (Cont.)

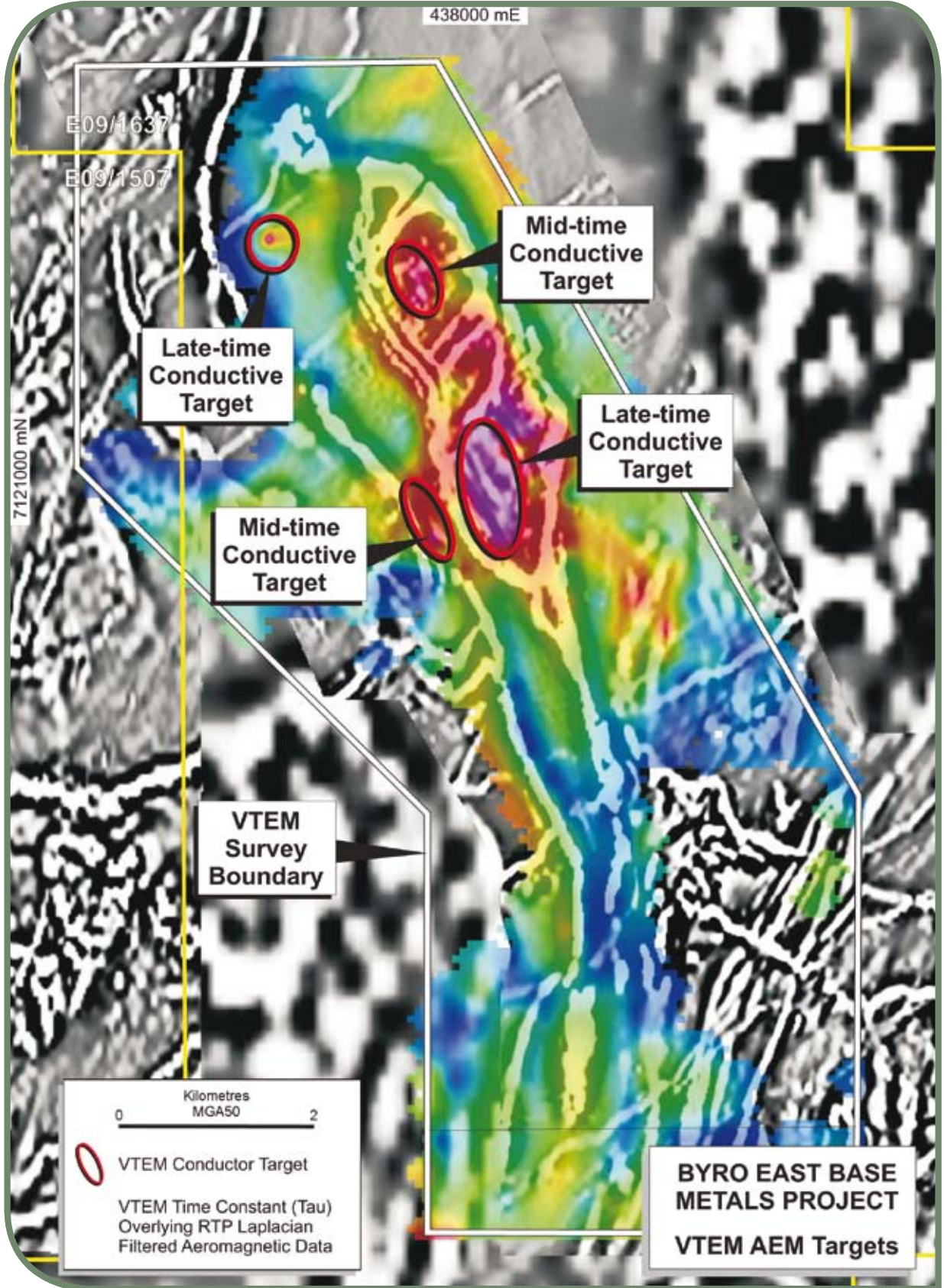


Figure 4

Review of *Operations (Cont.)*

02



Mount Narryer

Athena has successfully carried out reconnaissance rock chip sampling on a number of newly identified exploration targets on its 80% owned Mount Narryer (E09/1656) tenement applications (Figure 5). The Company is extremely encouraged by these initial results, which expand considerably the area of outcropping mafic lithologies with geochemical signatures generally associated with sulphur saturated, and thus fertile, mafic magmas.

The Mount Narryer rock chip samples were collected from ultramafic, norite and anorthosite outcrops. All samples were anomalous in platinum, palladium and copper. The most interesting results were 1050ppm copper, 48 ppb gold, 18ppb palladium and 5ppb platinum from a single sample. Another sample from this area assayed 49ppb platinum, 47ppb palladium and 144ppm copper.

Athena carried out an aeromagnetic survey to improve the GSWA 400m data over the high resolution gravity anomaly associated with the interpreted Mt Narryer Layered Ultramafic intrusive on E09/1656.

Imagi Well

In May 2010 Athena applied for a new tenement (ELA09/1781) covering the southern extension of the interpreted Layered Ultramafic Intrusion surrounding the Byro Station homestead. The tenement covers the Imagi Well area which has been previously explored for chromium, and to a lesser nickel and PGEs. The area is also thought to be prospective for additional iron ore targets.

Midadoo

On the Midadoo tenement (E09/1661) 40 soil samples were previously collected for geochemistry on four traverse lines across an outcropping pyroxenite-norite plug measuring approximately 1300 metres long by 800 metres wide. All samples over this mafic body were anomalous (greater than 8ppb) in platinum. Five of the samples were greater than 10 ppb with a best result of 20ppb platinum.

Where observed, the margins of this small intrusion are typically noritic and irregular with many small embayments. The copper, platinum and palladium in the geochemistry at Midadoo are comparable to the results from the northern extension to the Moonborough Prospect 40 kilometres to the north. Nickel and chrome results from Midadoo were higher, but this may just be a reflection of outcrop.



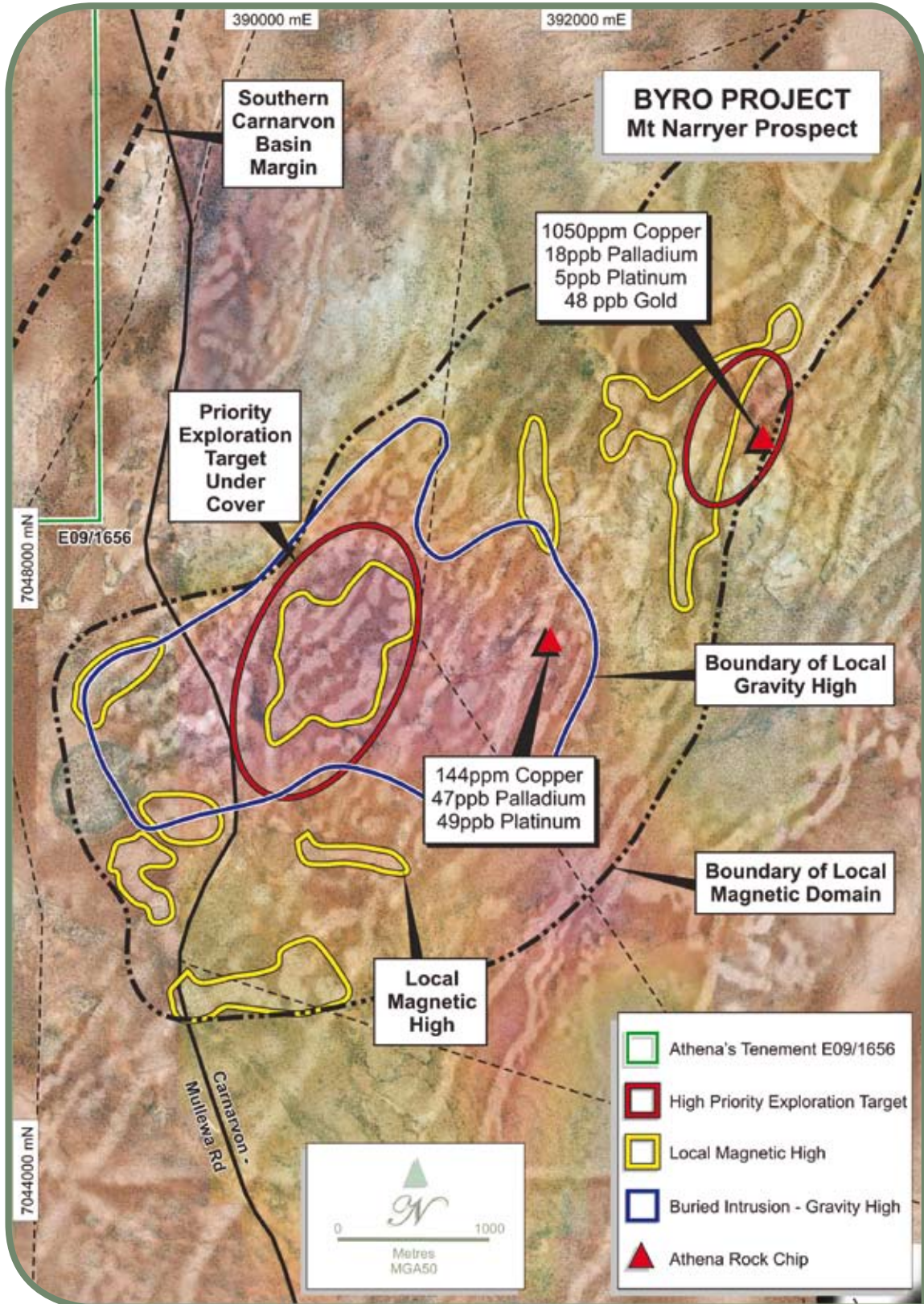


Figure 5

Review of *Operations (Cont.)*

02



2. ASHBURTON COPPER GOLD BASE METALS PROJECT

2.1 LOCATION AND ACCESS

The Ashburton Project is located approximately 60 kilometres south of the Nanutarra-Paraburdoo road on Wyloo and Kooline Stations in the Ashburton Mineral Field, of Western Australia. The centre of the project is approximately 185 kilometres from Paraburdoo and 100 kilometres from Nanutarra. The Project area encompasses the Kooline Silver/Lead workings and the Kooline Gold, Kooline North, True Grit, Dook, and Sunken Treasure gold prospects (Figure 6).

2.2 TENURE

Athena's Ashburton Project covers approximately 630 square kilometres and consists of one Mining Lease (M08/189) 90%, three 100% owned granted Exploration Licences (EL08/1641, EL08/1679 and EL08/1680) and an Exploration Licence application (E08/1956) and a Prospecting License (P08/493) 95%.

2.3 PROJECT GEOLOGY AND MINERALISATION

Athena's Ashburton Project takes in known gold prospects at Lewis', Kooline North, True Grit, Dook, and Sunken Treasure, and silver/lead at the Kooline workings. A number of these occurrences are evident as anomalous responses in the regional gravity and magnetic 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 Company's tenements cover 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.

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.

Gold Prospects

The Kooline North gold anomaly (Figure 6 and 7) is located 17 kilometres northwest of the Lewis' gold anomaly. This prospect consists of coincident gold and copper, uranium, zinc, antimony, and tungsten anomalies that can be traced in outcrop for over 3 kilometres, which have never been drill tested. The peak anomaly is 800 metres long by 200 metres wide within a broader 2.5 kilometre long zone. The geochemical trends are coincident with outcropping altered lithic greywackes that are cut by gossanous quartz vein stockworks with pyrite alteration on the vein margins. The Kooline North soil geochemical anomaly is open to the north and the west where shallow alluvium covers the host unit.

Athena interprets the Collins Bore gold mineralisation to be the eastern extension of the Kooline North gold anomaly where six prospects on two mineralised trends have been identified. These trends are interpreted as being on opposite limbs of east-west orientated folded sandstone and shale units. Three of the six prospects (True Grit, Sunken Treasure and Dook) have been partially tested by reverse circulation (RC) drilling. Aberfoyle Resources Limited (1991-92) drilled 26 holes for 992 metres and Goldfields Exploration Pty Ltd (1999) drilled 19 holes for 2203 metres.

Aberfoyle intersected 2 metres at 13.2 g/t gold in RC hole RCST03 at Sunken Treasure and Goldfields intersected 3 metres at 15.6g/t gold in drill hole DKRC06 (Figure 9). Other intersections of interest include 5 metres at 2.7 g/t and 2 metres at 3.9 g/t gold. Drilling results over 0.5g/t gold are listed in Table 1.

Bulldozer trenching by Aberfoyle in 1991 demonstrated that the gold mineralisation is hosted by quartz vein stock-worked arenites and coarse grits with silica-pyrite-muscovite alteration on the vein margins. The surface geochemistry has mapped mineralisation on the northern zone for over 12 kilometres. Such an aerially extensive anomaly provides an exciting target for zones of economic gold mineralisation.

At Lewis' gold prospect (Figure 6), located 1.7 kilometres north of the silver-lead mines, Athena has identified an extensive strong gold-copper anomaly using conventional soil sampling techniques. The anomaly was later extended and enhanced using auger sampling which returned a maximum gold assay of 496ppb. The gold anomaly exceeds 1500 metres in length and is open along strike in both the easterly and westerly directions. A Gradient Array Induced Polarisation (IP) survey over the geochemical anomaly mapped coincident resistivity and chargeability anomalies within the 25ppb gold contour. The location of the coincident chargeability and resistivity anomalism suggests that the response is due to quartz-hosted sulphides in lithic-sandstones with pyritic alteration that are evident in outcrop at this prospect.

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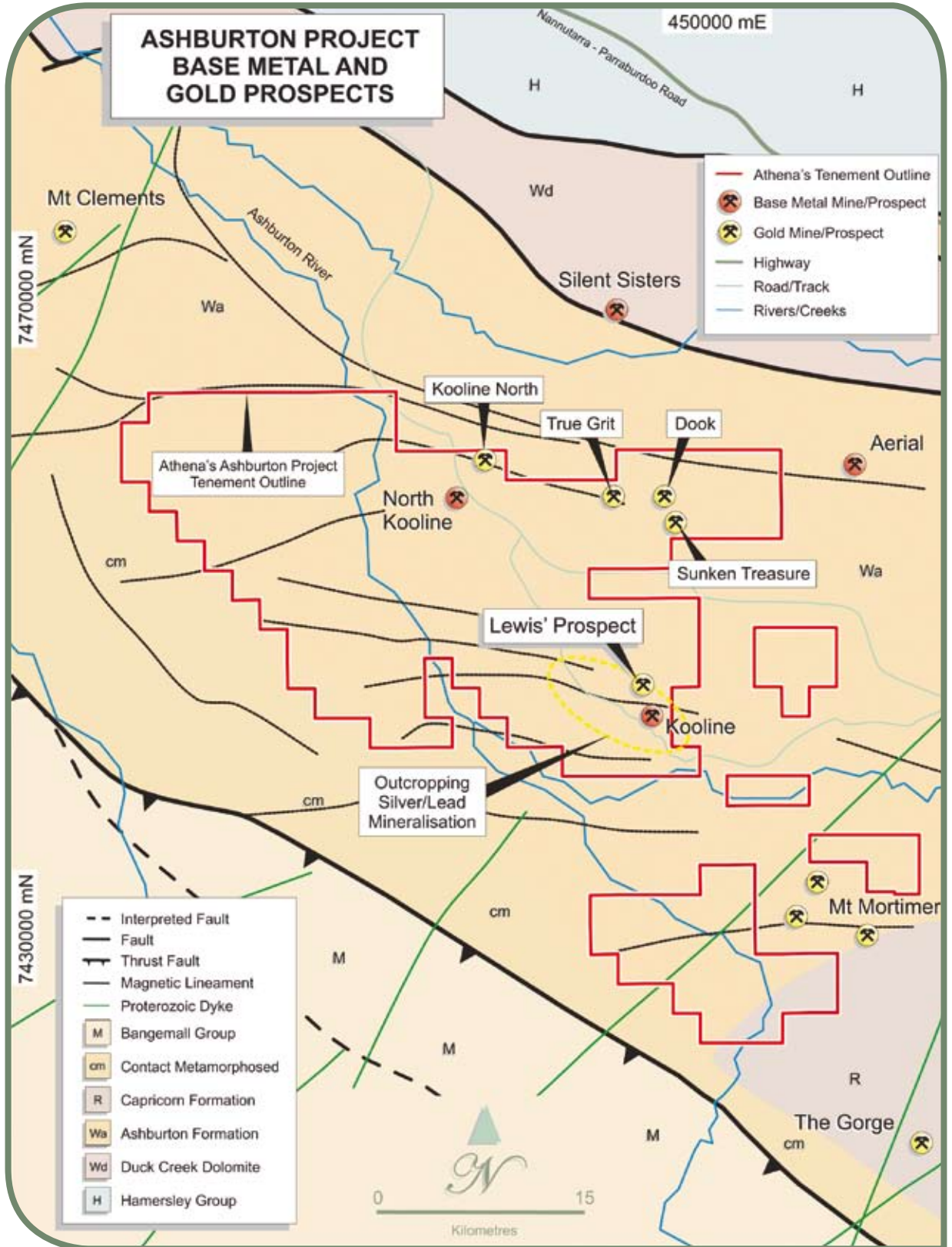


Figure 6

Review of Operations (Cont.)

02



Table 1 - Summary of Significant Intersections from Previous Drilling at Collins Bore On ELA 08/1954

Drill Hole	MGA East	MGA North	From (m)	Intercept	Company
Dook Prospect					
DKRC06	446964	7457254	48	3m @15.64g/t	Goldfields
			65	1m@1.48g/t	
DKRC07	447014	7457274	11	2m@3.93g/t	Goldfields
RCDK02	446994	7457252	52	5m@2.72g/t	Aberfoyle
			65	1m@1.21g/t	
DKRC01	446940	7457250	59	2m@3.65g/t	Goldfields
			71	4m@1.84g/t	
DKRC05	446964	7457274	30	1m@1.63g/t	Goldfields
True Grit Prospect					
RCTGT03	442587	7457792	5	1m@3.16g/t	Aberfoyle
TGRC07	442705	7457739	59	1m@1.69g/t	Goldfields
RCTGT02	442588	7457817	11	2m@1.13g/t	Aberfoyle
RCTGT01	442692	7457785	21	4m@1.09g/t	Aberfoyle
Sunken Treasure Prospect					
RCST03	447340	7455445	40	2m@13.18g/t	Aberfoyle
RCST05	447197	7455416	52	2m@1.48g/t	Aberfoyle
STRC02	447451	7455449	46	2m@1.21g/t	Goldfields
			56	2m@1.44g/t	
RCST01	447456	7455464	60	1m@1.23g/t	Aberfoyle
			64	1m@ 2.10g/t	

Note: 31.103g = 1 Troy oz

Athena plans to use modern exploration methods to map the structures and alteration for subsequent drill testing. Athena is confident this approach can be used successfully to locate high-grade gold resources in the Kooline area.

Silver/ Lead Prospects

Athena carried out extensive rock chip sampling programs aimed at identifying and characterising silver-lead mineralisation at Kooline. A sample of silver-lead concentrate found on site at June Audrey assayed 210g/t silver and 72% lead.

Three historic mines the Gift, June Audrey and Bilrose were responsible for about 60% of the production the Kooline silver-lead field in the 1950's. Each of these three mines had its own treatment plant consisting of a battery or crusher and a concentrator.

The Gift was mined to a depth of 52 metres and stoped over a strike length of 95 metres. The Bilrose workings extend for about 110 metres and were mined to a depth of approximately 25 metres. At June Audrey two zones of workings extend for over 180 metres at surface and the main shaft is 41 metres deep. The lead sulphide ore zones at the three prospects averaged approximately 2 metres in width. Historically the Kooline mines averaged 20% lead and 200g/t silver.

2.4 WORK COMPLETED BY ATHENA

In August 2009 Athena completed a reverse circulation drilling program at Kooline in the Ashburton. The program was designed to test a number of geological and geophysical targets around the historic Kooline lead mines. The initial program consisted of thirteen holes for a total of 1150 metres. Three holes tested targets at Lewis' gold prospect and ten holes tested targets associated with the historic lead workings.

Athena is particularly pleased with the gold assays of the drilling at Lewis'. The best results were 2 metres at 9.47g/t gold from 77 metres in drill hole AK09RC12 (Figure 8) and 1 metre at 4.73g/t gold from 52 metres in drill hole AK09RC11. These two holes tested the same mineralised quartz vein array on sections 160 metres apart. A third hole (AK09RC13) drilled 160 metres further to the west on the same structure intersected a 30 metre wide zone of intense silica-mica +/- pyrite alteration from 60 metres down hole. The best result to date from AK09RC13 was 1 metre at 0.19g/t gold from 71 metres down hole. The three holes AK09RC11 to AK09RC13 have partially tested 360 metres of a 1.5 kilometre long gold soil and gradient array IP anomaly. As a first pass test the results from this initial drilling at Lewis' are very encouraging.

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Review of *Operations (Cont.)*

The best results from Athena's drilling at the Kooline lead workings were 6 metres at 1.85% lead and 4.92g/t silver from 63 metres in drill hole AK09RC01, and 2 metres at 1.19% lead from 31 metres in drill hole AK09RC04. A 1 metre intersection from 25 metres in hole AK09RC04 assaying 3.87g/t gold was un-expected as previous rock chip sampling around the lead workings had not returned any significant gold assays.

Three holes (AK09RC01, AK09RC09 and AK09RC10) targeted dipole-dipole IP anomalies, of these only AK09RC01 is regarded as having reached the target and even then the tenor of the mineralisation intersected in this hole does not adequately explain the geophysical response. A combination of topographic and heritage constraints placed restrictions on the positioning of AK09RC09 and AK09RC10, and these holes have not effectively tested their respective targets.

While the results from the drilling at the lead workings have not met the Company's expectations further drill testing of the area is warranted. Athena's drilling is the first time that either the lead workings or Lewis' have been drill tested.

More extensive geophysical surveys over the remaining targets and additional drilling will be implemented based on the results of this program. The extensive Gift and Bilrose workings have not yet been tested by IP surveying and have had only rudimentary drill testing.

Forward-looking Statements

This document contains forward-looking statements concerning Athena's Projects that, despite being based on Athena's current expectations about future events, are subject to risks and uncertainties outside the control of Athena and its Directors. Forward-looking statements are not based on historical fact, and actual events or results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and assumptions.

The potential quality and grade of the untested areas of the Byro and Ashburton projects are conceptual in nature and there has been insufficient exploration to define Mineral Resources at these projects and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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.

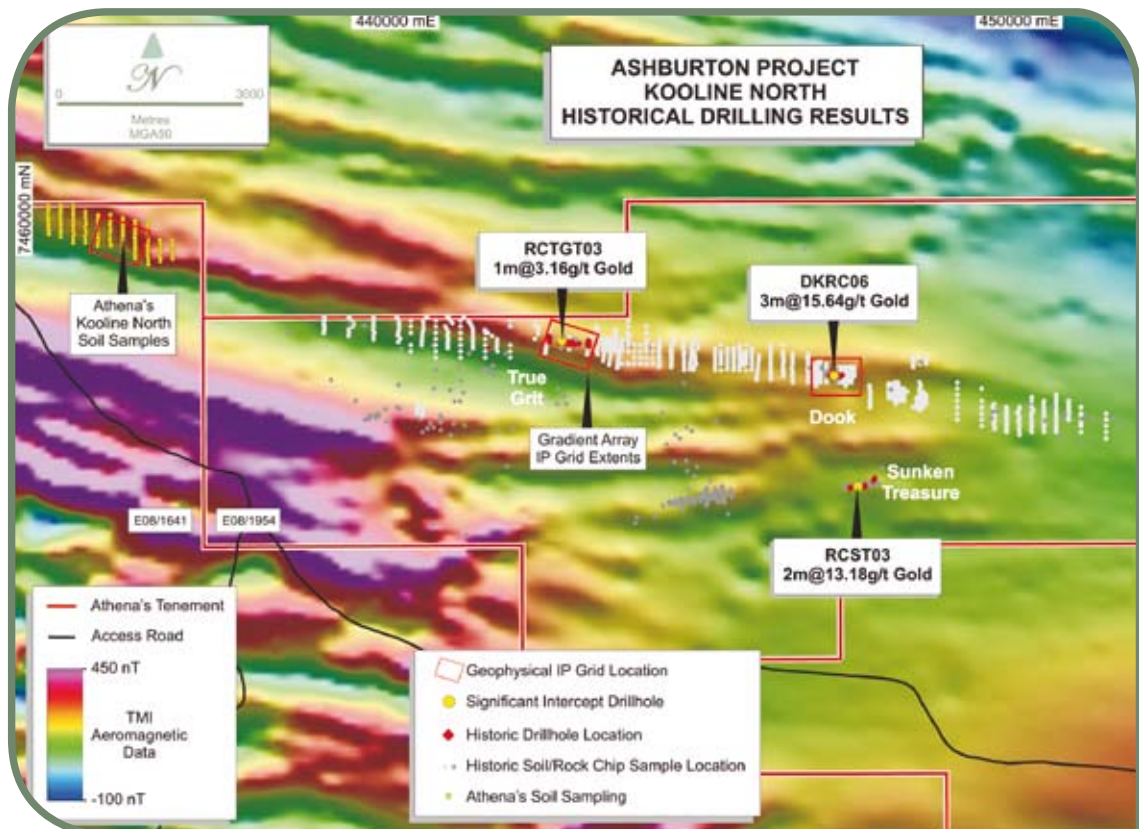


Figure 7

Review of Operations (Cont.)

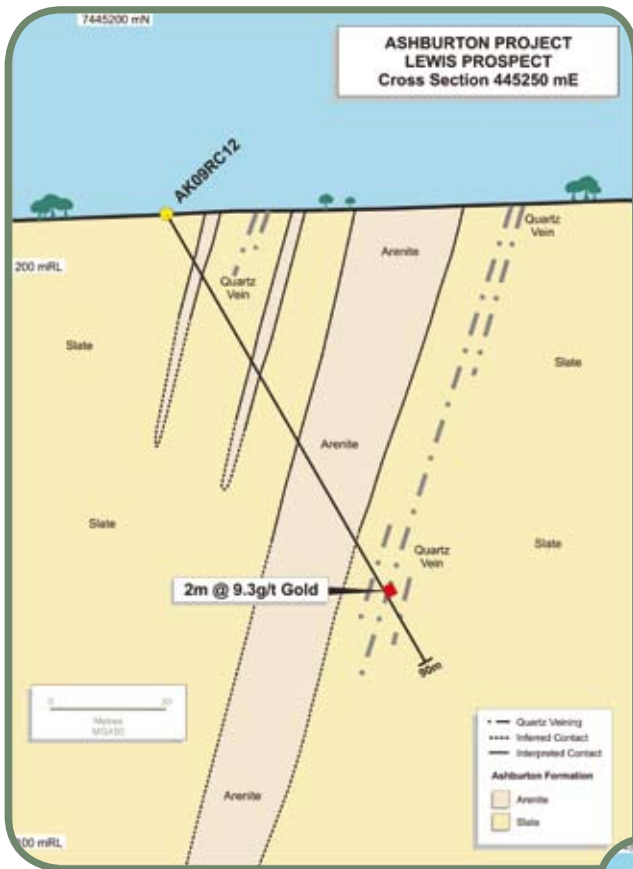


Figure 8

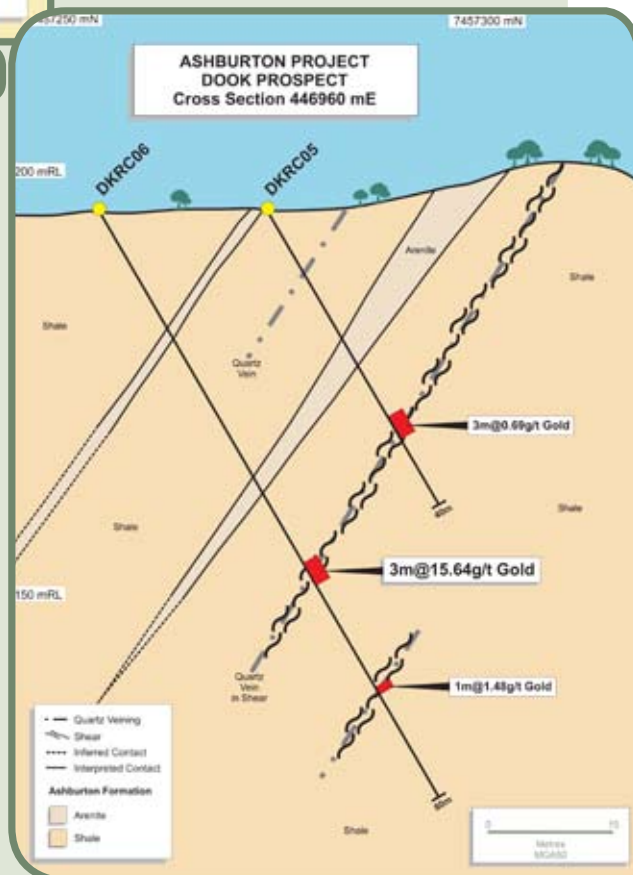


Figure 9

Directors' Report

Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited and its controlled entities ("Athena") for the financial year ended 30 June 2010.

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated;

Andrew Peter Thomson
Chairman

Edmond William Edwards
Managing Director

Caigen Wang Appointed
Non Executive Director 15/04/2010

Donald Fergusson Thomson Resigned
Executive Director 15/04/2010

PARTICULARS OF DIRECTORS AND COMPANY SECRETARIES

Andrew Peter Thomson
Chairman

Qualifications

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.

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

1,808,045 Fully Paid Shares
829,110 Options exercisable at 8 cents expiring 30 April 2012

Special Responsibilities

Mr A Thomson is Chairman and 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
Citadel Resources Group Limited	16/06/2008

Edmond William Edwards
Managing Director and Joint Company Secretary

Qualifications

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

Experience

Mr Edwards has over 30 years experience in the mining industry in Western Australia. He is also non executive director of Scotgold Resources Limited. He has previously Managing Director or Finance director of a number of listed mining and exploration companies having taken many of these companies through the initial public offering, then exploration, feasibility and finally into production. These companies include Resource Mining Corporation Ltd, Fox Resources Ltd, Aztec Resources Ltd, Acclaim Exploration NL and Matlock Mining NL.

Until 1989 Mr Edwards was a partner at Hendry Rae & Court having joined that firm in 1975. He was the partner in charge of the Robe River Iron Ore Project audit for 8 years.

Interest in Shares and Options

8,590,000 Fully Paid Shares
4,245,000 Options exercisable at 8 cents expiring 30 April 2012

Special Responsibilities

Mr Edwards is responsible for the management of the company and is also a Joint Company Secretary.

Directorships held in listed entities

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



Directors' Report (Cont.)

03



Company Name
Scotgold Resources Limited

Appointed
27/01/2009

Caigen Wang
Non Executive Director

Qualifications

Caigen is a Chartered Professional Engineer with the Institution of Engineers Australia (CPEng MIEAust) and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Experience

As a qualified Engineer, Caigen has worked across most stages of project development and production of a wide range of commodities for the last 20 years. Caigen has a Bachelor's degree, Master's degree and PhD in Mining Engineering. Caigen's first professional experience spanning 7 years, was providing technical consulting services and research for a number of coal mining companies in China. In the last 13 years, Caigen has worked in Canada on oil sands projects and predominantly in Australia in a number of senior technical and management roles for a range of companies including BHP Billiton, St Barbara Mining, Sons of Gwalia, WMC and China Goldmines Plc (CGM). Within CGM, his roles included Mining Manager and General Manager for eight underground mines either in production or project development. Caigen was involved with exploration tenement acquisitions and exploration and joint development of a number of exploration projects in Western Australia.

Interest in Shares and Options

800,000 Fully Paid Shares

Special Responsibilities

Mr Wang is a member of the Audit Committee.

Directorships held in listed entities

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

Company Name
Ishine International Resources Limited

Appointed
30/10/2009

Peter John Newcomb
Joint Company Secretary

Qualification

Mr Newcomb is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants in Australia.

Experience

He has over thirty years professional and commercial experience working in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last ten

years has been in the Resources industry in Western Australia. Mr Newcomb is Company Secretary and CFO of several other Public companies in WA.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

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

	2010	2009
Operating Results	\$	\$
Cosolidated loss after income tax for the financial year	412,354	1,439,032

Financial Position

At 30 June 2010 the Company has cash reserves of \$839,160 and other short term assets readily realisable in cash of \$106,286.

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.

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Directors' Report (Cont.)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2010, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
Edmond William Edwards	6	6
Donald Fergusson Thomson	6	6
Andrew Peter Thomson	6	6
Caigen Wang	1	1

AUDIT COMMITTEE

The audit committee is comprised of the non-executive directors Mr Andrew Thomson and Mr Caigen Wang. During the year ended 30 June 2010 Mr Thomson chaired two meetings of the Audit Committee.

REMUNERATION REPORT (AUDITED)

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:

Andrew Peter Thomson	Chairman
Edmond William Edwards	Managing Director
Caigen Wang	Non Executive Director
Donald Fergusson Thomson	Executive Director

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.

Remuneration policy

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 2010

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. With the exception of Mr A Thomson, 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 Managing Director 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 \$135,000 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. Donald Thomson was the Technical Executive responsible for the technical operations of the Company until his resignation on 15 April 2010. The Company had an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Donald Thomson to the Company in relation to its activities on normal commercial terms and conditions. Mr. D Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd.

Mr Caigen Wang is a Non Executive Director. Fees payable to Mr Wang are paid to his employer Ishine International Resources Limited.

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



Directors' Report (Cont.)

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The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
Year ended 30 June 2010			
E W Edwards	Tied Investments Pty Ltd	135,000	135,000
A P Thomson		58,541	58,541
C Wang	Ishine International Resources Ltd	11,458	11,458
D F Thomson	Indigo Exploration Services Pty Ltd	95,000	95,000
		<u>299,999</u>	<u>299,999</u>

Year ended 30 June 2009

E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		55,000	55,000
		<u>295,000</u>	<u>295,000</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.

SHARE OPTIONS

As at the date of this report, there were 33,800,487 options over unissued ordinary shares in the parent entity. These options are listed, and are exercisable at \$0.08 on or before 30 April 2012. 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 Caigen Wang 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 the year ended 30 June 2010.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 24 has been received for the year ended 30 June 2010 and forms part of this directors' report.

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
Managing Director

Dated at Perth this 15 day of September, 2010.

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Corporate Governance Statement

The Board of Directors of Athena Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Athena Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Athena Resources Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1 Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2 Structure the board to add value			
2.1	A majority of the board should be independent directors.	2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3 Promote ethical and responsible decision-making			
3.1	Establish a code of conduct and disclose the code or a summary as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	4(a)	Yes
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes



Corporate Governance Statement (Cont.)

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Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 4			
Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members. 	3(a)	No
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5			
Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6			
Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7			
Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8			
Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	No
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

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2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately;
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of two Non-Executive Directors and an Executive Director. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

Corporate Governance Statement (Cont.)

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2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Athena Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently includes two independent non-executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Director of Athena Resources Limited is considered to be independent:

Name	Position
Andrew Thomson	Chairman
Caigen Wang	Non Executive Director

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Andrew Thomson	Since 17 May 2008
Edmond Edwards	Since 11 April 2005
Caigen Wang	Since 15 April 2010
Donald Thomson	Since 27 April 2006 / Resigned 15 April 2010

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be a Non-Executive Director.

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2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Athena Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES**3(a) Audit Committee**

The board has established an Audit Committee. Due to the size of the board the Audit Committee comprises the Chairman Mr A Thomson and non executive Director Mr C Wang. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is HLB Mann Judd's policy to rotate engagement Partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.



Corporate Governance Statement (Cont.)

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Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company may, in the future, grant options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Athena Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price

sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

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Corporate Governance Statement (Cont.)

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy.

Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

7. 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



Auditor's Independence *Declaration*

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Accountants | Business and Financial Advisers

As lead auditor for the review of the financial report of Athena Resources Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Athena Resources Limited.

Perth, Western Australia
15 September, 2010

N G NEILL
Partner, HLB Mann Judd

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Athena Resources Limited | ANNUAL REPORT 2010

Statement of Comprehensive Income

For the year ended 30 June 2010



	Note	Consolidated Entity	
		2010 \$	2009 \$
Revenue	2	14,926	9,664
Profit on sale of fixed assets		20,665	-
Expenses			
Depreciation	8	(28,865)	(50,964)
Employee and Consultant Costs		(277,753)	(242,341)
Exploration Written Off		(27,543)	(1,033,165)
Impairment Losses on Receivables		(888)	-
Listing and Share Registry Costs		(32,745)	(45,910)
Office and Communication Costs		(3,501)	(8,470)
Other expenses		(76,650)	(67,846)
LOSS BEFORE INCOME TAX EXPENSE		<u>(412,354)</u>	<u>(1,439,032)</u>
Income tax expense		-	-
NET LOSS FOR THE YEAR		<u>(412,354)</u>	<u>(1,439,032)</u>
Other Comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(412,354)</u>	<u>(1,439,032)</u>
Basic loss per share (cents per share)	22	(0.70)	(4.08)

Statement of Financial Position

As at 30 June 2010

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	Note	Consolidated Entity	
		2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	5	839,160	610,350
Trade and other receivables	6	106,286	84,540
Other current assets	7	-	8,000
Total Current Assets		<u>945,446</u>	<u>702,890</u>
NON CURRENT ASSETS			
Plant and equipment	8	61,589	59,526
Mineral exploration and evaluation	9	2,385,623	1,714,449
Total Non Current Assets		<u>2,447,212</u>	<u>1,773,975</u>
TOTAL ASSETS		<u>3,392,658</u>	<u>2,476,865</u>
CURRENT LIABILITIES			
Trade and other payables	10	308,896	262,189
Interest bearing liabilities	11	-	12,838
Total Current Liabilities		<u>308,896</u>	<u>275,027</u>
TOTAL LIABILITIES		<u>308,896</u>	<u>275,027</u>
NET ASSETS		<u>3,083,762</u>	<u>2,201,838</u>
EQUITY			
Issued capital	12	6,038,465	5,082,192
Reserves	13	338,005	231,000
Accumulated losses	13	(3,292,708)	(3,111,354)
TOTAL EQUITY		<u>3,083,762</u>	<u>2,201,838</u>

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

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Statement of Changes in Equity

For the year ended 30 June 2010



Consolidated Entity	Contributed Equity	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
Year ended 30 June 2009				
Balance at 1 July 2008	4,194,381	(1,672,322)	231,000	2,753,059
Shares issued (net)	887,811	-	-	887,811
Comprehensive loss for the year	-	(1,439,032)	-	(1,439,032)
Balance at 30 June 2009	<u>5,082,192</u>	<u>(3,111,354)</u>	<u>231,000</u>	<u>2,201,838</u>
Year ended 30 June 2010				
Balance at 1 July 2009	5,082,192	(3,111,354)	231,000	2,201,838
Shares issued (net)	956,273	-	-	956,273
Issue of Options	-	-	338,005	338,005
Transfer of Option Reserve on option expiry	-	231,000	(231,000)	-
Comprehensive loss for the year	-	(412,354)	-	(412,354)
Balance at 30 June 2010	<u>6,038,465</u>	<u>(3,292,708)</u>	<u>338,005</u>	<u>3,083,762</u>



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

Statement of Cash Flows

For the year ended 30 June 2010

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	Note	Consolidated Entity	
		2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(421,032)	(216,052)
Interest income received		14,927	9,665
Interest and other finance costs paid		(402)	(1,664)
Net Cash Outflow From Operating Activities	18	<u>(406,507)</u>	<u>(208,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(638,151)	(570,188)
Proceeds on disposal of other fixed assets		31,409	-
Payment for other fixed assets		(46,493)	-
Proceeds on disposal of share investment		7,112	2,000
Net Cash Outflow From Investing Activities		<u>(646,123)</u>	<u>(568,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		1,334,005	913,009
Share and option issue transaction costs		(39,727)	(25,198)
Repayment of borrowings		(12,838)	(15,990)
Net Cash Inflow From Financing Activities		<u>1,281,440</u>	<u>871,821</u>
Net increase in cash held		228,810	95,582
Cash and cash equivalents at beginning of the financial year		<u>610,350</u>	<u>514,768</u>
Cash and cash equivalents at the end of this financial year	5	<u>839,160</u>	<u>610,350</u>

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

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Notes to and forming part of the Financial Statements

*For the year ended
30 June 2010*

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 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.

The consolidated entity has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the consolidated entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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 Athena's assets and the discharge of its liabilities in the normal course of business.

The Board considers that Athena is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations and further develop its 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 2010 as disclosed in Note 12, 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, Athena will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should Athena be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether it 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 it not continue as a going concern.

Statement of Compliance

The financial report was authorised for issue on 15 September 2010.

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).

Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2010, the consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation - revised AASB 127 Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate
- Segment reporting - new AASB 8 Operating Segments
- Financial Instruments - revised AASB 7 Financial Instruments: Disclosures

The consolidated entity has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. 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 consolidated entity accounting policies.



Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* (Cont.)

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NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Segment Reporting

The consolidated entity has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Athena Resources Limited.

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

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

(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 date.

Deferred tax is accounted for 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 statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the

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

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

(c) Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated 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 statement of comprehensive income 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 date.

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NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(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 in the year in which the decision to abandon the areas is made.

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

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

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

(e) Impairment of Assets

At each reporting date, the directors review 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 statement of comprehensive income.

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 statement of financial position 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.

(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.



Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* (Cont.)

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Consolidated Entity
2010 **2009**
\$ **\$**

NOTE 2 - REVENUE

Revenue from non-operating activities

Interest received	14,926	9,665
Total revenue	14,926	9,665

NOTE 3 - LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSES

(a) Expenses

Borrowing costs expensed:	403	1,664
Total borrowing costs expensed	403	1,664
Depreciation of non-current assets:		
Plant and equipment	11,699	23,045
Office furniture and equipment	1,274	1,274
Motor vehicles	15,892	17,361
Computer software	-	9,284
Total depreciation of non-current assets	28,865	50,964



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NOTE 4 - INCOME TAX

No income tax is payable by Athena as each entity in the consolidated entry 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:

	Consolidated Entity	
	2010	2009
	\$	\$
Loss for the year	(412,354)	(1,439,032)
Income tax calculated at 30%	(123,706)	(431,710)
Tax effect of permanent differences:		
Non-allowable provisions and write-downs	-	-
Non-allowable expenditure	-	-
Tax amortisation of capital raising costs	-	-
Deferred tax asset not recognised	(123,706)	(431,710)
Income Tax Attributable To Operating Loss	-	-

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

Revenue Losses	<u>1,696,930</u>	<u>1,462,859</u>
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The potential deferred tax asset has not been brought to account in the financial report at 30 June 2010 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.

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	839,160	610,350
	<u>839,160</u>	<u>610,350</u>

NOTE 6 - TRADE AND OTHER RECEIVABLES

Current		
GST Receivable	44,922	12,663
Other	61,364	71,877
	<u>106,286</u>	<u>84,540</u>



Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* [Cont.]

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Consolidated Entity

2010 2009
\$ \$

NOTE 7 - OTHER CURRENT ASSETS

Investment held for resale	-	8,000
	<u>-</u>	<u>8,000</u>

NOTE 8 - PLANT AND EQUIPMENT

Plant and equipment		
Cost	169,859	180,157
Provision for depreciation	(108,270)	(120,631)
	<u>61,589</u>	<u>59,526</u>
Movement for the year		
Opening balance	59,526	110,490
Additions	51,471	-
Proceeds on disposal	(41,208)	-
Profit on disposal	20,665	-
Depreciation expensed	(28,865)	(50,964)
Closing balance	<u>61,589</u>	<u>59,526</u>

NOTE 9 - MINERAL EXPLORATION AND EVALUATION

At cost brought forward - exploration and evaluation phase	1,714,449	2,316,766
Expenditure during the year	698,717	430,848
Expenditure written off	(27,543)	(1,033,165)
At cost less impairment	<u>2,385,623</u>	<u>1,714,449</u>

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

NOTE 10 - TRADE AND OTHER PAYABLES

Current

Trade creditors and accruals	171,752	124,689
Due to directors - remuneration	137,144	137,500
	<u>308,896</u>	<u>262,189</u>

NOTE 11 - INTEREST BEARING LIABILITIES

Current

Hire purchase liability	-	12,838
	<u>-</u>	<u>12,838</u>

Terms and conditions

Hire purchase agreements are repayable by monthly instalments, the timing and amount of which are disclosed in Note 14 and at the weighted average interest rate disclosed in Note 23(a).

Financing Agreements

No overdraft facilities have been formalised at 30 June 2010 and neither the company nor any of its controlled entities have lines of credit at 30 June 2010.

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Notes to and forming part of the Financial Statements

For the year ended 30 June 2010 **[Cont.]**



2010
\$

2009
\$

NOTE 12 - ISSUED CAPITAL

(a) Issued capital:

65,600,974 ordinary shares fully paid (2009: 57,300,974 ordinary shares fully paid)	6,038,466	5,082,192
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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 \$
	Balance June 30 2008	29,700,649		4,194,381
18/11/08	Placement (ii)	7,500,000	4.00	300,000
20/01/09	Placement (ii)	1,000,000	4.00	40,000
18/06/09	Rights Issue (i)	17,019,996	3.00	510,600
25/06/09	Placement Rights Issue Shortfall (i)	2,080,329	3.00	62,410
30/06/09	Closing balance	57,300,974		5,107,3912
	Less: Transaction costs arising on share issues			(25,199)
	Balance June 30 2009	57,300,974		5,082,192
15/04/10	Placement (iv)	8,300,000		996,000
	Less: Transaction costs arising on share issues			(39,726)
	Balance June 30 2010	65,600,974		6,038,466

- (i) Funds raised for working capital purposes.
- (ii) Placement of shares at 4 cents with a free attaching option. Options exercisable at 20 cents on or before 30 November 2009.
- (iii) Rights issue of options at 1 cent. Options exercisable at 8 cents on or before 30 April 2012.
- (iv) Placement of shares at 12 cents and options at 1 cent to Ishine International Resources Ltd.
- (v) Placement of options at 1 cent.

(c) Movement in Options:

Date	Details	No. Of Options	Issue Price Cents	Value \$
	Balance June 30 2008	28,923,649		231,000
18/11/08	Placement (ii)	7,500,000	0.00	-
20/01/09	Placement (ii)	1,000,000	0.00	-
	Balance June 30 2009	37,423,649		231,000
30/11/09	Expiry of Options	(37,423,649)		(231,000)
01/02/10	Rights Issue Options (iii)	28,650,487	1 cent	286,505
15/04/10	Placement (iv)	4,150,000	1 cent	41,500
15/04/10	Placement (v)	1,000,000	1 cent	10,000
	Balance June 30 2010	33,800,487		338,005

(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 2010* [Cont.]

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	2010 \$	2009 \$
NOTE 13 - RESERVES AND ACCUMULATED LOSSES		
Share Option Reserve (a)	338,005	231,000
Accumulated Losses (b)	<u>(3,292,708)</u>	<u>(3,111,354)</u>

(a) Share Option Reserve

Balance at beginning of the year	231,000	231,000
Transfer to Accumulated Losses on Expiry of Options	(231,000)	-
Issue of Options	338,005	-
Balance at end of the year	<u>338,005</u>	<u>231,000</u>

(i) Nature and purpose of reserve

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

(b) Accumulated Losses

Balance at beginning of the year	(3,111,354)	(1,672,322)
Net Loss from ordinary activities	(412,354)	(1,439,032)
Transfer to Accumulated Losses on Expiry of Options	231,000	-
Balance at end of the year	<u>(3,292,708)</u>	<u>(3,111,354)</u>

NOTE 14 - COMMITMENTS FOR EXPENDITURE

	2010 \$	2009 \$
(a) Mineral Tenement Leases		
In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$6,683,095 (2009 \$2,244,650) 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	1,336,619	448,930
Later than 1 year but not later than 2 years	1,336,619	448,930
Later than 2 years but not later than 5 years	<u>4,009,857</u>	<u>1,346,790</u>
	<u>6,683,095</u>	<u>2,244,650</u>
(b) Hire purchase liabilities		
Hire purchase agreements are payable		
- Within one year	-	13,241
- One year or later and no later than five years	-	-
	-	13,241
Less charges yet to mature	-	(403)
	-	<u>12,838</u>
Hire purchase liabilities provided for in the financial statements		
- Current (Note 11)	-	12,838
- Non-current (Note 11)	-	-
	-	<u>12,838</u>

NOTE 15 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2010 or 30 June 2009.

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Notes to and forming part of the Financial Statements

For the year ended 30 June 2010 **[Cont.]**

NOTE 16 - INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Contribution to net loss		Book Value of Athena's Investments	
			2010	2009	2010	2009
			\$	\$	\$	\$
Athena Resources Limited - Parent Entity	Ordinary	100%	(412,354)	(1,439,032)	-	-
Complex Exploration Pty Ltd	Ordinary	100%	-	-	100	100
Capricorn Resources Pty Ltd	Ordinary	100%	-	-	200,000	200,000
			<u>(412,354)</u>	<u>(1,439,032)</u>	<u>200,100</u>	<u>200,100</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 17 - SEGMENT INFORMATION

During the year the Group operated principally in one business segment being mineral exploration. Previously it also reported that it also operated principally in one geographical segment being Australia.

2010
\$

2009
\$

NOTE 18 - NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after income tax to net operating cash flows

Loss from ordinary activities	(412,354)	(1,439,032)
Depreciation	28,866	50,964
Profit on Disposal fixed assets	(20,665)	-
Loss on sale of Investments	888	-
Write off of Mineral Exploration	27,543	1,033,165
Movement in assets and liabilities		
Receivables	(16,937)	7,896
Payables	(13,848)	138,956
Net cash used in operating activities	<u>(406,507)</u>	<u>(208,051)</u>

Notes to and forming part of the Financial **Statements** *For the year ended* **(Cont.)** 30 June 2010

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NOTE 19 - KEY MANAGEMENT PERSONNEL

(a) Directors

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

Andrew Peter Thomson	Chairman
Edmond William Edwards	Managing Director
Caigen Wang	Non Executive Director
Donald Fergusson Thomson	Executive Chairman

(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 Managing Director 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 \$135,000 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. Donald Thomson was the Technical Executive responsible for the technical operations of the Company until his resignation on 15 April 2010. The Company had an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Donald Thomson to the Company in relation to its activities on normal commercial terms and conditions. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd.

Mr Caigen Wang is a Non Executive Director. Fees payable to Mr Wang are paid to his employer Ishine International Resources Limited.

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

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Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* (Cont.)

NOTE 19 - KEY MANAGEMENT PERSONNEL (Cont.)

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees	Total
Year ended 30 June 2010			
E W Edwards	Tied Investments Pty Ltd	135,000	135,000
A P Thomson		58,541	58,541
C Wang	Ishine International Resources Ltd	11,458	11,458
D F Thomson	Indigo Exploration Services Pty Ltd	95,000	95,000
		<u>299,999</u>	<u>299,999</u>

Director	Associated Company	Fees	Total
Year ended 30 June 2009			
E W Edwards	Tied Investments Pty Ltd	120,000	120,000
D F Thomson	Indigo Exploration Services Pty Ltd	120,000	120,000
A P Thomson		55,000	55,000
		<u>295,000</u>	<u>295,000</u>

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

	2010	2009
	\$	\$
Current		
Accounts payable	<u>137,144</u>	<u>137,500</u>



Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* [Cont.]

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NOTE 19 - KEY MANAGEMENT PERSONNEL (Cont.)

	Balance 1 July 2009	Option Expiry	Rights Issue	Purchase on market	Balance on Appointment /Resignation	Balance 30 June 2010
(e) Shareholding						
E W Edwards	8,490,000	-	-	100,000	-	8,590,000
D F Thomson	1,877,500	-	-	-	(1,877,500)	-
C Wang	-	-	-	-	800,000	800,000
A P Thomson	1,658,220	-	-	149,825	-	1,808,045
	<u>12,025,720</u>	<u>-</u>	<u>-</u>	<u>249,825</u>	<u>(1,077,500)</u>	<u>11,198,045</u>
(f) Optionholding						
E W Edwards	3,240,000	(3,240,000)	4,245,000	-	-	4,245,000
D F Thomson	687,500	(687,500)	938,750	-	(938,750)	-
C Wang	-	-	-	-	-	-
A P Thomson	2,000,000	(2,000,000)	829,110	-	-	829,110
	<u>5,927,500</u>	<u>5,927,500</u>	<u>6,012,860</u>	<u>-</u>	<u>(938,750)</u>	<u>5,074,110</u>

NOTE 20 - RELATED PARTY INFORMATION

Parent Entity

2010 2009
\$ \$

Transactions within the Consolidated Entity

Aggregate amount receivable within the consolidated entities at balance date

Non-current receivables – Controlled Entities	2,217,486	1,438,289
Less : Provision for non recovery	(31,663)	(30,593)
	<u>2,185,823</u>	<u>1,407,696</u>

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

NOTE 21 - REMUNERATION OF AUDITORS

Consolidated Entity

2010 2009
\$ \$

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	17,300	17,800
Other Services	-	-
	<u>17,300</u>	<u>17,800</u>

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NOTE 22 - LOSS PER SHARE

	Number of Shares	
	2010	2009
	\$	\$
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	59,051,933	59,051,933
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	59,051,933	59,051,933

2010 Nil (2009, Nil) options were included in the determination of diluted earnings per share.

NOTE 23 - 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 consolidated entity'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 \$	
	2010	2009	2010	2009	2010	2009
Financial Assets						
- Cash at bank	-	-	3.46	5.02	839,160	610,350
- Trade debtors	106,286	84,540			-	-
Total Financial Assets	106,286	84,540			839,160	610,350
Financial Liabilities						
- Payable and accruals	171,752	124,689			-	-
- Amounts payable related parties	137,144	137,500			-	-
- Interest bearing liabilities	-	-	-	8.22	-	12,838
Total Financial Liabilities	308,896	262,189			-	12,838



Notes to and forming part of the Financial Statements *For the year ended 30 June 2010* (Cont.)

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NOTE 23 - FINANCIAL RISK MANAGEMENT (Cont.)

Liquidity Risk

The consolidated entity 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 allowance for doubtful debts, as disclosed in the statement of financial position 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 consolidated entity in order to maximise the return to shareholders and ensure that the Consolidated entity can fund its operations and continue as a going concern.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity'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 consolidated entity since the prior year.

(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 statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The consolidated entity 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 2010 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:

	2010 \$	2009 \$
Change in Loss		
- Increase in interest by 2%	8,619	3,837
- Decrease in interest by 2%	(8,619)	(3,837)
Change in equity		
- Increase in interest by 2%	8,619	3,837
- Decrease in interest by 2%	(8,619)	(3,837)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010 **(Cont.)**

NOTE 24 - MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

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

NOTE 25 - PARENT ENTITY DISCLOSURES

Financial Position

	2010 \$	2009 \$
CURRENT ASSETS		
Cash and cash equivalents	838,860	610,050
Trade and other receivables	106,286	84,540
	-	8,000
Total Current Assets	<u>945,146</u>	<u>702,590</u>
NON CURRENT ASSETS		
Plant and equipment	61,589	59,526
Investment in subsidiaries	200,100	200,100
Mineral exploration and evaluation	-	106,953
Loan to subsidiaries (i)	2,185,823	1,407,696
Total Non Current assets	<u>2,447,512</u>	<u>1,774,275</u>
TOTAL ASSETS	<u>3,392,658</u>	<u>2,476,865</u>
CURRENT LIABILITIES		
Trade and other payables	308,896	262,189
Other current liabilities	-	12,838
Total Current Liabilities	<u>308,896</u>	<u>275,027</u>
TOTAL LIABILITIES	<u>308,896</u>	<u>275,027</u>
NET ASSETS	<u>3,083,762</u>	<u>2,201,838</u>
EQUITY		
Issued capital	6,038,465	5,082,192
Share Option Reserve	338,005	231,000
Accumulated losses	(3,292,708)	(3,111,354)
TOTAL EQUITY	<u>3,083,762</u>	<u>2,201,838</u>
Financial Performance		
Loss for the year	(412,354)	(1,439,032)
Other comprehensive income - options expired during the year	-	-
Total comprehensive income	<u>(412,354)</u>	<u>(1,439,032)</u>

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities, and has no commitments for acquisition of property, plant and equipment.

(i) The ultimate recovery of the loans to the subsidiaries is dependent on the successful development and/or commercial exploitation or sale of the subsidiaries' exploration assets.



Directors' *Declaration*

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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 2010 and of the performance for the year ended on that date of the 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 Accounting 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 as and when they become due and payable.
- 4) the financial statements and notes thereto are in accordance with the international financial reporting standards issued by the International Accounting Standards Board.

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

E W Edwards
Managing Director

Date at Perth this 15 September 2010

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Independent Auditor's Report



Accountants | Business and Financial Advisers

To the members of ATHENA RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Athena Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 47.

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 the consolidated financial statements comply 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 company'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 company'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 opinions.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of International, a world-wide organisation of accounting firms and business advisers



Independent Auditor's Report (Cont.)

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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 consolidated entity's financial position as at 30 June 2010 and of its 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 consolidated financial statements also comply 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 amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 19 of the directors' report for the year ended 30 June 2010. 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 2010 complies with section 300A of the Corporations Act 2001.

HLB MANN JUDD
Chartered Accountants

N G NEILL
Partner, HLB Mann Judd

Perth, Western Australia
15 September, 2010

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Shareholder Details

ANALYSIS OF SHAREHOLDING – 26 August 2010

	SHARES	OPTIONS
1 – 1,000	11	2
1,001 – 5,000	48	13
5,001 – 10,000	88	19
10,001 – 100,000	276	61
100,001 – or more	72	43
	<u>495</u>	<u>138</u>
Total on issue	65,600,974	33,800,487

Shareholders holding less than marketable parcel

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	8,490,000	13.09%
Ishine International Resources Limited	8,300,000	12.65%
Denis Hugh Kelly	6,043,957	9.21%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed at Note 19.



Shareholder Details (Cont.)

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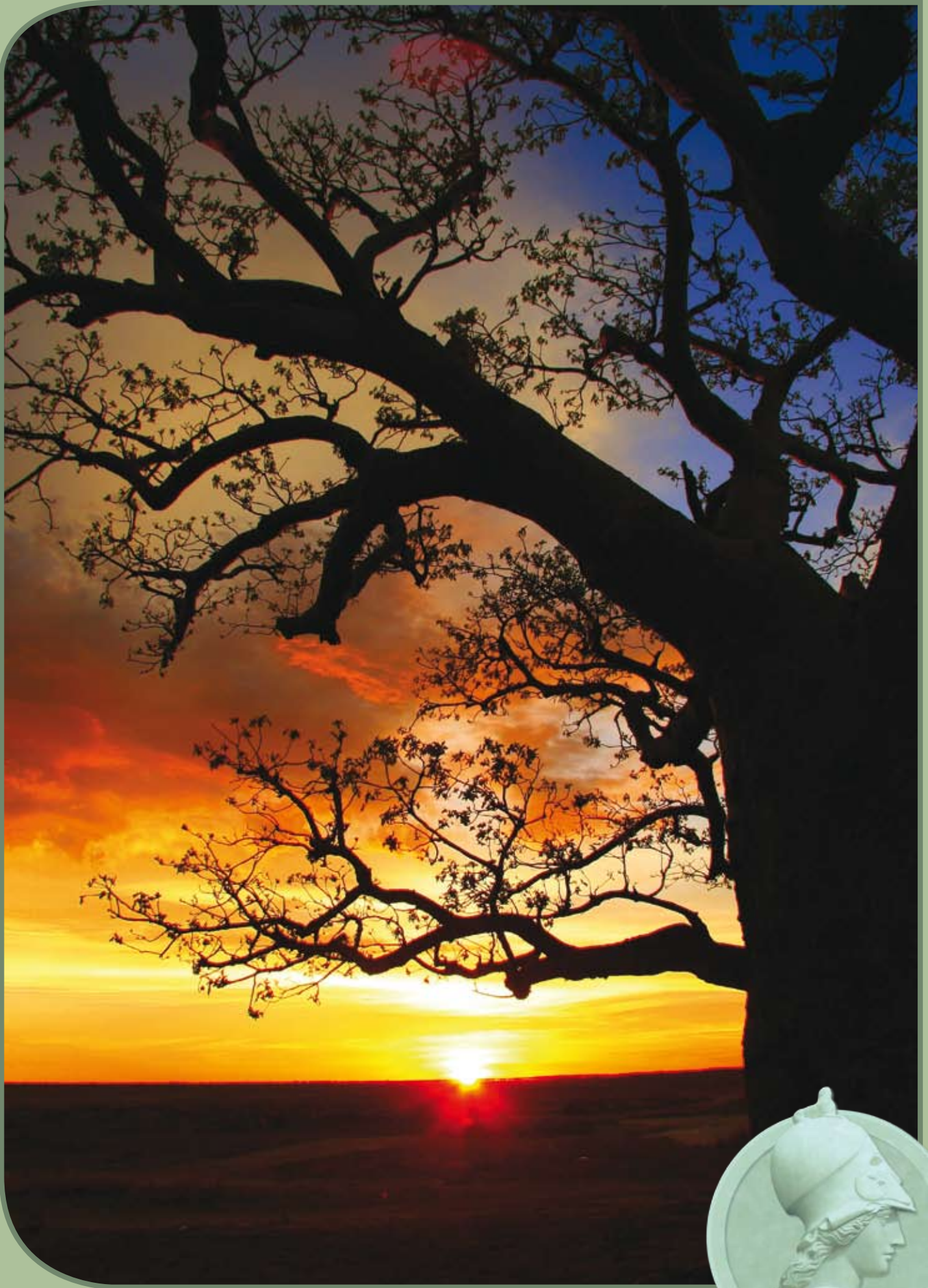
TOP TWENTY SHAREHOLDERS 26 August 2010

NAME AND ADDRESS	SHARES	%	RANK
Tied Nominees Pty Ltd	8,562,500	13.05	1
Ishine International Resources Limited	8,300,000	12.65	2
Kelanco Pty Ltd	6,043,957	9.21	3
Mr Peter John Newcomb	2,862,500	4.36	4
Corridor Nominees Pty Ltd	2,821,250	4.30	5
Mr Shane Beatty Sadleir	1,757,130	2.68	6
Danola Pty Ltd ATF Tom Galopoulos Super Fund	1,375,000	2.10	7
Mr Peter and Mr Christian Galopoulos	1,350,000	2.06	8
Indigo Exploration Services Pty Ltd	1,312,500	2.00	9
Mr Andrew Peter Thomson	1,312,500	2.00	10
Mr David Boothey	1,000,000	1.52	11
Daem Nominees Pty Ltd	900,000	1.37	12
Lightwave Investments Pty Ltd	885,000	1.35	13
Julia Edwards Superannuation Pty Ltd	850,000	1.30	14
Mr G Walker & Mrs J Walker	824,400	1.26	15
Mr C Wang	800,000	1.22	16
Mr E Matusik & Mrs D Matusik Superfund Account	792,260	1.21	17
Mandevilla Pty Ltd	656,250	1.00	18
Tandem Technical Consultants Pty Ltd	618,332	.94	19
Mr A Rompotis	600,000	.91	20
TOP 20 TOTAL	43,623,579	66.50	

TOP TWENTY OPTIONHOLDERS 26 August 2010

NAME AND ADDRESS	OPTIONS	%	RANK
Tied Nominees Pty Ltd	4,231,250	12.52	1
Kelanco Pty Ltd	4,221,928	12.49	2
Ishine International Resources Limited	4,150,000	12.28	3
Corridor Nominees Pty Ltd	3,000,000	8.88	4
Stonydeep Investments Pty Ltd	2,000,000	5.92	5
Mr Shane Beatty Sadleir	2,180,034	6.45	6
Mineral Products Holdings Pty Ltd	1,000,000	2.96	7
Mr David Boothey	1,000,000	2.96	8
Tandem Technical Consultants Pty Ltd	1,000,000	2.96	9
Mr T Williamson & Ms J Jancey	800,000	2.37	10
Mr Andrew Peter Thomson	656,250	1.94	11
Indigo Exploration Services Pty Ltd	656,250	1.94	12
Mr N & Mrs S McEvoy	535,160	1.58	13
Mr G Fragomeni	500,000	1.48	14
Julia Edwards Superannuation Pty Ltd	500,000	1.48	15
Daem Nominees Pty Ltd	450,000	1.33	16
Mr A & Mrs G Marinkovic	400,000	1.18	17
Mr G Walker & Mrs J Walker	400,000	1.18	18
Mr E Matusik & Mrs D Matusik Superfund Account	396,130	1.17	19
Mr M Burford	366,308	1.08	20
TOP 20 TOTAL	28,443,310	84.15	

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