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## ATHENA SHAREHOLDER UPDATE

Dear shareholders

### ***Rights issue for shareholders***

You will have received or will shortly receive an entitlement form and offer document providing you with the opportunity to participate in a 1 for 10 non-renounceable entitlement issue of Shares in Athena Resources Limited.

All Shareholders registered at 5pm WST on 21 September 2011 will be entitled to participate in the pro-rata non-renounceable entitlements issue of Shares on the basis of 1 Share for every 10 Shares then held. The issue price of the New Shares is 9 cents per Share.

The Closing Date for acceptances is 5pm WST on 20 October 2011.

The Board recommends all Shareholders take up their entitlements and advises that the Directors will take up their entitlements.

### ***Byro Project iron ore development progress***

At the Byro Project much has been achieved since the identification of the high grade magnetite in October 2010.

During that time Athena has secured 100% of this project and spent about \$2 million on drilling, assaying, metallurgical test work, heritage and flora surveys, etc.

Much has been achieved and a number of announcements are due to be released on this progress in the next few weeks.

On 30 September an announcement was released detailing the results of drilling over April to July 2011 at Fe1.

In relation to the Byro Iron Ore Project Athena has announced the following:

- Results of 2010 1700m RC drilling program including DTR results
- Results of the metallurgical test work by CRIMM
- Results of the metallurgical test work by ALS Amtec
- Results of the 2011, 2893m RC and Diamond drilling program.



Shortly Athena will release further results on the Byro Iron Project as follows:

- DTR Results of the 2011 drilling program
- First JORC Resource on Fe1 the first of the iron ore targets drilled
- A Prefeasibility Study report from GR Engineering Services (GRES) for the construction of a 5Mtpa plant at Fe1 with capital and operating costs. This study has been made possible by the excellent metallurgical results received in the CRIMM and ALS Amtec reports.

At Byro East, the co-funded (Western Australian Government – Industry Diamond Hole) was extended from 350 metres to 500 metres depth due to persistent nickel sulphides. The sulphides occurred at elevated levels as disseminated pentlandite and millerite with minor copper in a proven fertile intrusion. The results from this drilling will also be released shortly.

Although much has been achieved in this short time, there remains much to complete to get the Byro Iron Ore Project into production in 2014. To this end, plans are in place to:

- Complete the drilling at the Byro South, Witmarsh and adjacent targets before December 2011 to allow for a 20+ year mine life based on the GRES Prefeasibility Study
- Identify the most cost effective transport route to the ports of Geraldton and/or Oakagee
- Secure customers for this premium product.

In conclusion, I emphasize that the magnetite iron ore at Byro is quite different to other magnetite ores in the mid west and Pilbara. The coarse grain size of the ore as demonstrated by the CRIMM and ALS Amtec testwork will allow for substantial capital and operating cost savings compared to other projects. The finished product with exceptionally low impurities and approaching 100% magnetite will also allow the Byro product to be in high demand and to receive premium pricing.

Each of the announcements referred to above are available at the Athena website at [www.athenaresources.com.au](http://www.athenaresources.com.au) or on the ASX website at [www.asx.com.au](http://www.asx.com.au)

Yours faithfully

Hon Andrew Thomson  
Chairman