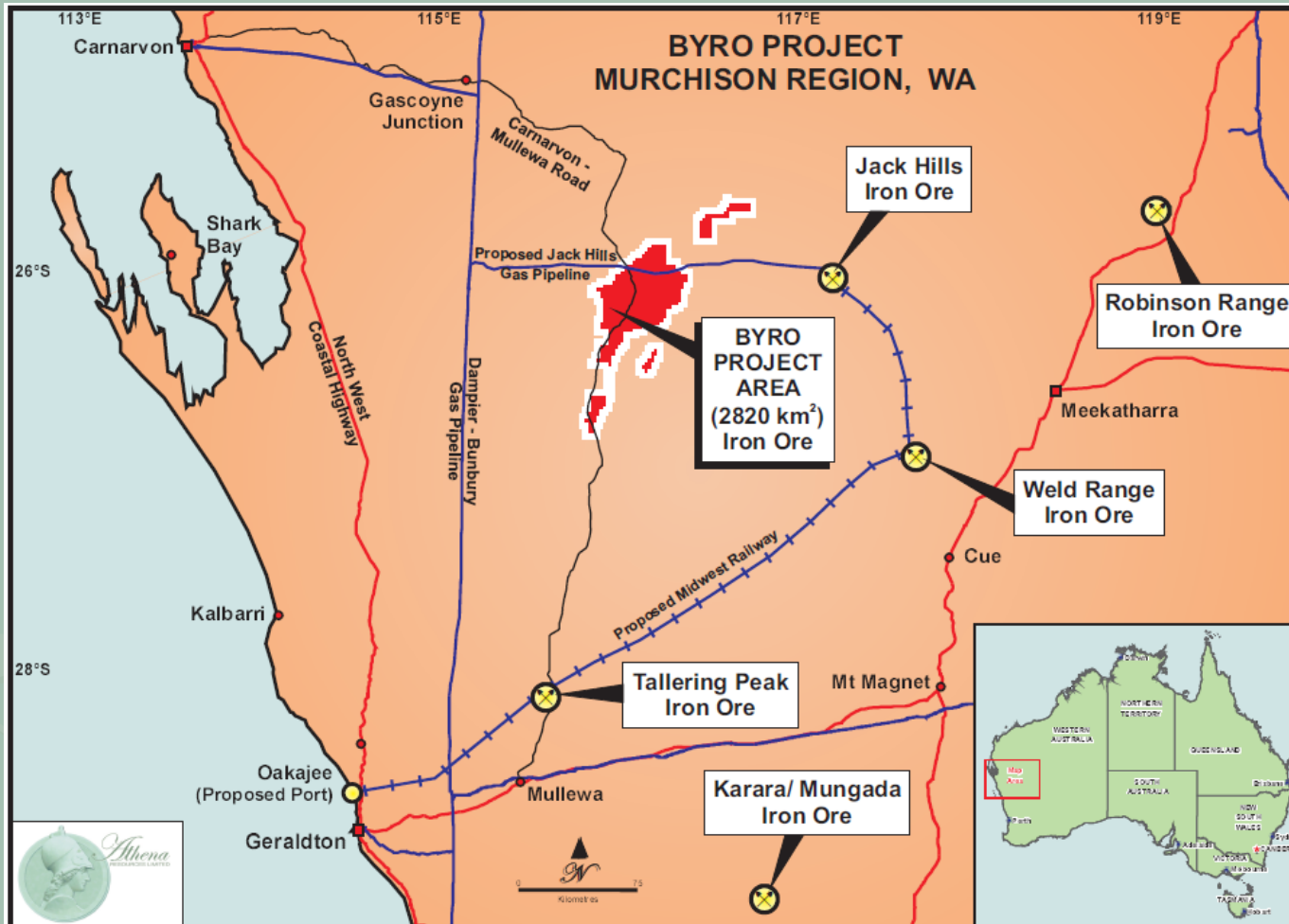




Welcome to the 2011 AGM





Disclaimer

- *This presentation is provided for the sole purpose of providing preliminary technical, financial and other background information to enable you to review the business activities of Athena Resources Limited (“Athena”).*
- *The material provided does not constitute an invitation, solicitation, recommendation or an offer to purchase or subscribe for securities. The information in this document will be subject to completion, verification and amendment and should not be relied upon as a complete and accurate representation of any matters that a potential investor should consider when evaluating Athena.*
- *This document may contain “forward looking statements” which are made in good faith and are believed to have reasonable basis. However, such forward looking statements are subject to risks, uncertainties and other factors which could cause the actual results to differ materially from the future results expressed, projected or implied.*
- *The potential quantity and grade of iron deposits reported as exploration potential is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if future exploration will result in the determination of a Mineral Resource.*



Competent Persons Statements

- *The technical information relating to Athena’s exploration projects was compiled by Mr Liam Kelly, an employee of Athena Resources Limited. Mr Kelly 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 Kelly consents to this inclusion of the information in this report in the context and format in which it appears.*
- *The information that relates to the Mineral Resource Estimate at Byro Fe1 was compiled by Mr Jonathan Sharp. Mr Sharp 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 Carville consents to this inclusion of the information in this report in the context and format in which it appears.*



What we are covering today

Company background

The Year in Review

The future of Athena

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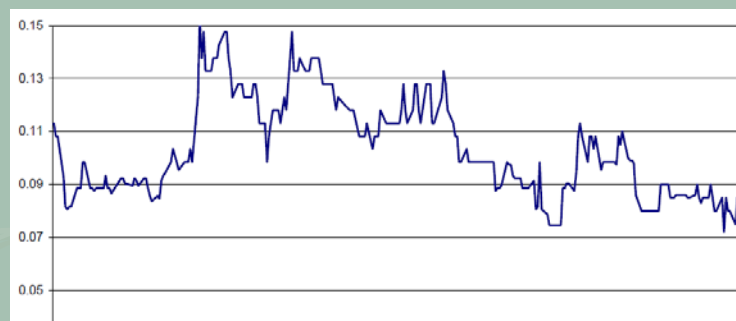


Overview - Financial

Capital Structure

Ordinary Shares	112m
Options	34m
Fully Diluted	146m

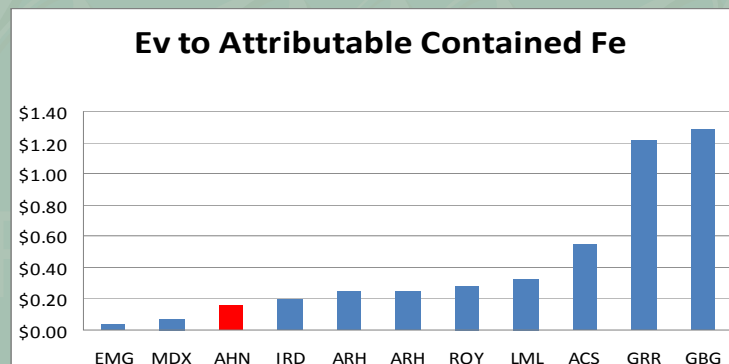
Share Price



Market Capitalisation

\$9 million

Enterprise value





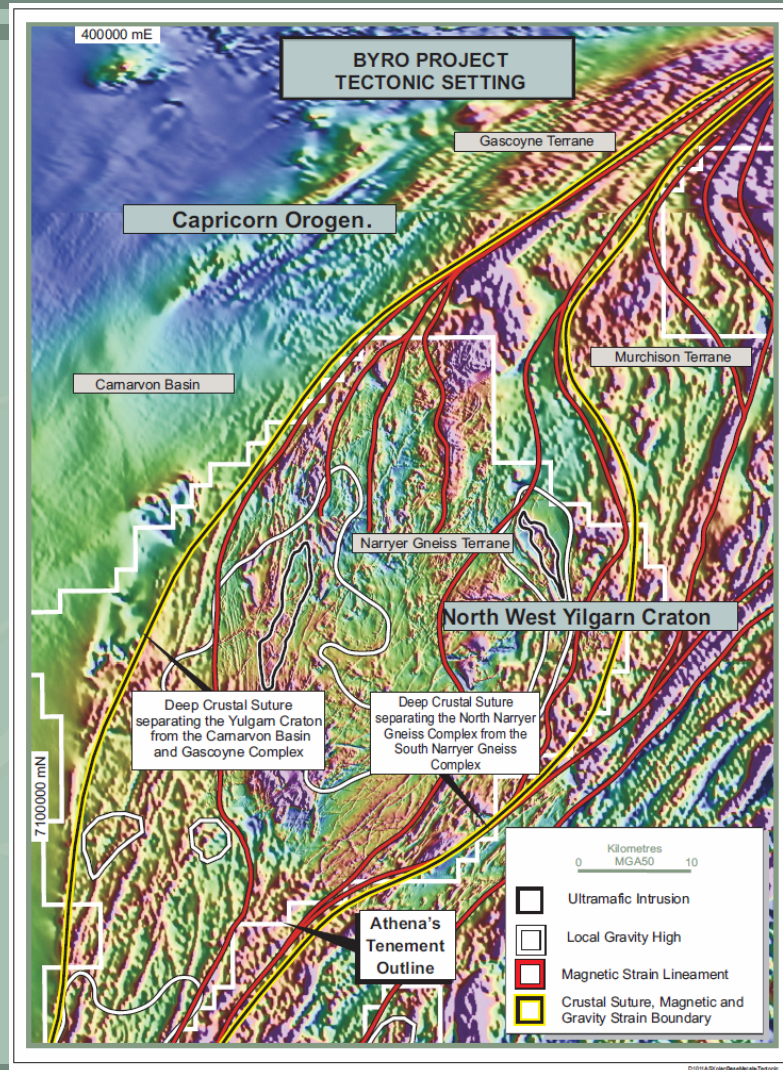
The Year in Review

- Exploration
- Preliminary JORC Resource
- Metallurgy

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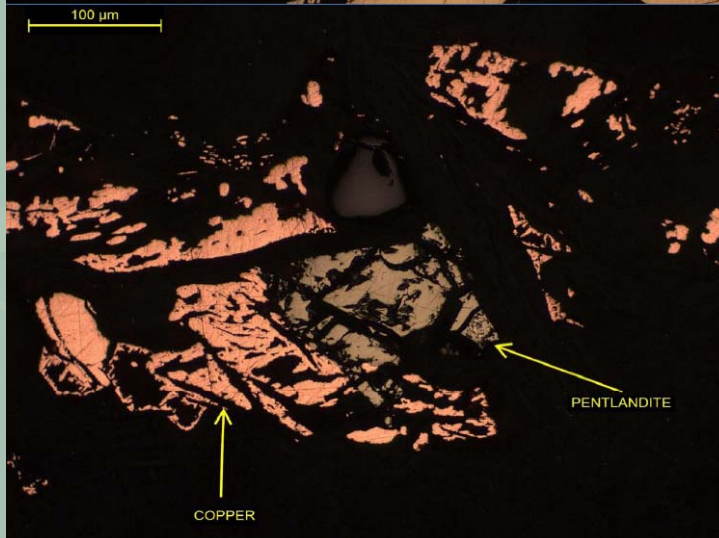
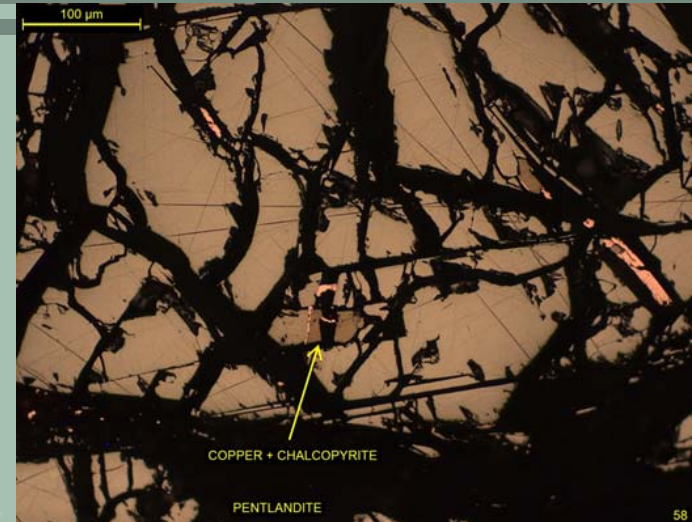


Byro Exploration



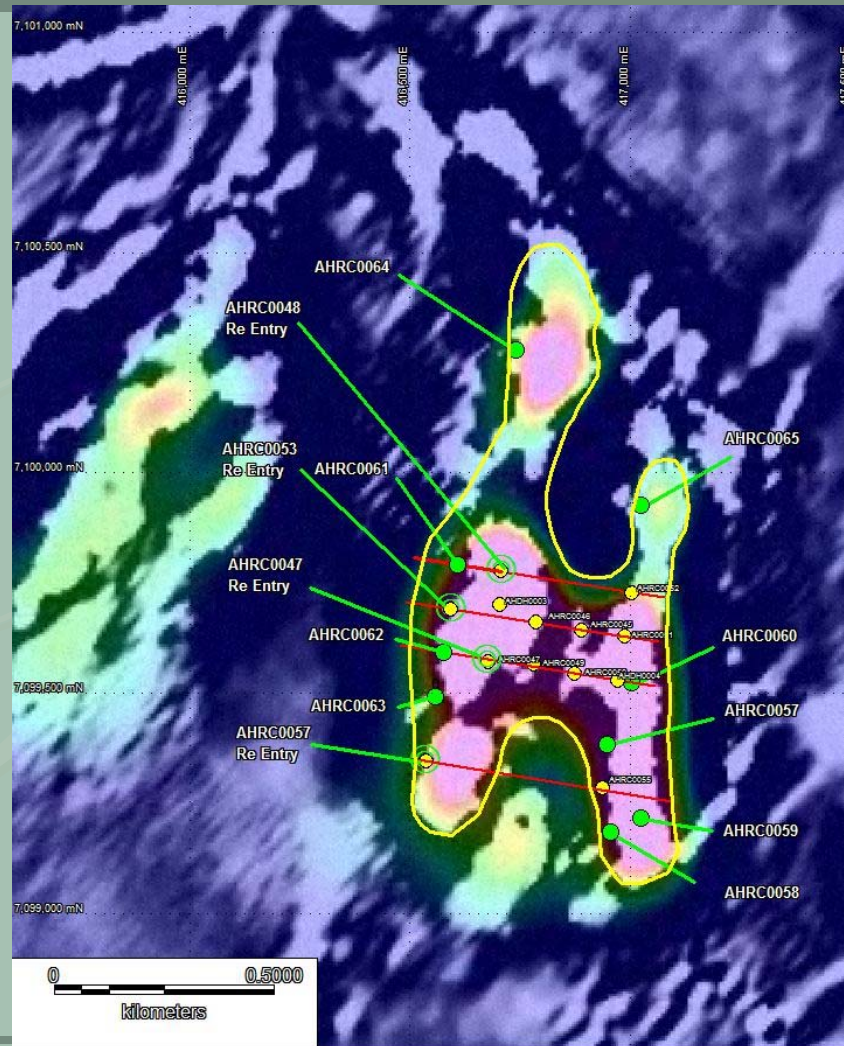


Byro Base Metals Exploration



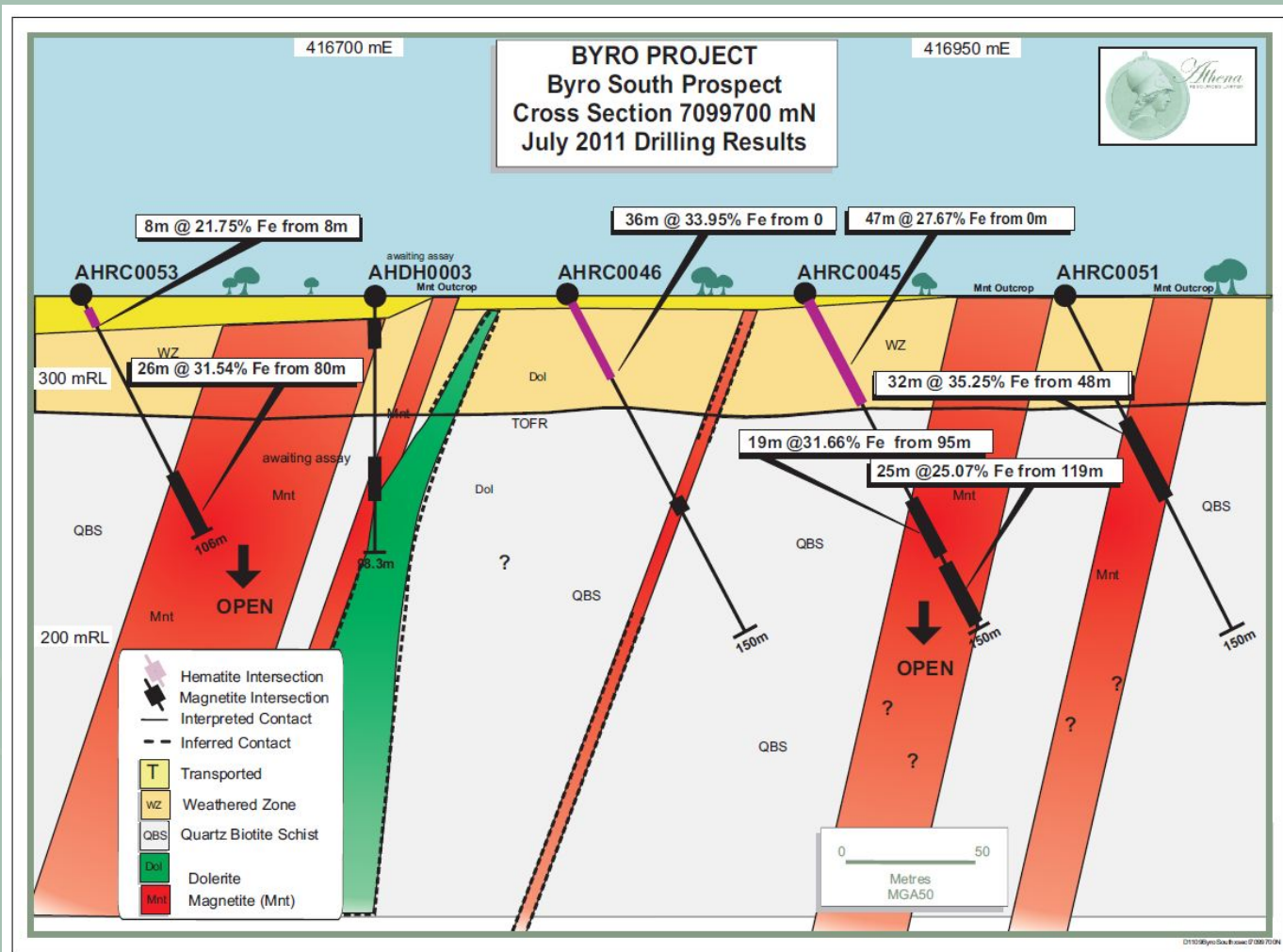


Byro South Ore Body



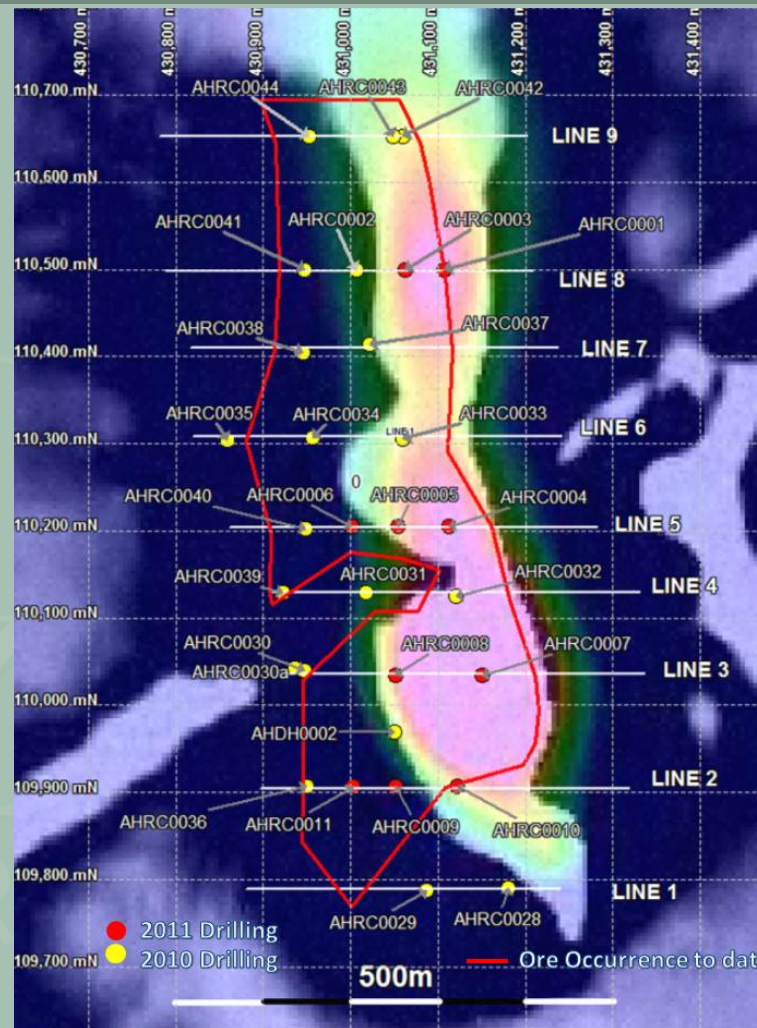


Typical Byro South Cross Section



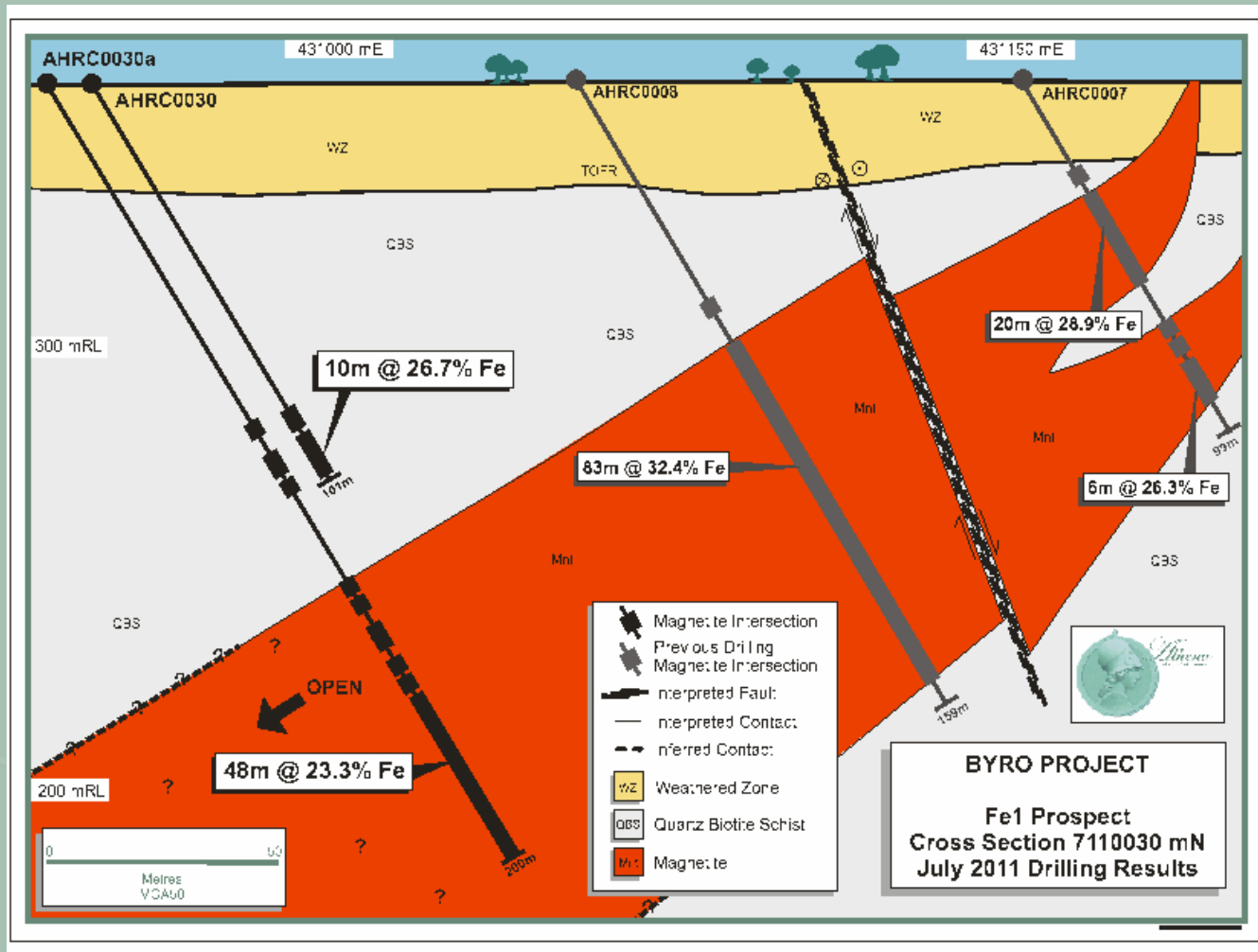


Byro Iron Ore Exploration Fe1 Ore Body



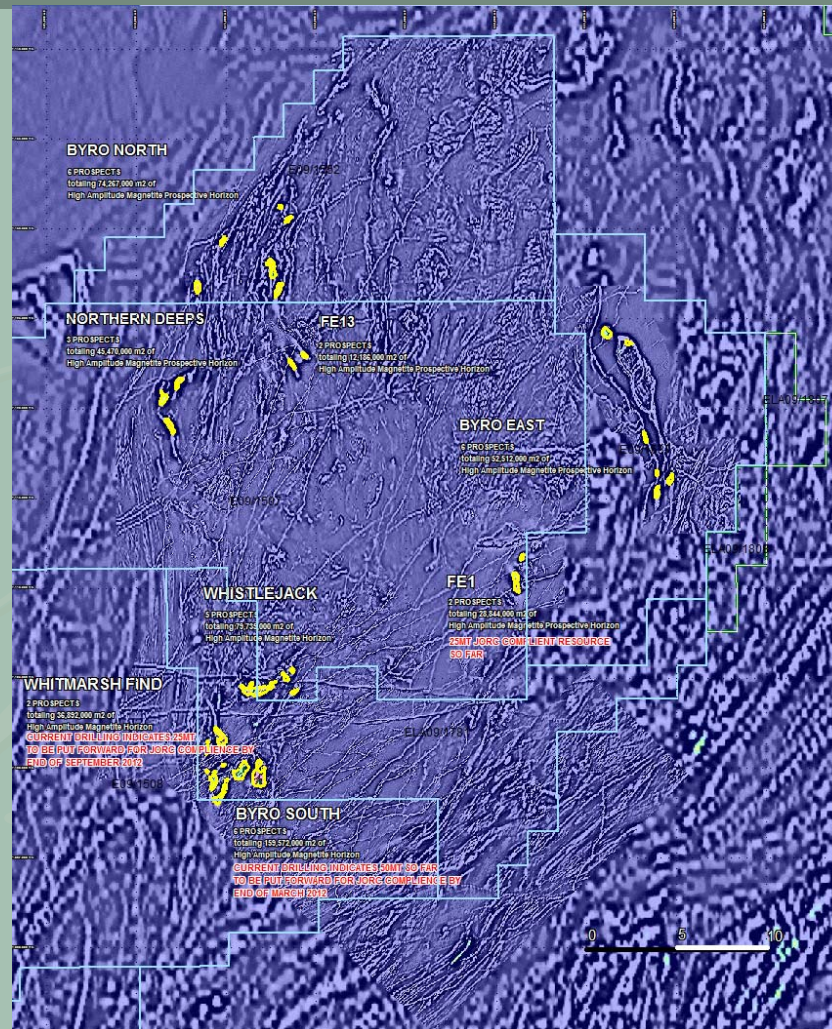


TYPICAL FE1 CROSS SECTION





BYRO MAGNETITE HORIZON

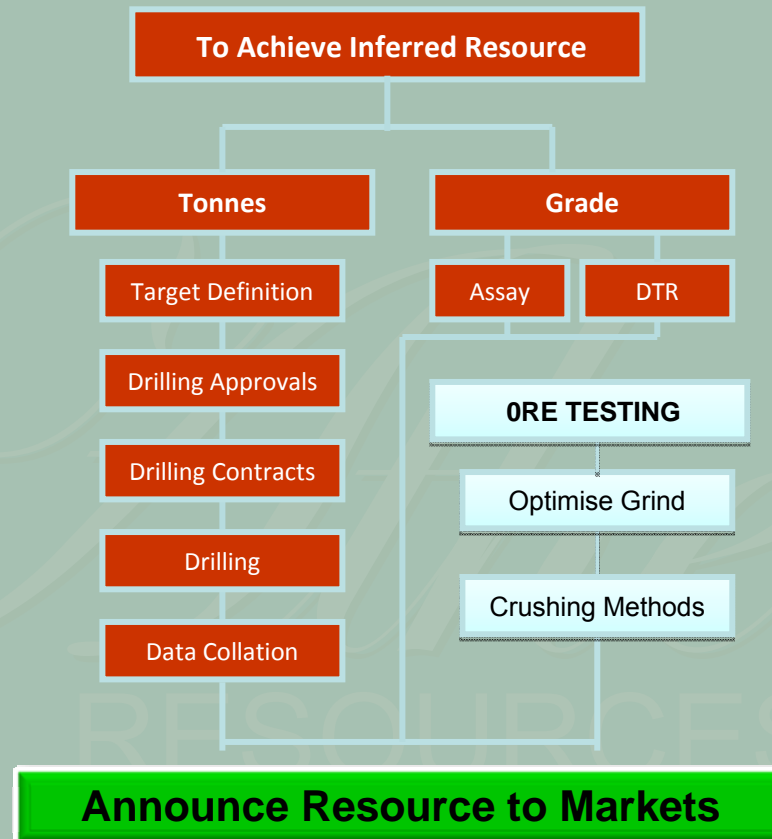


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Last year promise

This diagram was shown at last years AGM





Preliminary Inferred Resource

AMC Consultants Pty Ltd (AMC) has completed a Mineral Resource estimate of the Byro Fe1 magnetite deposit for Athena Resources Ltd as summarized below. The Mineral Resource estimated is listed in Table 1 using no cut-off grade. The Mineral Resource estimate has been classified and reported in accordance with the JORC Code¹.

Table 1 Byro Fe1 Mineral Resource Estimates (no cut-off grade applied)

BYRO FE1 INFERRED CONCENTRATE ESTIMATES									
OXSTATE	Mt	DTR_Fe %	DTR_SiO ₂ %	DTR_Al ₂ O ₃ %	DTR_P %	DTR_\$ %	DTR_LOI %	DENSITY (t/m ³)	DTR %
Fresh	18.1	70.7	1.16	0.32	0.003	0.014	-3.26	3.5	35.1

BYRO FE1 INFERRED WHOLE ROCK ESTIMATES								
OXSTATE	Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	\$ %	LOI %	DENSITY (t/m ³)
Fresh	22.7	25.7	49.2	5.3	0.050	0.072	-0.08	3.5
Oxide	0.1	22.1	53.5	6.7	0.045	0.090	0.27	2.8
Total	22.8	25.6	49.2	5.3	0.050	0.072	-0.08	3.5

Notes: (i) Due to the effects of rounding, totals may not be able to be reproduced exactly from the above data.
(ii) The estimated Concentrate Mineral Resource is wholly contained within the Whole Rock Mineral Resource, and they are not cumulative.

Byro Fe1 magnetite mineralisation is confined to a magnetite rich migmatite that occurs within an Archean Gneiss belt which trends north-northeast for approximately 200 km.

The drilling coverage has allowed the Byro Fe1 deposit to be modelled to a strike length of approximately 800 m and the main mineralised zone has a width of approximately 200 m. The mineralised zone has been interpreted to extend vertically to depths >240 m below surface.



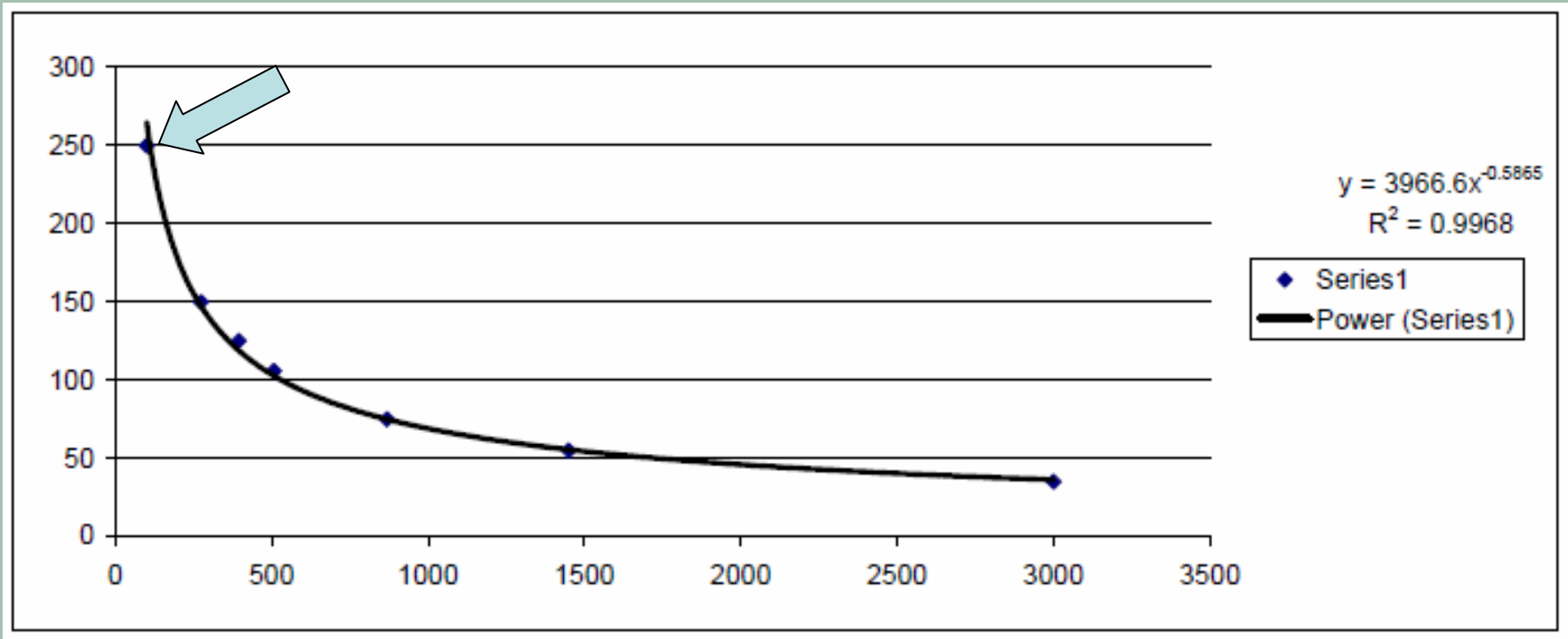
Ore Testing

- Metallurgical test work was carried out on both diamond core and RC chips.
- Changsha Research Institute of Mining and Metallurgy proposed a simple processing flow sheet including crushing and grinding followed by wet low-intensity magnetic separation (LIMS).
- ALS Ammtec test work in Perth again resulted in a simple processing circuit with secondary grinding and classification at P80 of 125 micron.



Grind Size Characteristics

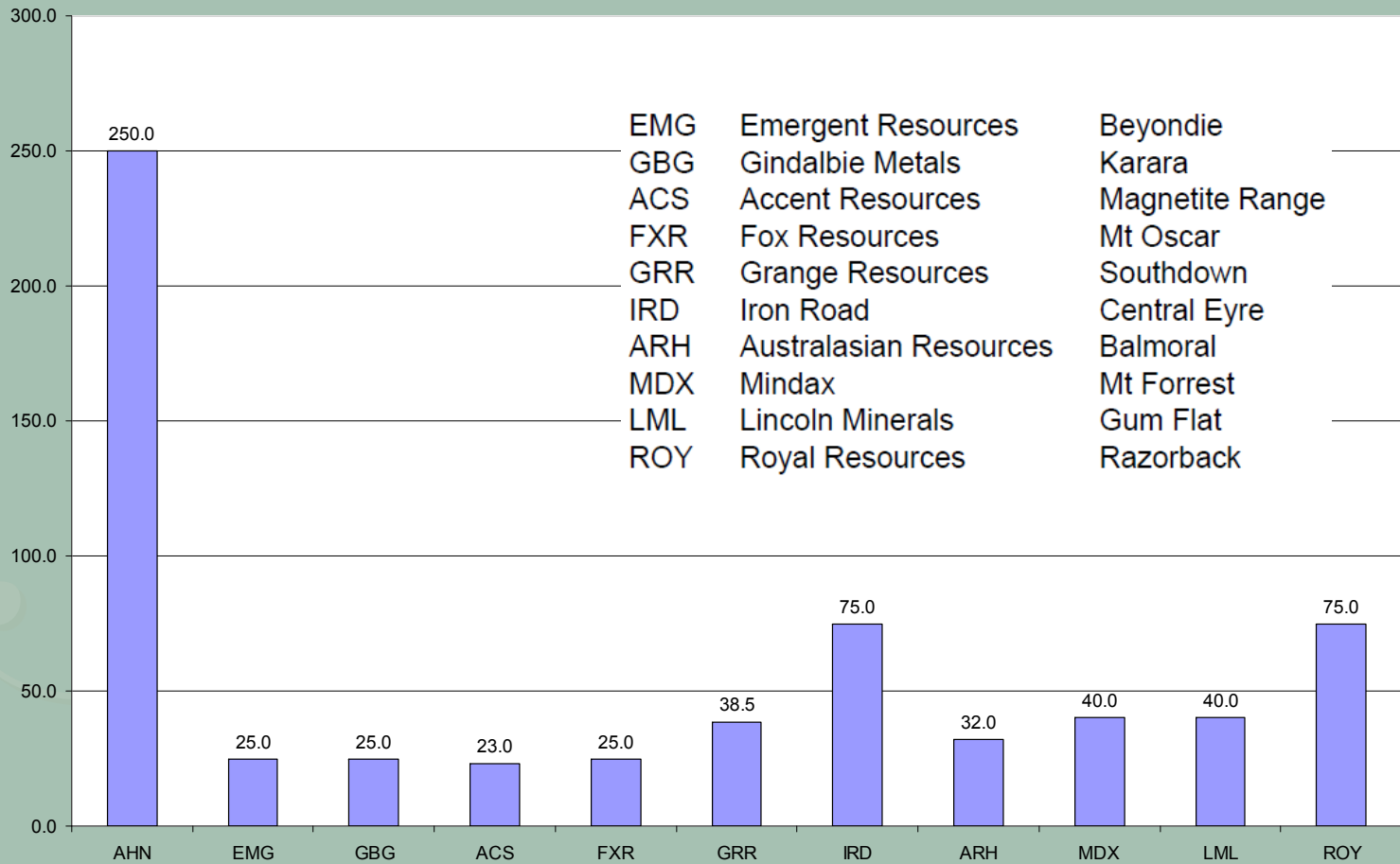
Grind Size in microns and time in seconds to achieve this



Grind time (effort) has significant impact on both capital costs and operating costs



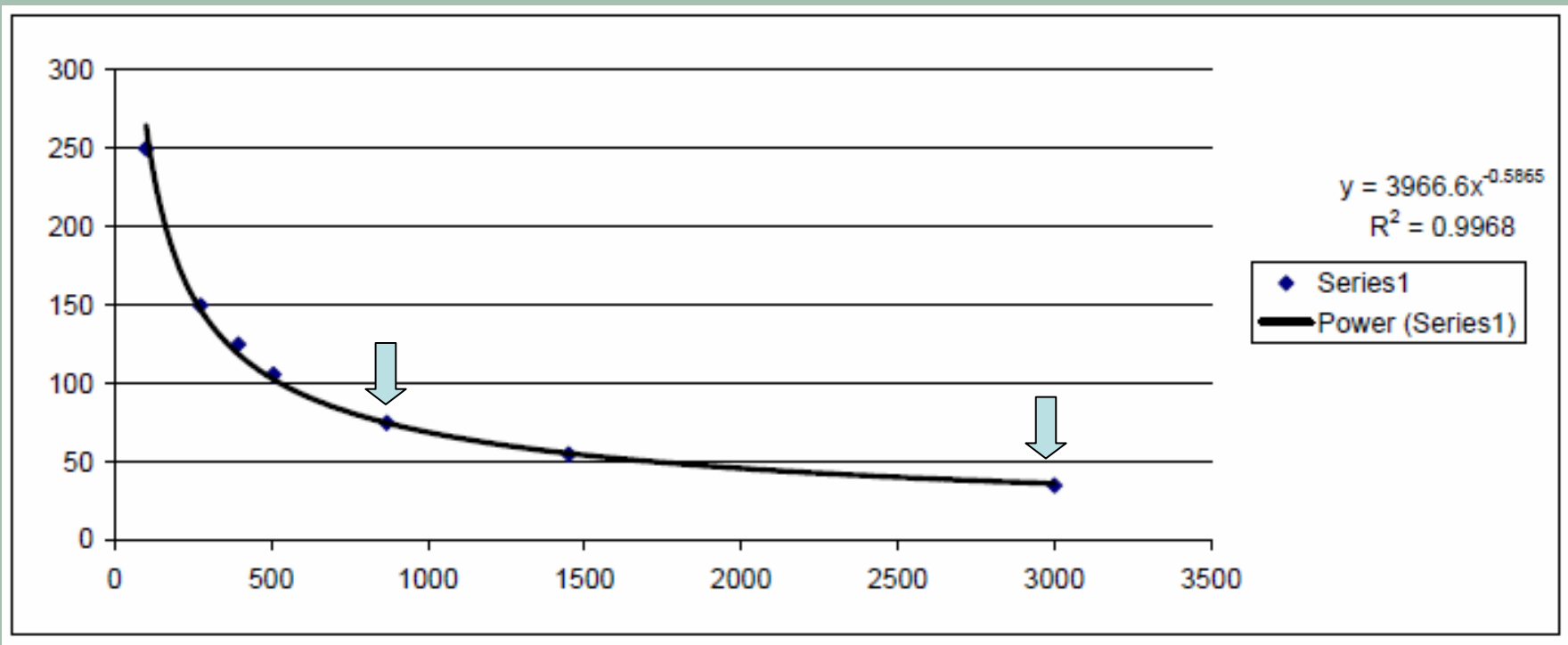
Grind Size Comparison





Grind Size Characteristics

Grind Size in microns and time in seconds to achieve this



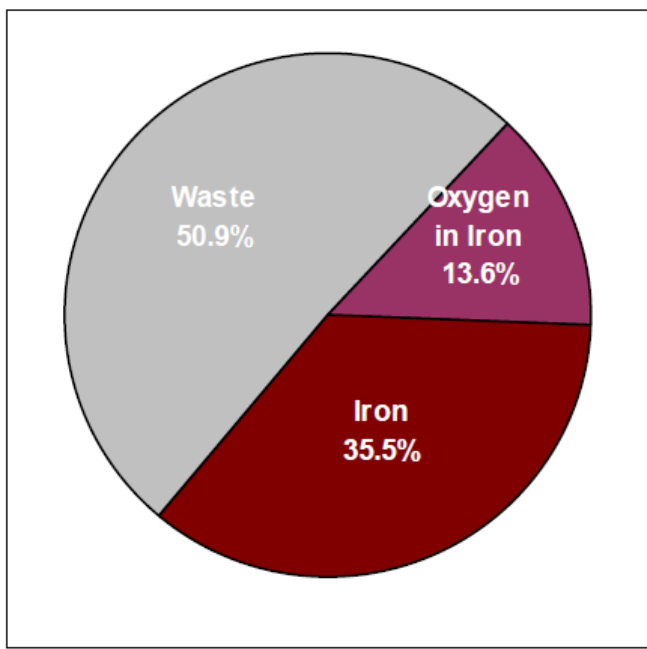
Even our nearest competitors require 8 times the capex – the others require 30 times !



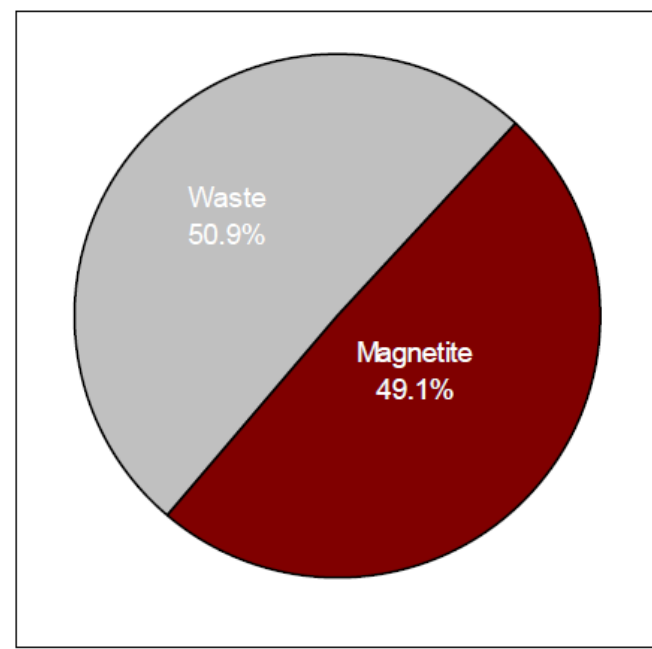
Quality and Composition

What does 35% Head Grade mean ?

Ore for processing – Iron %age



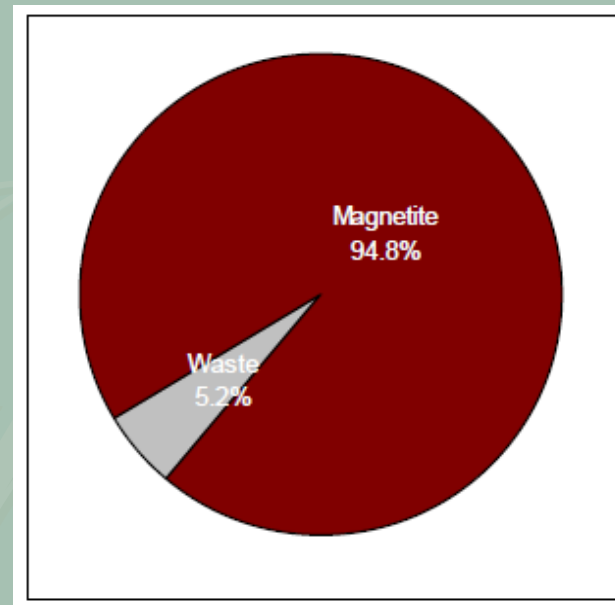
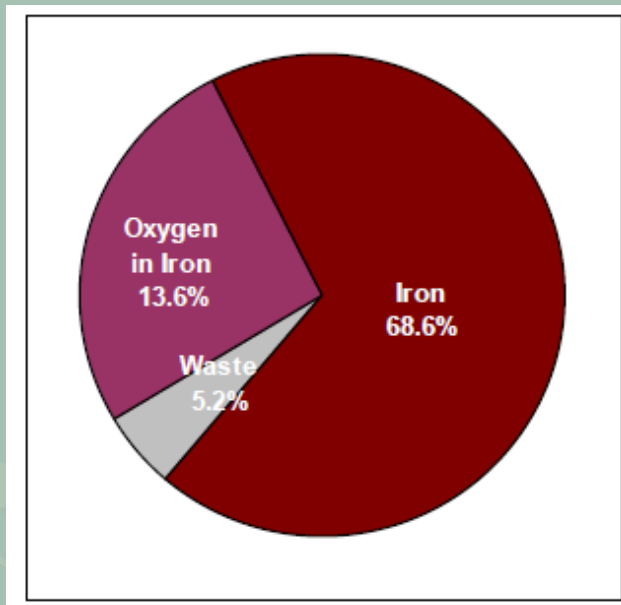
Ore for processing – Magnetite %age





Quality and Composition

Concentrate at 250 microns

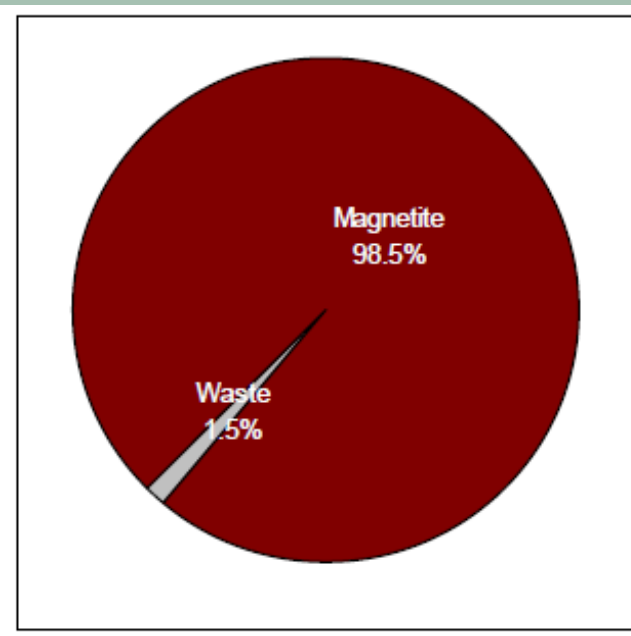
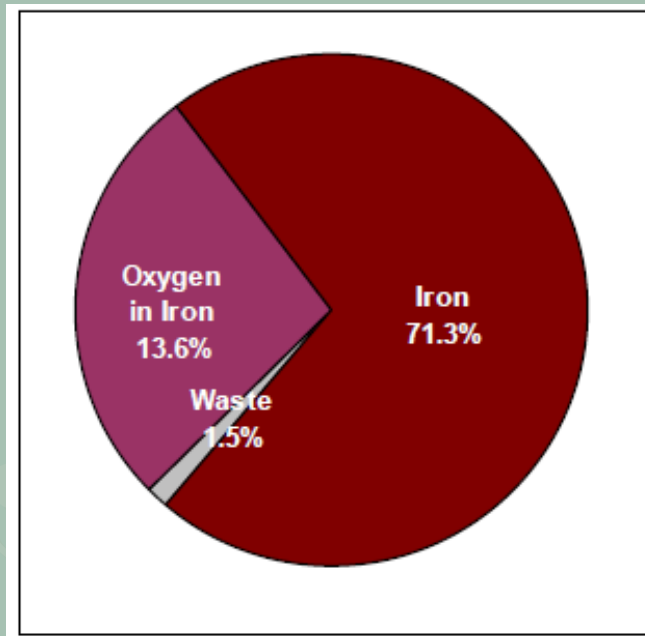


49.4% Recovery



Quality and Composition

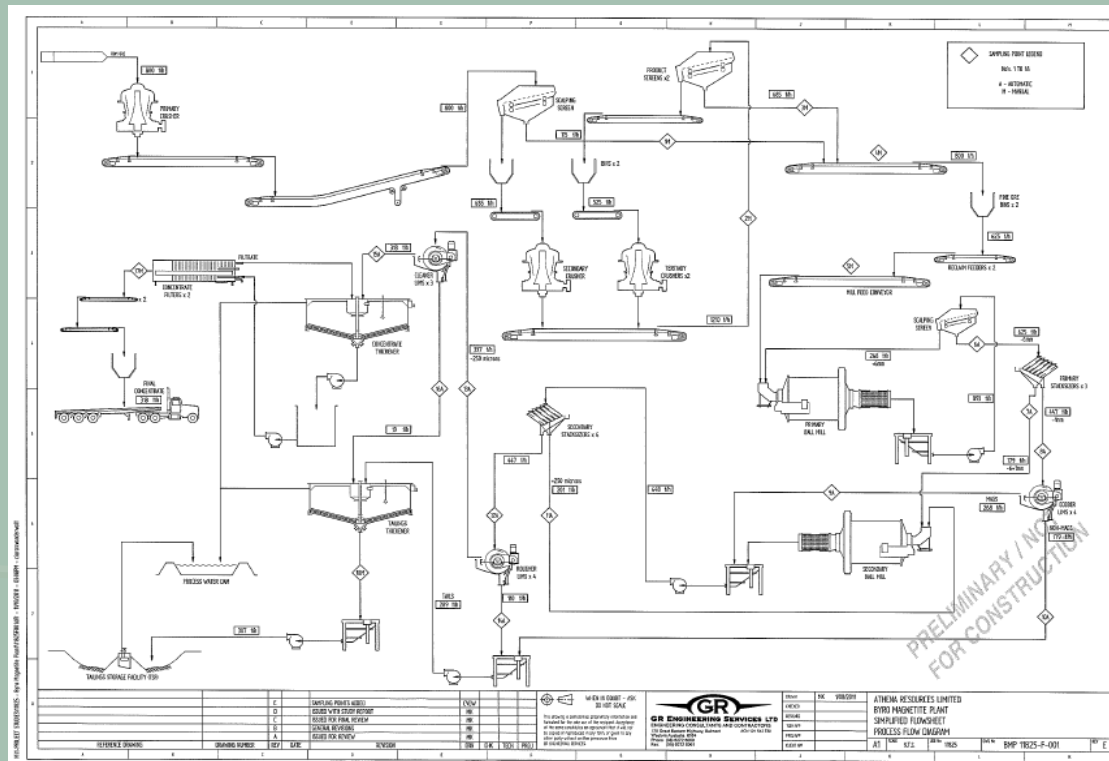
Concentrate at 125 microns



46.5% Recovery

Plant Design

GRES were commissioned during the year to design a plant suitable for our product





The future of Athena

***PRODUCTION
IN 2014***

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The importance of timing

First mover advantage

- Geraldton Port capacity
- Oakajee rail access
- Oakajee port access
- Capitalise on current strong iron ore prices

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Production in 2014

How will we achieve this ?

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Long Term Development Parameters

– PHASE I

- 24 million tonnes existing JORC Resource
- Mining / processing at 6M tpa
- Transport by Road
- Shipping from Geraldton Port
- **Starting 2014**
- Duration 4 years

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Long Term Development Parameters

– PHASE II

- 50 million tonnes target currently being drilled
- Mining / processing at 25M tpa
- Transport by Rail
- Shipping from Oakajee Port
- Starting 2018
- Duration 2 years

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Long Term Development Parameters

– PHASE III

- +100 million tonnes of additional targets at Byro
- Mining / processing at 25M tpa
- Transport by Rail
- Shipping from Oakajee Port
- Starting 2020

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Summary table of Phases

	Target	tpa	Transport	Shipping	Start	Life
Phase I	24m	6m	Road	Geraldton	2014	4
Phase II	50m	25m	Rail	Oakajee	2018	2
Phase III	+100m	25m	Rail	Oakajee	2020	

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Tonnes mined



This schedule shows the effect of the tonnes planned above over the first ten years of the project.

000tpa	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Phase I	6,000	6,000	6,000	6,000							
Phase II					25,000	25,000					
Phase III							25,000	25,000	25,000	25,000	
Total	6,000	6,000	6,000	6,000	25,000	25,000	25,000	25,000	25,000	25,000	

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Pricing Considerations

- *Mechanics*
- *Quality*
- *Value in Use*

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Mechanics

- *When a report suggests an iron ore price is \$150/tonne, what does this mean for Athena?*
 - *Generally this price will be;*
 - In US dollars
 - CFR China main port (though not necessarily - it could be FOB)
 - Based on 62% Fe



The calculation

- *The industry standard for iron ore pricing however is c/dmtu, used to equalise different iron ore grades.*
- *For Athena then, US\$150/tonne means,*
 - *Subtract US\$10/tonne being the approximate freight rate for Geraldton to China by Panamax vessel*
 - *US\$140/tonne divided by 62% Fe equals 226 c/dmtu*
 - *The typical iron quality for Athena's product is 67.5%, so we must multiply the 226 c/dmtu by 67.5%*
- *Resulting in a price of US\$153/tonne FOB Geraldton*

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Quality

- *Why is iron ore quality important?*
 - *There are many reasons, and two detrimental effects are;*
 - High phosphorus in the iron ore reports to the finished steel and high phosphorus steel is brittle and difficult (or impossible) to roll into flat steel.
 - High levels of silica and alumina affect blast furnace operating conditions, as an example extra fluxes are required to help remove silica adding to costs. This is especially important in modern large blast furnaces.



Extract from The Steel Index

Iron Ore Specifications

Iron Ore Products and Price Specifications - China Imports

[Iron ore fines 62% Fe - CFR China Port \[-\]](#)

Sinter Fines: granular size below 10mm for at least 90% of the cargo, with maximum of 40% below 150 micron)

Iron content: 62.00% Fe

Moisture: 8.00%

Alumina: 3.50%

Silica: 4.00%

Phosphorus: 0.070%

Sulphur: 0.05%

Minimum lot size: 20,000 metric tonnes

Pricing Point: CFRFO Tianjin port (China)

Timing: Loading within 4 weeks of transaction

Payment: At sight

Currency and Units: US\$ per dry metric tonne

Prices submitted for transactions with specifications in the following ranges will be normalised to the 62% Fe reference product:

Iron Content: 60.01% – 66.49% Fe (inclusive)

Moisture: 10.00% max

Alumina: 4.00% max

Silica: 6.00% max

Phosphorus: 0.125% max

Sulphur: 0.07% max

Pricing Point: Deliveries to other major Chinese ports will be normalised to Tianjin port

Payment: All payment terms will be normalised to 'At sight'

Quality



- *Iron ore pricing principles apply quite sizeable penalties for impurities above certain levels.*
- *Athena's concentrate product meets all acceptable product specifications*

	Athena	TSI Std	TSI Max	Indicative Penalty
Moisture		8.00%	10.00%	
Alumina	0.27%	3.50%	4.00%	5c/dmt/1%
Silica	0.86%	4.00%	6.00%	5c/dmt/1%
Phosphorous	0.00%	0.07%	0.13%	5c/dmt/0.01%
Sulphur	0.00%	0.05%	0.07%	5c/dmt/0.01%

- *As increased quantities of relatively higher impurity iron ore is sold to market low impurity products such as Brazilian fines and Magnetite Concentrates will have even greater value.*
- *TSI is The Steel Index*



Value in Use

- *Carbon Pricing / Coking Coal*
 - *Iron ores consists of oxygen and iron atoms bonded together into molecules.*
 - *To convert it to metallic iron the oxygen must be removed.*
 - *Magnetite (Fe_3O_4) has one less oxygen atom per molecule than Hematite (Fe_2O_3)*
 - *Carbon is used because the strength of a carbon-oxygen bond is greater than that of the iron-oxygen bond, at high temperatures.*



The chemistry

- *A (very) simplified chemical equation of the blast furnace can be represented as*
 - *Air blast and charcoal (coke): $2 \text{ C} + \text{ O}_2 \rightarrow 2 \text{ CO}$.*
 - *Carbon monoxide (CO) is the principal reduction agent.*
 - » *Stage One: $3 \text{ Fe}_2\text{O}_3 + \text{ CO} \rightarrow 2 \text{ Fe}_3\text{O}_4 + \text{ CO}_2$*
 - » *Stage Two: $\text{ Fe}_3\text{O}_4 + \text{ CO} \rightarrow 3 \text{ FeO} + \text{ CO}_2$*
 - » *Stage Three: $\text{ FeO} + \text{ CO} \rightarrow \text{ Fe} + \text{ CO}_2$*
- *What this means is Magnetite requires less energy **and produces less CO₂** than Hematite*
- *Even a small price on Carbon will make Magnetite more attractive than Hematite..*



Other references

Sources for benchmark prices

IODEX	http://www.platts.com/DailyIronOreBenchmark
MBIOI	http://www.mbironoreindex.com/
TSI	http://www.thesteelindex.com/en/iron-ore/

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Selling Price Assumptions For Projections

Calendar Year	Athena price US\$	Comment
2014	130	
2015	115	
2016	105	
2017	100	
2018	95	Onwards

*Based on forecasts from CBA, JPMorgan, UBS



Capital and Operating Costs

- *Costs provided from GRES Study*

- *Capital*

- Plant \$136 million
- Camp \$24 million

- *Operating - Processing*

- Fixed per annum \$18,750,000
- Variable cost per tonne \$4.71



Capital and Operating Costs

- Costs derived from other external sources

- *Operating - Mining*

- Waste \$5.50
 - Ore \$5.50

- *Other Operating Costs*

- Road Haulage per km (Phase I) 9.5 cents per tonne
 - Rail total Phase I \$3.00
 - Rail rate per km (Phase II onwards) 3.0 cents per tonne
 - Port \$2.00

Projections



Byro Iron Project - 10 year plan		<----- Existing JORC normalised ----->				<----- Current Drilling ----->					
Calendar Year ending		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tonnes Mined 000's		18,000	16,500	15,000	13,500	75,000	75,000	75,000	75,000	75,000	75,000
Ore Processed		6,000	6,000	6,000	6,000	25,000	25,000	25,000	25,000	25,000	25,000
Tonnes Concentrate		2,632	2,507	2,298	2,089	8,704	8,704	8,704	8,704	8,704	8,704
Profit & Loss	A\$	140	125	120	115	115	115	120	120	120	120
Sales		368,480	313,333	275,733	240,222	1,000,926	1,000,926	1,044,444	1,044,444	1,044,444	1,044,444
Mining		-99,000	-90,750	-82,500	-74,250	-412,500	-412,500	-412,500	-412,500	-412,500	-412,500
Processing		-47,010	-47,010	-47,010	-47,010	-136,500	-136,500	-136,500	-136,500	-136,500	-136,500
Transport		-83,171	-79,211	-72,610	-66,009	-121,852	-121,852	-121,852	-121,852	-121,852	-121,852
Gross Profit		139,299	96,363	73,614	52,953	330,074	330,074	373,593	373,593	373,593	373,593
Administration		-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
Interest		-15,177	-13,660	-12,142	-10,624	-9,106	-7,589	-6,071	-4,553	-3,035	-1,518
Depreciation		-23,350	-23,350	-23,350	-23,350	-48,350	-48,350	-48,350	-48,350	-48,350	-48,350
Royalties		-18,424	-15,667	-13,787	-12,011	-50,046	-50,046	-52,222	-52,222	-52,222	-52,222
Net Profit		80,347	41,686	22,335	4,968	220,571	222,089	264,949	266,467	267,985	269,503



Projection Summary

NPV of Cash Flows first 4 years	7.5%	\$97,000,000
---------------------------------	------	--------------

NPV per share (from January 2012)		\$0.65
-----------------------------------	--	--------

Average Profit per share per annum		\$0.25
------------------------------------	--	--------

NPV of Cash Flows first ten years	7.5%	\$741,000,000
-----------------------------------	------	---------------

NPV per share (from January 2012)		\$4.95
-----------------------------------	--	--------

Average Profit per share per annum		\$1.11
------------------------------------	--	--------

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Typical Year and Tonne

	First four years		Subsequent Years	
	Annual \$000's	Tonne \$	Annual \$000's	Tonne \$
Sales	299,000	126	1,030,000	118
Mining	-87,000	-37	-413,000	-47
Processing	-47,000	-20	-137,000	-16
Transport	-75,000	-31	-122,000	-14
Gross Profit	90,000	38	358,000	41
Administration	-2,000	-1	-2,000	0
Interest	-13,000	-5	-5,000	-1
Depreciation	-23,000	-10	-48,000	-6
Royalties	-15,000	-6	-51,000	-6
Net Profit	37,000	16	252,000	29



Timeline to production

• <i>Flora and Fauna</i>	<i>Jan-12</i>	<i>Apr-12</i>
• <i>Hydrology</i>	<i>Apr-12</i>	<i>Jun-12</i>
• <i>Heritage</i>	<i>Apr-12</i>	<i>Jun-12</i>
• <i>Environmental</i>	<i>Apr-12</i>	<i>Jun-12</i>
• <i>Definitive feasibility study</i>	<i>Feb-12</i>	<i>May-12</i>
• <i>Construction of Plant</i>	<i>Jul-12</i>	<i>Dec-13</i>
• <i>Construction of Camp</i>	<i>Jan-13</i>	<i>Jun-13</i>
• <i>Pre strip and Mining</i>	<i>Aug-13</i>	
• <i>Processing and shipping</i>	<i>Jan-14</i>	

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Conclusion

- *We have the Product*
- *We have the Process*
- *We have the Market*
- *We have the Timeline*
- *We have the Economics*

ATHENA IN PRODUCTION IN 2014



Thankyou

***ATHENA IN
PRODUCTION IN
2014***