Athena
RESOURCES LIMITED

ABN 69 113 758 900

INTERIM FINANCIAL REPORT
31 DECEMBER 2011

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The following persons were Directors of Athena Resources Limited during the whole of the financial half-year and up to the date of this report (unless otherwise stated);

Andrew Thomson	Non Executive Chairman	
Edmond Edwards	Managing Director	
David Webster	Non Executive Director	Appointed 9 December 2011
Caigen Wang	Non Executive Director	Resigned 28 November 2011

REVIEW OF OPERATIONS

1. BYRO PROJECT (Athena Resources 100%)

METALLURGICAL TESTWORK

During the half year Athena received a report from ALS Ammtec who had been engaged by Athena in April 2011 to undertake beneficiation testing on samples from the Byro magnetite deposit to provide supporting results to the test work conducted at Changsha Research Institute of Mining and Metallurgy ("CRIMM").

A total of sixteen PQ drill core samples (approximately 80kg) and a composite RC Chips sample (approximately 12kg) were delivered to ALS Ammtec in May 2011. The testing was completed in July 2011 and the main points of the results are reported below.

Wet Low Intensity Magnetic Separation Results

Magnetite Grade in Concentrate

P80 250µm	94.8% Fe_3O_4
P80 150µm	97.9% Fe_3O_4
P80 125µm	98.5% Fe_3O_4

Fe Grade in Concentrate

P80 250µm	68.6% Fe
P80 150µm	70.8% Fe
P80 125µm	71.3% Fe

Fe Recovery

P80 250µm	94.1%
P80 150µm	93.7%
P80 125µm	93.1%

Mass Recovery

P80 250µm	49.4%
P80 150µm	47.4%
P80 125µm	46.5%

These results were achieved from an iron head grade of 35.5% Fe.

Grind Establishment Testwork

From the Particle Size Distributions of the grind establishment test work a chart was produced indicating the potential for capital and power cost savings from the coarser grind size. Refer to following chart.

GRIND ESTABLISHMENT TESTWORK

Grind Size P80 (µm)	Grind Time (Minutes' Seconds")	Grind Time Seconds
250	1'41"	101
150	4'34"	274
125	6'35"	395
106	8'28"	508
75	14'29"	869

Major Results from Beneficiation Testwork

- Unconfined Compressive Strength (UCS) recorded values of 139.9 and 153.7 Mpa and recorded a strength classification of strong.
- Bond Impact Crushing Work Index (CWi) recorded average value of 15.5 kWh/t with a maximum value of 21.5 kWh/t and a minimum value of 8.2 kWh/t.
- Apparent Relative Density recorded values of 3.52, 3.53 and 3.56 g/cc.
- Bond Ball Mill Work Index recorded a value of 16.5 kWh/t from a test aperture of 106 micron.
- Bond Rod Mill Work Index recorded a value of 8.3 kWh/t.
- Bond Abrasion Index recorded a value of 3.894
- Head assays were reported as;-

Sample	Fe %	SiO2 %	Al2O3 %	TiO2 %	MnO %	CAO %	P %	S %
Core	35.4	45.1	0.59	0.057	0.15	1.75	0.035	0.017
RC Chip	35.5	44.5	1.08	0.074	0.14	1.55	0.050	0.041

- An asbestiform analysis indicated the absence of asbestos or fibrous hazard.

These results confirm a relatively simple processing circuit is required for treatment of Byro magnetite ore.

The proposed processing circuit is likely to consist of the following:

- Conventional three stage crushing,
- Primary grinding and coarse classification,
- Wet low intensity magnetic separation at coarse grind,
- Secondary grinding and classification at P80 of 125 micron,
- Rougher wet low intensity magnetic separation,
- Cleaner wet low intensity separation,
- Concentrate thickening and filtration.

PRELIMINARY JORC RESOURCE for BYRO FE1 MAGNETITE DEPOSIT

In November 2011 Athena released a preliminary Byro Fe1 Inferred Mineral Resource prepared by AMC Consultants Pty Ltd totalling 22.8Mt at 25.6%Fe.

DRILLING

Fe1 Deposit

During the half year the Company received head assay results for the infill drilling program completed in June 2011 at FE1. The program was designed to determine a Maiden Inferred Resource for the Company's highly prospective Byro Iron Ore Project, FE1.

The 2,893 meter drilling program was designed as an infill program to drill test the Fe1 Prospect to inferred resource status, and comprised 17 Reverse Circulation drill holes (RC) and 1 PQ Diamond Core hole. Drilling at FE1 now totals 28 RC holes and 1 PQ/NQ structural and metallurgical diamond core hole.

Infill drill intersections support the FE1 Ore Model which now covers an area of over 164,000m^2. The shape of the ore body has remained predictable throughout the infill program with consistent dip and strike characteristics. The system is truncated to the south but remains open and plunging to the north. The system outcrops to the east. Drilling has tested the ore body to a depth of 170m vertically and remains open down dip to the west. Structural mapping of fault sets within the ore body and at surface outcrop demonstrate a series of NNE oblique dextral reverse faults with predictable horizontal dextral offset. The vertical component is variable but does not disrupt or dislocate the main ore body.

The recommended drill spacing of 100m by 200m grid used in conjunction with detailed geophysical surveys to delineate the margins of mineralization have been exceeded to provide a more than suitable drilling density for a JORC compliant Inferred Resource. Average drill collar spacing's at FE1 are now inside a 100m by 100m grid advancing the project with a high level of confidence. The high grade results for all 28 holes were sent to independent consultants AMC to confirm a Maiden Inferred Resource.

Athena Infill Drilling Results for at FE1

Diamond Core		
	AHDH0002	35m @ 33.96% Fe from 77m
	And	28m @ 27.31% Fe from 131
Reverse Circulation	AHRC0034	70m @ 29.77% Fe from 112
	Including	18m @ 34.40% Fe from 164m
	AHRC0040	106m @ 22.73% Fe from 110m
	AHRC0030	48m @ 23.25% Fe from 156m
	AHRC0037	34m @ 31.73% Fe from 90m
	AHRC0038	19m @ 30.18% Fe from 144m
	AHRC0043	18m @ 32.34% Fe from 96m
	And	16m @ 24.79% Fe from 130m
	AHRC0044	16m @ 30.41% Fe from 134m
	And	12m @ 22.50% Fe from 156m

The high quality of the ore from the DTR results compare with previous DTR work at FE1. This confirms a robust geological and mineralogical foundation for the production of high grade magnetite concentrate.

Davis Tube Recovery results include:-

AHRC0034	80m @ 70.50% Fe from 112m
And	6m @ 71.13% Fe from 98m
AHRC0040	76m @ 70.40% Fe from 85m
AHRC0030	44m @ 70.50% Fe from 59m
And	4m @ 71.14% Fe from 96m
And	4m @ 71.13% Fe from 98m
AHRC0037	36m @ 71.28% Fe from 90m
And	4m @ 71.14% Fe from 134
AHRC0038	19m @ 71.25% Fe from 144m
And	4m @ 71.45% Fe from 122m
AHRC0043	24m @ 70.94% Fe from 92m
And	18m @ 71.29% Fe from 128m
AHRC0044	14m @ 71.16% Fe from 134m
And	4m @ 71.39% Fe from 156m

- 109µm Grind yielding concentrate up to 92.5% Fe_3O_4
- DTR Weight Recoveries of up to 47.0%
- Continued premium magnetite product with super low detrimental impurities

Byro South

In May and June 2011 an 1,811 meter RC and diamond drilling program was designed to test the Byro South and Whitmarsh Find Prospects for grade and continuity of the Byro Magnetite Iron Ore. This is supported by coarse grain, highly magnetic and high grade results from a common style of ore. The program comprised 14 Reverse Circulation drill holes (RC) and 2 geotechnical / metallurgical PQ/NQ diamond core holes. Targeting was based on high definition aeromagnetic signatures and surface outcrop mapping and sampling.

The Magnetite ore at Byro South appears within upper amphibolite facies gneissic rock in the form of a migmatite. The ore is matrix to massive localized in seams that range in thicknesses from 10m

up to 50m width, dipping steeply to the west and strike dominantly north. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The eastern boundary of the unit is well delineated by the laplucian magnetic imagery and aeromagnetic data. Further drill testing will be carried out to complete testing of the western margin of the ore body at depth.

Magnetic susceptibility was recorded for all holes drilled throughout the ore body. Average readings of 600-800×10^{-3} and peaks up to 2000×10^{-3} (SI Units), during this campaign. The high magnetic susceptibility readings, coarse grain size up to 1.5mm, X-ray Fluorescence (XRF) assay from surface sampling and now drilling show the ore is of similar type and quality as FE1.

Hematite was intersected in the weathered zone above fresh rock at Byro South. Further work is underway to test persistence and quality. Results to date are listed below in Table 2.

Table 1. Magnetite Intersections from Assay to date

HOLE ID	FROM	TO (m)	Intvl	Fe%	SiO2%	Al2O3%	P%	S%	LOI%	Intersection
AHRC0045	95	118	18	32.34	44.1	3.703	0.04	0.241	-0.72	18m @ 32.34% Fe From 95m
And	119	126	7	27.82	48.26	5.029	0.039	0.113	-0.74	7m @ 27.82% Fe From 119m
And	133	144	11	36.72	40.5	2.106	0.315	0.19	-0.96	11m @ 36.72% Fe From 133m
AHRC0046	94	98	4m	31.17	43.04	4.95	0.031	0.094	-0.72	4m @ 31.17% Fe From 94m
AHRC0048a	58	72	14	36.85	39.04	2.4	0.047	0.004	0.78	**14m @ 36.85% Fe From 58m**
AHRC0049	88	100	12	29.57	44.42	5.94	0.044	0.258	-0.54	**12m @ 29.57% Fe From 88m**
And	104	106	2	33.01	42.3	3.9	0.071	0.073	-0.94	**2m @ 33.01% Fe From 104m**
AHRC0050	84	116	32	33.48	41.77	3.479	0.035	0.264	-0.75	32m @ 33.48% Fe From 84m
And	120	132	12	36.23	39.38	2.687	0.392	0.188	-0.86	12m @ 36.23% Fe From 120m
AHRC0051	48	84	36	35.25	45.06	4.021	0.036	0.149	0.053	36m @ 35.25 Fe From 48m

Assays Pending

HOLE ID	FROM	TO (m)	Intvl	Fe%	SiO2%	Al2O3%	P%	S%	LOI%	Intersection
AHRC0052	59	76	17							17m @ 378 SI Magsus Fe from 57m
AHRC0053	80	106	26							26m @ 945 SI Magsus Fe from 80m
AHRC0054	91	108	17							17m @ 378 SI Magsus Fe from 92m
AHRC0055	94	124	30							30m @ 596 SI Magsus Fe from 94m
AHRC0056	56	76	20							20m @ 865 SI Magsus Fe from 56m

Table 2. Hematite Intersections from Assay to date

HOLE ID	FROM	TO (m)	Intvl	Fe%	SiO2%	Al2O3%	P%	S%	LOI%	Intersection
AHRC0045	0	47	47	27.67	42.77	8.989	0.029	0.029	5.501	47m @ 27.67% Fe From 0m
AHRC0046	0	36	36	33.95	32.22	10.65	0.037	0.026	7.568	36m @ 33.95% Fe From 0m
AHRC0047	4	12	8	27.6	34.06	18.33	0.15	0.233	6.153	8m @ 27.6% Fe From 4m
AHRC0048	2	12	10	41.56	21.15	10.42	0.02	0.162	6.206	**10m @ 41.56% Fe From 2m**
AHRC0048a	0	12	12	40.18	27.31	6.216	0.02	0.05	7.053	**12m @ 40.18% Fe From 0m**
and	28	58	30	34.48	45.52	2.227	0.022	0.005	2.036	**30m @ 34.48% Fe From 28m**
AHRC0049	0	12	12	31.62	20.06	17.36	0.017	0.031	9.1	12m @ 31.62% Fe From 0m
and	32	40	8	20.7	31.35	24.01	0.042	0.023	12.67	8m @ 20.7% Fe From 32m
AHRC0050	0	44	44	27.5	37.49	9.348	0.033	0.31	6.533	44m @ 27.5% Fe From 0m

During December drilling continued at the Byro South Ore Body, the Whitmarsh Find prospect and initial drilling at the Whistle Jack prospect.

The November/December 2011 Byro program comprised 1,899m of drilling including 1,414m of reverse circulation drilling and 485m of Diamond drilling. Targeting was based on high definition aeromagnetic signatures, surface outcrop mapping and sampling as well as reported drilling results from September 2011.

Drill intersections for this round at Byro South demonstrate continued high grade ore from magnetic susceptibility (magsus) levels from the iron ore. Results are of similar high quality to the first section drilled at Byro South in September 2011. A direct comparison of grain size and Magnetic susceptibility of this ore can be made to Athena's Maiden Inferred Resource at the FE1 Ore Body.

BYRO SOUTH

Hole ID	Intersection	Magsus SI	From
AHRC0053D	80m	884	80m
AHRC0054D	53m	828	86m
AHRC0063D	53m	865	92m
AHRC0058	44m	492	67m
and	19m	765	117m
AHDH0005	19m	567	120m
AHRC0060	31m	803	51m
AHRC0061	28m	516	45m
AHRC0057	15m	438	70m

The Magnetite ore at Byro South appears within upper amphibolite facies gneissic rock in the form of a migmatite. The ore is matrix to massive localized in seams that range in thicknesses from 10m up to 50m width, dipping steeply to the west and strike dominantly north. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The eastern boundary of the unit is well delineated by the laplucian magnetic imagery and aeromagnetic data. This

successful round of drilling has completed testing of the western and eastern margins of the ore body at depth and demonstrates the characteristic of a continuous ore horizon with a strike length of the twin seam body in excess of 1 kilometre.

The Whitmarsh Find and Whistle Jack Deposits

RC Drill Hole AHRC0056 was drilled at The Whitmarsh Find intersecting 20m of continuous magnetite from 56m. This follows a surface sampling and mapping program of outcrop identified by a local high resolution aeromagnetic anomaly. Results from down hole magnetic susceptibility recorded average readings of 865×10-3, ranging up to1290×10-3 (SI Units). Fresh rock from the drill sample displays coarse grain size of up to 1.5mm. Samples have been sent for X-ray Fluorescence (XRF) assay. Previously reported from surface sampling, (best result MBRC260 43.28% Fe), and now drilling show the ore is also of similar quality to FE1.

WHISTLEJACK

Hole ID	Intersection	Magsus SI	From
AHRC0065	68m	856	132m
AHRC0066	20m	993	87m
And	6m	329	57m

THE WHITMARSH FIND

Hole ID	Intersection	Magsus SI	From
AHRC0064	14m	530	57m
And	26m	838	90M

AHRC0056 (Haematite) a 24m intersection from surface assayed at 20.41% Fe and a 24m intersection from 52m assayed at 32.76% Fe

The latter intersection had a corresponding Magsus SI of 865

The magnetite ore at the Byro Whitmarsh Find and Whistle Jack Prospects appears within upper amphibolite facies gneissic rock in the form of a migmatite. The ore is matrix to massive, localized in seams that range in thicknesses from 10m to +70m width, dipping steeply to the southwest and strike dominantly northwest. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. The boundary of the unit is yet to be delineated by drilling, however, the geophysical aeromagnetic anomaly now drill tested indicates a near surface area of ~600,000m^2 of high quality magnetite at Whistle Jack and ~300,000m^2 of high quality magnetite at the Whitmarsh Find. This successful round of drilling has completed first pass testing of the two new bodies at depth and demonstrates the characteristic of a continuous ore horizon with strike lengths of 1 kilometer for the Whitmarsh Find and 1.7 kilometers for the Whistle Jack Body.

Results from drilling carried out in December at the Byro Whitmarsh Find and Whistle Jack Prospects demonstrate continued high grade ore from magnetic susceptibility (magsus) levels from iron ore drill sample. Results are of similar high quality to the first section drilled at Byro South in September and November. A direct comparison of the quality of the Whitmarsh Find and Whistle Jack magnetite ore can again be made through grain size and magnetic susceptibility to Athena's Maiden Inferred Resource at the FE1 as well as the Byro South Ore Body.

PROCESS PLANT PREFEASIBILITY

Following on from the excellent metallurgical results in the CRIMM and ALS Ammtec reports on samples taken from an operating cost and capital cost estimate was conducted for a 5 million tonnes per annum (tpa) magnetite plant at Athena's Fe1 iron ore deposit at Byro. The study by GR Engineering Services Limited (GRES) was commissioned by Athena in August 2011.

The 5M tpa throughput for a resultant 2.5M tpa saleable concentrate product was chosen as the plant is planned to be in operation well before completion of the Oakajee port and rail mid 2015. Athena plans to transport concentrate to Geraldton by road and rail transport with an assumed tonnage limitation of 2.5M tpa.

It is expected that the plant will operate at this capacity until it is upgraded or duplicated when the Oakajee rail and port project is complete.

GR Engineering Services Limited

GRES is a Western Australian based ASX listed (GNG) engineering consulting and contracting company providing high quality process engineering design and construction services to the resources and mineral processing industry.

GRES was selected by Athena based on its expertise in crushing, grinding and beneficiation disciplines and its respected knowledge of iron ore processing in Western Australia. GRES has recent involvement in several iron ore projects including:

- Feasibility Study of Richmond Mining Limited's Buena Vista Iron Ore Magnetite Project 1.75M tpa Plant and Infrastructure
- Engineering design of Mineral Resources Limited's FMG Christmas Creek Desands Plant.

In past years, as JR Engineering, GRES key design and project personnel were also involved in the following projects:

- Orebody 25 Crushing Facility Upgrade, SMP construction works for BHP Billiton
- BME Project – Tom Price for Hamersley Iron Pty Ltd
- West Angelas Crushing and Screening facility upgrade for Rio Tinto.

Process

The design capacity of the process plant is 5M tpa (Figure 8). Target feed to crushing is 800 tph while grinding feed rate is 625 tph.

Run of Mine (ROM) ore is initially crushed through a gyratory crusher, prior to being fed to a two stage fine crushing plant. The crushed ore will undergo grinding by two stage ball milling. The primary grinding duty will be performed by a single ball mill operating in closed circuit with a scalping screen with apertures of 6mm. The scalping screen undersize will be classified by stacksizers to produce an intermediate ground product of P80 500 micron which will report to primary (cobbers) stage of wet LIMS separators. At this point approximately 40% of the mass will be rejected as non-magnetic product to final tailings thickener.

The oversize from the primary stacksizers will report to the secondary grinding. The secondary grinding duty will be performed by a single ball mill operating in close circuit with secondary

stacksizers with apertures of 250 micron. The magnetic product from the primary (cobbers) wet LIMS will report to the secondary stacksizers. Oversize from the secondary stacksizers will return to secondary ball mill.

The final undersize product from the secondary stacksizes will have a P80 of 125 micron. This undersize product will report, in series, to rougher wet LIMS and cleaner wet LIMS. The cleaner wet LIMS will produce a final magnetic product of 67.5% Fe, which reports to concentrate thickening prior to final concentrate filtration. The relative coarseness of the concentrate should produce a filter cake with less than 7% (w/w) moisture. The non-magnetics from both rougher and cleaner wet LIMS will report to final tailings thickener, prior to being pumped to Tailing Storage Facility.

The final concentrate filter cake will report to one of three storage bins prior to loading into road trucks for transportation.

The PFS produces 2.5M tpa of high grade magnetite concentrate, low in content of deleterious elements. Concentrate specifications are as follows:-

TYPICAL CONCENTRATE SPECIFICATIONS

Fe	67.5%
SiO2	4.0%
Al2O3	0.3%
S	0.02%
P	0.01%
Average P80 Size	125 micron
Filter cake moisture content	< 7%

Capital Costs

The GRES prefeasibility study (PFS) was conducted to an overall accuracy of +/- 30%, and is presented in Australian dollars (A$) and is based upon pricing obtained during the second quarter of 2011.

The capital cost of the process plant is $136 million, while the capital cost of a 300 person construction and permanent camp is $24 million.

The capital cost for the process plant includes the following:-

- Site administration facility
- Process plant, from ROM feed to crusher, grinding and classification, three stages of wet LIMS, through to concentrate handling and loading into road trucks
- Construction of Tailings Storage Facility (TSF) capable of holding 1 year's tailing discharge, including pumps and pipeline to discharge tailings to TSF and pumps and pipeline to return tailings water to process dam
- Borefield pumping to supplement process water.

Power supply and site assay laboratory are to be provided under contract by third parties and are included in the operating costs.

Operating Costs

The operating cost of the process plant is $8.46 per tonne milled. The summary of operating costs is detailed in the following:-

Byro Magnetite Project	Total Cost		% Fixed	Fixed		Variable	
5.0 Mtpa	A$/yr	A$/t		A$/yr	A$/t	A$/yr	A$/t
Operating Consumables	9,437,175	1.89	0%	-	-	9,437,175	1.89
Maintenance Materials	4,235,585	0.85	31%	1,296,633	0.26	2,938,952	0.59
Labour	9,816,900	1.96	100%	9,816,900	1.96	-	-
Power	14,855,599	2.97	25%	3,657,051	0.73	11,198,548	2.24
General & Administration	3,975,624	0.80	100%	3,975,624	0.80	-	-
TOTAL	**42,320,883**	**$8.46**		**18,746,208**	**$3.75**	**$23,574,675**	**$4.71**

The coarse nature of the magnetite at Fe1 allows for a high degree of liberation of the magnetite at a relative coarse grind size P80 of 125 micron. This contributes to a significant reduction in power required for grinding and results in substantial operating cost savings.

The calculated annual production of concentrate is 2.5M tpa (dry tonnes). The total process operating cost is $16.92 per tonne of concentrate produced.

Water

Total make-up water is calculated at 4,425 m^3 per day. This will be sourced from both mine de-watering and extracted from a bore field located in the paleochannels found on site. These costs are included in the plant operating costs.

Power

Power is provided by contract from a 14MW power station owned and operated independently by a third party. For the PFS an energy cost of $0.24 per kWh has been used. Average power requirement is 10.5MW.

Conclusions on the Processing Plant Prefeasibility

The processing plant prefeasibility demonstrates that due to the nature of the magnetite ore at Byro a processing plant can be built for a modest capital cost to produce a high value concentrate at a very competitive cost per tonne.

On completion of the JORC resource on Fe1 currently underway by AMC, a mine plan will be produced to supply ROM ore to the plant for an initial 5 year period.

Investigations are also underway to identify the most cost effective transport route to the port of Geraldton.

BYRO BASE AND PRECIOUS METALS

The Byro Intrusives are in a marginal setting on the north western edge of the Yilgarn Craton characterised by large scale crustal sutures cutting through once deeply buried Archean continental crust subjected to extentional continental rifting resulting in the Byro Sub basin and Carnarvon Basin. Athena has confirmed a greater than previously recognised occurrence of undifferentiated mafics, mineralised pyroxenite, gabbros and dunite ultramafic rocks in this terrain. These rocks have intruded through once deeply buried upper amphibolite facies gneissic and metapelitic rocks.

Drilling and Assay Results

The Diamond component of the Byro East intrusive drilling is co-funded by the Western Australian Government – Industry Drilling Program which enabled a diamond drill hole at Byro East. During the quarter the diamond hole drilled in the Second Quarter was continued passed the proposed depth of approx 400m to 500M. The hole continued due to persistent nickel sulphides. The Sulphides occurred at elevated levels as disseminated pentlandite and millerite in aggregates that included native copper and chalcopyrite in a proven fertile intrusion.

Byro East Thin Section Petrology

Diamond drill hole AHDH0001 was drilled in three stages; RC precollar to 150m then diamond tail to 212.4m. The hole was re-entered and continued from 212.4m to a depth of 500m in 2011. Thin section petrology was commissioned in the December Quarter to investigate the relationship of multi element sulphides and native copper observed in core logging.

The results from drilling completed in the half year included:

AHDH0001 Results from 0m to 212.4m (2010)						
Interval	Ni Grade	From		Interval	Grade	From
4m @	0.530%	16m				
129.7m @	0.260%	20m				
62.7m @	0.290%	149.7	Including	0.8m @	**0.330%**	151.4m
				1.73m @	**0.310%**	157.4
				4m @	**0.310%**	208.4m
AHDH0001 Results from 212.4m to 500m (This Quarter 2011)						
Interval	Ni Grade	From		Interval	Grade	From
0.5m @	0.301%	214.4m				
1m @	0.301%	217.5m				
0.5m @	0.315%	227m				
1m @	0.302%	231m	Including	0.3m @	**0.330%**	231m
22.7m @	**0.301%**	**232.3m**	Including	0.5m @	**0.640%**	254.5m
0.72m @	0.302%	259.8m				
6m @	0.300%	271m	Including	0.2m @	**0.460%**	276.5
1.5m @	0.306%	320m	Including	0.5m @	**0.350%**	321.5
2.5m @	0.314%	328.5m	Including	0.5m @	**0.380%**	328.5
1m @	0.305%	335m				
2.5m @	0.302%	343m				
1m @	0.302%	351.5m				
0.5m @	0.308%	355.5m				
0.5m @	0.340%	370m				
0.5m @	0.303%	372m				
1m @	0.303%	381.5m				
7.5m @	0.304%	424m				
1m @	0.314%	467m				

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

The historic June-Audrey, Bilrose and, Camp and Party workings at Kooline are associated with discrete magnetic anomalies. A number of subtle anomalies that have no apparent surface expression are recognisable on the imaged high resolution aero-magnetic data.

Athena's study of the structures at Lewis's Prospect, the Bilrose and Jane Audrey lead workings during field work this period has added a new layer to the geophysics, soil sampling and drill testing previously completed. Planning has been carried out on the Ashburton Project in the June Quarter in preparation for site work starting in July.

Previous work conducted by Athena included;

- Lewis Prospect where Athena received positive drill results. The best results were **2 metres at 9.47g/t gold** from 77 metres in drill hole AK09RC12 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.

- Collins Prospect where 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. Other intersections of interest include 5 metres at 2.7 g/t and 2 metres at 3.9 g/t gold.

Athena is also a sponsor in the CSIRO Research into Improved Hydro Geochemical Exploration. This is being conducted in the Northwest Yulgarn region, also covering Ashburton, to add value to under explored areas.

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.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

.....
Edmond W Edwards
Managing Director

Dated at Perth this 7 day of March 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Athena Resources Limited for the half-year ended 31 December 2011, 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
7 March 2012

M R W OHM
Partner, HLB Mann Judd

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2011 $	31 December 2010 $
Interest Revenue	6,820	9,505
Employee and Consultant Costs	(216,498)	(198,052)
Exploration Written Off	(1,463,668)	(50,000)
Listing and Securities Exchange fees	(29,957)	(25,282)
Office and Communication Costs	(33,125)	(10,948)
Other expenses	(183,630)	(45,376)
Depreciation	(7,060)	(10,014)
Loss before income tax	(1,927,118)	(330,167)
Income tax benefit	675,294	-
Net loss for the period	(1,251,824)	(330,167)
Other comprehensive income	-	-
Total comprehensive result for the period	(1,251,824)	(330,167)
Basic loss per share (cents per share)	(1.15)	(0.50)

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

Athena RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Note	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
CURRENT ASSETS			
Cash and cash equivalents		441,801	705,225
Trade and other receivables		732,008	117,474
Total Current Assets		1,173,809	822,699
NON CURRENT ASSETS			
Property, plant and equipment		36,837	43,897
Deferred exploration and evaluation expenditure	2	5,158,320	5,580,238
Total Non Current assets		5,195,157	5,624,135
TOTAL ASSETS		6,368,966	6,446,834
CURRENT LIABILITIES			
Trade and other payables		955,857	443,977
Total Current Liabilities		955,857	443,977
TOTAL LIABILITIES		955,857	443,977
NET ASSETS		5,413,109	6,002,857
EQUITY			
Issued capital	3	10,291,828	9,604,452
Reserves		332,705	358,005
Accumulated losses		(5,211,424)	(3,959,600)
TOTAL EQUITY		5,413,109	6,002,857

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Athena RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Issued Capital	Accumulated Losses	Option Reserve	Total Equity
Half-year to 31 December 2010	$	$	$	$
Balance at 1 July 2010	6,038,466	(3,292,708)	338,005	3,083,763
Issue of shares	787,200	-	-	787,200
Share issue expenses	(69,048)	-	-	(69,048)
Net loss for the period	-	(330,167)	-	(330,167)
As at 31 December 2010	6,756,618	(3,622,875)	338,005	3,471,748
Half-year to 31 December 2011				
Balance at 1 July 2011	9,604,452	(3,959,600)	358,005	6,002,857
Issue of shares	678,155	-	-	678,155
Share issue expenses	(16,079)	-	-	(16,079)
Net loss for the period	-	(1,251,824)	-	(1,251,824)
Exercise of options	25,300	-	(25,300)	-
As at 31 December 2011	10,291,828	(5,211,424)	332,705	5,413,109

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Athena RESOURCES LIMITED
AND CONTROLLED ENTITIES

	Consolidated	
	6 months to 31 December 2011 $	6 months to 31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(233,158)	(287,825)
Interest income received	6,820	9,505
Net cash (used) in operating activities	(226,338)	(278,320)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(699,162)	(740,437)
Payment for purchase of non-current assets	-	(942)
Net cash (used) in investing activities	(699,162)	(741,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	678,155	787,200
Share and option issue transaction costs	(16,079)	(69,047)
Net cash provided by / financing activities	662,076	718,153
Net (decrease) in cash held	(263,424)	(301,546)
Cash and cash equivalents at the beginning of the period	705,225	839,160
Cash and cash equivalents at the end of the period	441,801	537,614

The accompanying notes from part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Athena Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund the consolidated entity's 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 by way of rights issue in November 2011 as disclosed in Note 3 of this report, 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 a material uncertainty that may cast significant doubt 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.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2011.

In the half-year ended 31 December 2011, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continued to be capitalised under AASB 6 or written off to profit or loss. As part of this review, $1,463,668 of exploration expenditure was written off. The directors are satisfied with the carrying value of the remaining capitalised exploration costs.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2 - DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half year to 31 December 2011 $	Year to 30 June 2011 $
Balance at beginning of period	5,580,238	2,385,623
Expenditure incurred during the period	1,041,750	1,855,115
Expenditure arising on the purchase of Byro Expl	-	1,389,500
Exploration written off during period	(1,463,668)	(50,000)
Total deferred exploration and evaluation expenditure	5,158,320	5,580,238

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3 - ISSUED CAPITAL

	Consolidated	
Ordinary Shares	31 December 2011 $	30 June 2011 $
Issued and fully paid	10,291,828	9,604,452

Movements in ordinary share capital of the Company were as follows:

	Number	$
At 1 July 2011	107,000,974	9,604,452
Rights Issue Shares at 9 cents	5,286,172	475,755
Exercise of Listed Options at 8 cents	2,530,000	202,400
Transfer from Option Reserve on exercise of options	-	25,300
Share issue expenses	-	(16,079)
At 31 December 2010	114,817,146	10,291,828

Movements in options were as follows:

	Number	$
At 1 July 2011	34,300,465	358,005
Exercise of options transferred to issued capital	(2,530,000)	(25,300)
At 31 December 2011	31,770,465	332,705

The Listed Options (31,270,465) are exercisable at $0.08 on or before 30 April 2012. The Incentive Options (500,000) are exercisable at $0.12 on or before 30 September 2012

NOTE 4 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2011.

NOTE 5 - SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Athena Resources Limited.

NOTE 6 – SUBSEQUENT EVENTS

During the period the Company applied for expenditure exemptions over a portion of its Ashburton tenements. Subsequent to period end these applications were refused and accordingly the Company relinquished these tenements. Consequently the directors have elected to write off the total of $1,433,931 of expenditure in relation to those tenements.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

RESOURCES LIMITED
AND CONTROLLED ENTITIES

The Directors of the company declare that:

1) The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.

2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

_____
Edmond W Edwards

Dated at Perth this 7 day of March 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Athena Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Athena Resources Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Athena Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that additional funding is required to continue to fund the consolidated entity's operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Should the company be unable to obtain sufficient funding as outlined in Note 1, there is a material uncertainty that may cast significant doubt 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.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
7 March 2012

M R W OHM
Partner