



Athena
Resources

ABN 69 113 758 900

**INTERIM FINANCIAL REPORT
31 DECEMBER 2012**

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DIRECTORS' REPORT



DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2012. 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 half-year period and up to the date of this report.

David Webster	Non Executive Chairman
Edmond Edwards	Managing Director
Rajakumar Kandiah	Non Executive Director

REVIEW OF OPERATIONS

1. BYRO PROJECT (Athena Resources 100%)

During the half-year the highly prospective Byro Iron Ore Project in the Mid-West region of Western Australia was further expanded by assay results received from the December 2011 drilling campaign at the Byro South, Whitmarsh Find and Whistle Jack iron ore bodies.

Intersections from RC drilling assays include:

WHISTLE JACK

<u>Hole ID</u>	<u>Intersection</u>	<u>From</u>
AHRC0065	68m @36.46% Fe	132m
AHRC0066	22m @ 36.32% Fe	86m
And	6m @ 22.13% Fe	128m

WHITMARSH FIND

AHRC0064	26m @ 23.60% Fe	44m
And	26m @ 34.95% Fe	88m
AHRC0056	24m @ 20.41% Fe	0m
Reported June 2011		
And	24m @ 32.76% Fe	52m

DIRECTORS' REPORT

BYRO SOUTH

AHRC0053D	33.3m @ 33.42% Fe	80m
AHRC0053D	39.4m @ 30.35% Fe	125m
AHRC0054D	44.9m @ 33.64% Fe	90m
AHRC0058	86.0m @ 28.39% Fe	56m
AHRC0059	60.0m @ 21.07% Fe	0m
AHRC0063D	36.0m @ 38.64% Fe	86m

The November/December 2011 Byro program was conducted at the Byro South, Whitmarsh Find and Whistle Jack Prospects and comprised 1,899m of drilling including 1414m 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 drilling results as reported in September 2011.

Assay results at the Byro South, Whitmarsh Find and Whistle Jack Prospects confirm the grades expected from the magnetic susceptibility reported from the drilling announced in December 2011. These results demonstrate continued high grade iron ore intersections. Results are of similar high quality to the first phase of drilling at Byro South in mid-2011.

The magnetite ore at the Byro South, 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. Drilling has confirmed the high amplitude aeromagnetic anomalies are a direct result of the magnetite. This successful round of drilling has completed first pass testing of the two new bodies, Whitmarsh Find and Whistlejack, as well as confirming the Byro South ore body at depth. Excellent results from Davis Tube Test work, DTR, already completed at Byro South can now be followed up with thorough testing of Whitmarsh Find and Whistle Jack ore bodies.

Table 1. Magnetite Intersections from Assay Results

Whitmarsh Find					
Hole ID	Easting	Northings	Hole Depth (m)	Intersection	From
AHRC0056	414853	7101751	150	24m @ 20.41% Fe	0m
AHRC0056	414853	7101751	150	24m @ 32.76% Fe	52m
AHRC0064	416591	7099691	136	26m @ 23.60% Fe	44m
AHRC0064	416591	7099691	136	26m @ 33.82% Fe	88m

DIRECTORS' REPORT

Whistle Jack					
Hole ID	Easting	Northings	Hole Depth (m)	Intersection	From
AHRC0065	416535	7099352	200	68m @ 36.46% Fe	132m
AHRC0066	416950	7099426	200	22m @ 36.32% Fe	86m
Byro South					
Hole ID	Easting	Northings	Hole Depth (m)	Intersection	From
AHRC0053D	416591	7099691	106	8m @ 21.75% Fe	8m
AHRC0053D	416591	7099691	106	33.3m @ 33.42% Fe	80m
AHRC0053D	416591	7099691	106	39.4m @ 30.35% Fe	125m
AHRC0054D	416535	7099352	108	8m @ 21.6% Fe	16m
AHRC0054D	416535	7099352	108	44.9m @ 33.64% Fe	90m
AHRC0054D	416535	7099352	108	11.07m @ 29.66% Fe	162m
AHRC0057	416950	7099426	150	8m @ 28.6% Fe	74m
AHRC0057	416950	7099426	150	6m @ 25.6% Fe	84m
AHRC0058	416953	7099201	154	32m @ 21.8% Fe	0m
AHRC0058	416953	7099201	154	86m @ 28.39% Fe	56m
AHRC0059	417021	7099216	160	60m @ 21.07% Fe	0m
AHRC0060	416978	7099528	100	28m @ 24.36% Fe	36m
AHRC0060	416978	7099528	100	10m @ 31.27% Fe	70m
AHRC0061	417032	7099953	150	46m @ 27.83% Fe	32m
AHRC0062	416635	7099275	136	9m @ 30.4% Fe	72m
AHRC0062	416635	7099275	136	8m @ 22.34% Fe	91m
AHRC0062	416635	7099275	136	8m @ 18.32% Fe	101m
AHRC0063D	416573	7099593	156.6	23.5m @ 22.44% Fe	8m
AHRC0063D	416573	7099593	156.6	8m @ 21.22% Fe	41m
AHRC0063D	416573	7099593	156.6	36m @ 38.64% Fe	86m
AHRC0063D	416573	7099593	156.6	16.49m @ 30.02% Fe	131m
AHDH0005	416753	7100269	178	22.5m @ 26.36% Fe	29.9m
AHDH0005	416753	7100269	178	18m @ 31.7% Fe	116m

Rock Chip Sampling of Hematite

Assay results were received for a rock chip sampling program designed to test a magnetic anomaly at the northern tip of the Byro East ultramafic intrusion. Assays have revealed very high grades of up to 68.28% Fe in oxide, Table 2. The samples were taken from sub crop and surface float localized above a strong magnetic anomaly.

DIRECTORS' REPORT



Table 2. Hematite assay results from sample

Sample_Id	East	North	Fe	SiO2	Al2O3	TiO2	P	S	LOI
			%	%	%	%	%	%	%
MBCR301	436370	7124138	47.34	13.32	5.14	0.48	0.024	0.190	11.53
MBCR302	436336	7124076	58.57	3.58	1.71	0.08	0.058	0.092	8.11
MBCR303	436291	7124022	53.83	7.61	4.13	0.21	0.045	0.164	8.45
MBCR304	436250	7123990	68.28	0.63	0.24	0.02	0.017	0.037	0.70
MBCR305	436200	7123990	63.06	4.62	2.12	0.26	0.020	0.122	1.04

Note: Fe: Iron; SiO₂: Silicon Dioxide; Al₂O₃ : Aluminium Oxide; P: Phosphorus; LOI: Loss On Ignition

During the December quarter the first hematite dedicated mapping campaign was conducted in the region. Initial hematite mapping shows greater hematite cover and high assay grades received from sampling.

BYRO NORTH

Sample ID	Grade	Tenement
MBCR400	53.03% Fe	E09/1552
MBCR402	47.85% Fe	E09/1552
MBCR403	47.31% Fe	E09/1552
MBCR408	50.89% Fe	E09/1552

BYRO SOUTH

Sample ID	Grade	Tenement
MBCR387	44.16% Fe	E09/1508
MBCR389	41.79% Fe	E09/1508
MBCR397	45.28% Fe	E09/1508
MBCR428	43.79% Fe	E09/1508

CENTRAL BYRO

Sample ID	Grade	Tenement
MBCR416	41.06% Fe	E09/1507
MBCR418	42.76% Fe	E09/1507
MBCR421	43.94% Fe	E09/1507
MBCR424	47.89% Fe	E09/1507

Large areas of untested nonmagnetic iron anomalies were mapped and sampled with results showing high grades. Average assay results are above 37% Fe and range up to 54% Fe. All samples had very low levels of detrimental impurities. The company has now expanded the exploration program to include active sampling and mapping of all nonmagnetic and magnetic ferrous targets.

Mapping in the half year revealed three common occurrences of hematite throughout the Byro Project.

- **Type 1:** Fluvial deposits of sub to well-rounded hematite pisolites. Fluvial pisolites have been identified at four significant kilometer size locations occurring with thicknesses of up to 10 meters but more commonly averaging 3 meters thickness. The hematite pisolite concentrations occur at an altitude of approximately 15 to 30m above

current regional erosional insizement. As a result of this Athena is investigating the potential of remnant fluvial deposits of hematite pisolites from paleo channels at Byro. Samples to date are proximal to the Yarra Yarra Creek channel environment. Further work is underway to test the extent and variation in grade for the deposits identified at Byro.

- **Type 2:** Lateritic caps and concentrations with local transported halos near outcrop
Ferruginous iron caps with units up to 3m thick often brecciated at the base with a large weathering halos. The caps form prominent tops on some but not all of the breakaway outcrops and appear to be a remnant iron rich surface
- **Type 3:** Outcrop of both competent and brecciated massive hematite in BIFs, with local transported halos near outcrop.
The Type 3 hematite deposit is found in coarse grain oxidised BIFs with low quartz content, less than 30% and commonly have extensive transported halos local to outcrop.

2. BYRO NICKEL-COPPER PGE (Athena Resources 100%)

The Byro East Intrusive is in a tectonic setting of large scale crustal sutures and extensional rifting, broadly comparable to the major Jinchuan, Voisey's Bay and Raglan deposits. Athena has confirmed the coincidence of undifferentiated mafics, mineralised pyroxenite, gabbros and dunite ultramafic rocks intruding through deeply buried high grade metamorphic country rocks common throughout the Byro Tenements. The dunite parentage of the Byro East intrusive in this extensional environment through deep feeder conduits displays Ni-Cu and PGE development in conjunction with high MgO and MG number determined by assays demonstrate a fertile system.

The prospective attributes of the Byro East Intrusive include,

- Fertile altered Serpentine Antigorite c/w abundant olivine adcumulate of consistently high MgO (>45%).
- An Mg number between 80 and 90
- Consistent primary Ni sulphide averaging 2736 ppm.
- Anomalous zones of increased sulphur, chrome, nickel to 0.64%, copper and PGE's.
- Upgrade of pentlandite to millerite during serpentinisation.
- Remobilised sulphides into veinlets.
- High tenor nickel sulphide, millerite from SEM analyses, (76% Ni).

Athena's exploration of this intrusive body has been focused on identifying the primary and possible subsequent styles of mineralisation and triggers for their concentration. Athena has also explored for and found variation in geochemistry at depth and identified possible flow pulses. Thin section petrology from diamond core at 152m down hole indicate the high Ni bearing sulphide as probable millerite from SEM composition of 66% Ni and 1% Co most likely related to serpentinisation processes upgrading the Ni grade. High tenor Ni sulphate has been confirmed at depth at Byro East and could form an important ore constituent similar to that of the Silver Swan, Wannaway, Cliffs, Honeymoon Well, Yakabindie and Mt Keith (MKD5) ore bodies.

Athena has demonstrated the presence of elevated multi sulphide elements in a finely disseminated fertile ultramafic which demonstrates signs of sulphide concentration and remobilisation. The potential for economic concentrations of nickel and copper are very encouraging. Further drilling

DIRECTORS' REPORT



and geochemistry is warranted and required to understand the potential of this under explored body.

3. ASHBURTON PROJECT (Athena Resources E08/1954 - 100% P08/493 - 95%)

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.

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.

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 2012.

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 14 day of March 2013

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 2012, 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
14 March 2013



M R W OHM
Partner, HLB Mann Judd

CONDENSED STATEMENT OF COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

	Consolidated	
	31 December 2012 \$	31 December 2011 \$
Interest Revenue	433	6,820
Employee and Consultant Costs	(231,682)	(216,498)
Exploration Written Off	-	(1,463,668)
Listing and Securities Exchange fees	(22,767)	(29,957)
Office and Communication Costs	(43,540)	(33,125)
Other expenses	(66,934)	(183,630)
Depreciation	(6,216)	(7,060)
Loss before income tax	<u>(370,706)</u>	<u>(1,927,118)</u>
Income tax benefit	728,806	675,294
Net profit / (loss) loss for the period	<u>358,100</u>	<u>(1,251,824)</u>
Other comprehensive income	-	-
Total comprehensive result for the period	<u>358,100</u>	<u>(1,251,824)</u>
Basic profit / (loss) per share (cents per share)	0.29	(1.15)

The accompanying notes from part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2012

AND CONTROLLED ENTITIES

		Consolidated	
	Note	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents		90,221	413,616
Trade and other receivables		750,663	80,595
Total Current Assets		840,884	494,211
NON CURRENT ASSETS			
Property, plant and equipment		29,857	31,073
Deferred exploration and evaluation expenditure	2	5,615,961	5,331,186
Total Non Current assets		5,645,818	5,362,259
TOTAL ASSETS		6,486,702	5,856,470
CURRENT LIABILITIES			
Trade and other payables		350,869	280,465
Interest bearing liabilities	6	201,728	-
Total Current Liabilities		552,597	280,465
TOTAL LIABILITIES		552,597	280,465
NET ASSETS		5,934,105	5,576,005
EQUITY			
Issued capital	3	10,980,031	10,980,031
Reserves		12,500	32,500
Accumulated losses		(5,058,426)	(5,436,526)
TOTAL EQUITY		5,934,105	5,576,005

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
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	<u>10,291,828</u>	<u>(5,211,424)</u>	<u>332,705</u>	<u>5,413,109</u>
Half-year to 31 December 2012				
Balance at 1 July 2012	10,980,031	(5,436,526)	32,500	5,576,005
Net profit for the period	-	358,100	-	358,100
Expiry of options	-	20,000	(20,000)	-
As at 31 December 2012	<u>10,980,031</u>	<u>(5,058,426)</u>	<u>12,500</u>	<u>5,934,105</u>

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

		Consolidated	
	Note	6 months to 31 December 2012 \$	6 months to 31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(163,428)	(233,158)
Interest income received		433	6,820
Net cash used in operating activities		<u>(162,995)</u>	<u>(226,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(355,400)	(699,162)
Payment for purchase of non-current assets		(5,000)	-
Net cash used in investing activities		<u>(360,400)</u>	<u>(699,162)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	678,155
Share and option issue transaction costs		-	(16,079)
Proceeds from borrowings from related party	6	200,000	-
Net cash provided by financing activities		<u>200,000</u>	<u>662,076</u>
Net decrease in cash held		(323,395)	(263,424)
Cash and cash equivalents at the beginning of the period		413,616	705,225
Cash and cash equivalents at the end of the period		<u>90,221</u>	<u>441,801</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements 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 the financial statements be read in conjunction with the annual financial report for the year ended 30 June 2012 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 Group'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 Group's operations, repay debt funding and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding 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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

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 2012.

In the half-year ended 31 December 2012, 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, no (2011: \$1,463,668) exploration expenditure was written off in the half-year. 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 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2012.

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

The directors has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. 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 the Group's business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

NOTE 2 - DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half year to 31 December 2012 \$	Year to 30 June 2012 \$
Balance at beginning of period	5,331,186	5,580,238
Expenditure incurred during the period	284,775	1,411,850
Exploration written off during period	-	(1,660,902)
Total deferred exploration and evaluation expenditure	<u>5,615,961</u>	<u>5,331,186</u>

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	
	31 December 2012 \$	30 June 2012 \$
Ordinary Shares		
Issued and fully paid	<u>10,980,031</u>	<u>10,980,031</u>

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

	Number	\$
At 1 July 2012	<u>122,519,392</u>	<u>10,980,031</u>
At 31 December 2012	<u>122,519,392</u>	<u>10,980,031</u>
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 2011	<u>114,817,146</u>	<u>10,291,828</u>

Movements in options were as follows:

	Number	\$
At 1 July 2012	1,500,000	32,500
Expiry of options transfer to accumulated losses	(500,000)	(20,000)
At 31 December 2012	<u>1,000,000</u>	<u>12,500</u>
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	<u>31,770,465</u>	<u>332,705</u>

The Incentive Options (1,000,000) are exercisable at \$0.20 on or before 31 March 2014

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

AND CONTROLLED ENTITIES

NOTE 4 - CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2012.

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.

The Group operates in one business and geographical segment being mineral exploration in Australia. Accordingly, under the management approach outlined above only one operating segment has been identified and no further disclosure is required in the half-year financial statements.

NOTE 6 – INTEREST BEARING LIABILITIES

During the period, a loan of \$200,000 was extended to the Company by a Director, Mr Edwards, for the purposes of supporting short-term cash flow. The loan is unsecured and is expected to be repaid from the proceeds of the refundable research and development offset of \$728,806. The loan attracts interest at 5.95% per annum. The maximum amount outstanding during the period was \$201,728.

DIRECTORS' DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 Group's financial position as at 31 December 2012 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 14 day of March 2013

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 2012, 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 notes 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 internal 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 half-year 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 2012 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*.

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 2012 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 2012 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 conclusion, we draw attention to Note 1 in the financial statements which indicates that additional funding is required to ensure that the Company can continue to fund the Group's operations, repay debt funding 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



M R W OHM
Partner

Perth, Western Australia
14 March 2013