



ANNUAL REPORT

2016

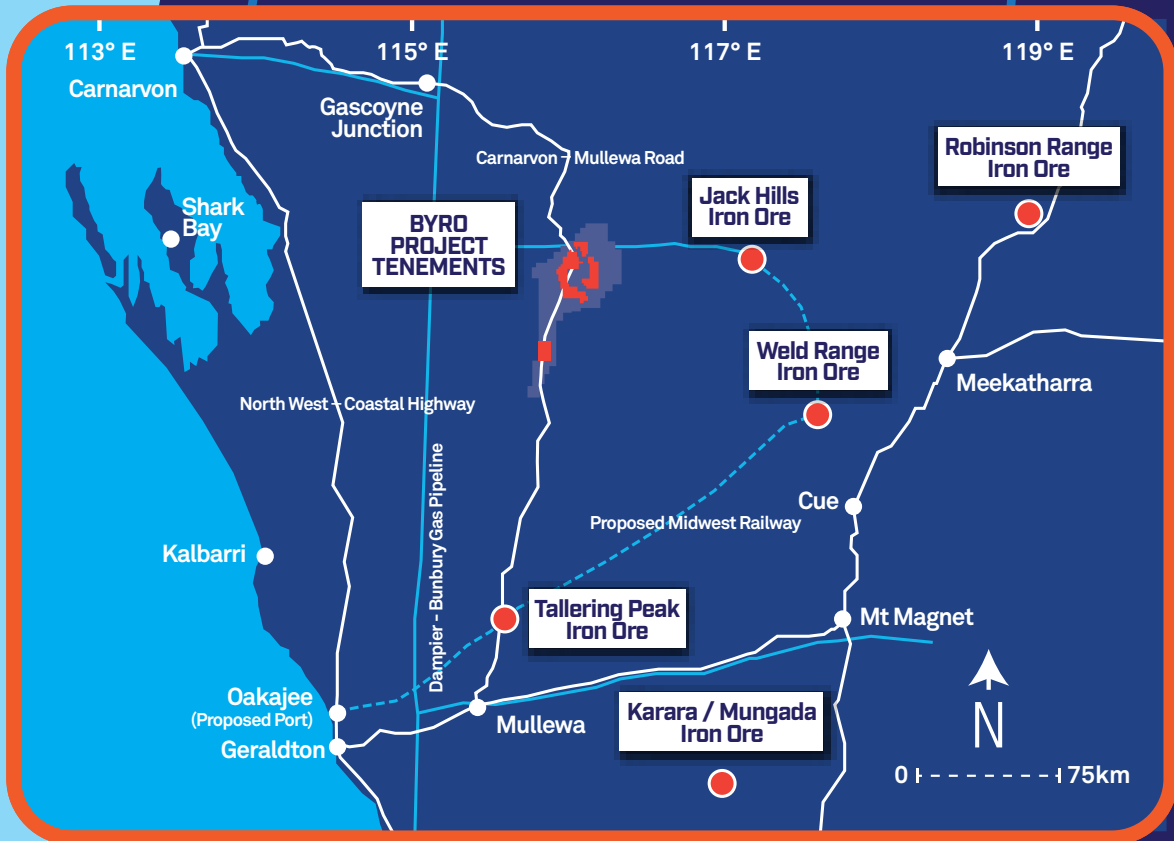


Athena
Resources

ACN 113 758 900

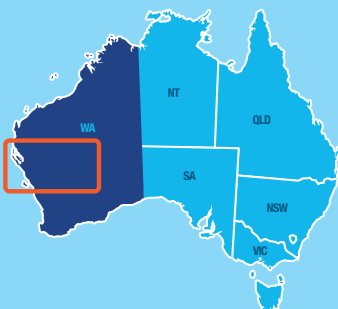
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Contents

01	Company information	2
02	Review of Operations	3
03	Directors' Report	17
04	Auditor's Independence Declaration	22
05	Statement of Comprehensive Income	23
06	Statement of Financial Position	24
07	Statement of Changes in Equity	25
08	Statement of Cash Flows	26
09	Notes to and Forming Part of the Financial Statements	27
10	Directors' Declaration	40
11	Independent Auditor's Report	41
12	Shareholder Details	43
13	Interest in Mining Tenements	45
14	Corporate Governance Statement	45



01 Company Information

ABN	69 113 758 900
Directors	D A Webster (Chairman) J Li (Chief Executive Officer) E W Edwards (Executive Director)
Secretaries	E W Edwards P J Newcomb
Registered Office	24 Colin Street West Perth, WESTERN AUSTRALIA 6005 Telephone: +61 8 9222 5888 Facsimile: +61 8 9222 5810 Email: ahn@athenaresources.com.au
Postal Address	PO Box 1970 West Perth, WESTERN AUSTRALIA 6872
Share Registry	Computershare Investor Services Pty Ltd Level 11 172 St Georges Terrace Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation 1257 Hay Street West Perth, WESTERN AUSTRALIA 6005
Securities Exchange Listing	Athena Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: Shares AHN
Website	www.athenaresources.com.au



02 Review of Operations

The Byro Project

LOCATION AND TENURE

The Byro Iron project is strategically located in the Midwest Iron province which includes a substantial mining sector. The project's southern boundary is 210km north of the Mullewa Rail Siding by road and 275km from the Port of Geraldton. Development of the Byro Iron project is expanding the overall resource in the Midwest region along with neighbours at the Karara Iron Project, Sinosteel's Weld Range Project, the proposed Jack Hills Expansion Project, and Mt Gibson's Extension Hill project, amongst others. Access and improved infrastructure to the maturing iron ore province is growing with development of the CSIRO SKA Project and increased capacity and further development at the Port of Geraldton.

TENURE

Athena's Byro Project covers approximately 800 square kilometres and consists of five exploration licences. Athena has a 100% interest in the project. The Company has applied and received authorisation to explore for iron ore on the exploration licences. Athena has recently applied for two mining leases covering the Fe1 and Mt Narryer deposits.

Subject to the Company receiving all necessary Shareholder and regulatory approvals, the Company has agreed to give Brilliant Glory the right (but not the obligation) to purchase the Byro Project in consideration for the payment of \$20,000,000. (see ASX Announcement 6 January 2016)

Completion of the acquisition under the Binding Term Sheet is subject to the following conditions:

- Athena conducting the necessary works to obtain two mining leases within the boundaries of the Byro Project; and
- Athena and Brilliant Glory obtaining all necessary Shareholder and regulatory approvals prior to completion.

On and from completion of the acquisition, Athena will be entitled to a royalty of \$2 per dry metric tonne of iron ore sold from the Byro Project.

GEOLOGY AND MINERALISATION

Athena's Byro Project is located along the north-western margin of the Yilgarn Craton, within an Archaean Gneiss Belt which trends north-northeast for approximately 200km. The geology is predominately quartzo-feldspathic gneisses and migmatites with amphibolites, quartzites, BIF's, felsic volcanics and layered mafic-ultramafic intrusions. Regional folding and thrusting has resulted in a steep dominant westerly dip and north-northeast strike, although locally this varies from north to east. The high grade magnetite iron ore at Byro has been characterised by a coarse metamorphic grain size, super low impurities during development of thick migmatite layers in the upper amphibolite - granulite metamorphic terrain.

Outcropping sequences of mafic to ultramafic lithologies suggest a series of prospective intrusions, the extent of which has been refined with gravity and detailed magnetic surveys where alluvial cover persists. Past exploration in the region indicates the presence of anomalous copper-nickel-PGE and chromite mineralisation. Two altered, layered mafic-ultramafic bodies are found at Taccabba Well and Imagi Well where iron-rich chromite occurrences have been discovered. At the Milly Milly Project, copper gossans exist at the edge of the Milly Milly Intrusion. Nearby historic drilling intersected copper and nickel mineralisation. Further drilling by Athena has advanced the understanding of this intrusive body as being a highly prospective fertile system.

The magnetite from Byro has unique characteristics because of its development within the ancient, deeply buried terrain of the north western Yilgarn Craton. This terrain produced the granulite grade metamorphic magnetite very different to the common banded iron formations mined in the Pilbara. Data review has shown that the Byro Magnetite is a valuable fit for multiple industrial applications. This is because the Byro Magnetite's natural attribute of purity becomes significantly more useful to industry with increased grain size.

Byro Iron Ore Project

Drilling

Drilling at Mt Narryer, Whistlejack and Whitmarsh Find deposits commenced in June 2016 and was completed June 30 2016 in compliance with the PoW approvals and EPA Guidance.

A total of 14 drill holes were completed for a total of 1,619 metres. Drilling comprised 1,589 metres of reverse circulation drilling and 30 metres of Large Diameter PQ diamond tail in one hole, AHRC0089D. Drill samples were obtained to support further geotechnical and metallurgical evaluation. This work is focused on potential operational and processing parameters for the ore variants distributed throughout the ore bodies regarded by Athena Resources as unique in the wider region.

Athena is pleased with the head assay results from whole rock analysis. All holes were designed to encounter target mineralisation below the weathering horizon and up to a maximum 150m depth. This was successful in all cases except AHRC0088 at Whitmarsh Find which went over the top of the target due to a steeper than interpreted dip and a structurally offset outcrop. AHRC0088 will be redrilled at a later date.

The magnetite ores drilled at the three locations, Mt Narryer, Whistlejack and Whitmarsh Find appear to be a migmatitic magnetite and are intimately associated with the Mt Narryer Gneiss. The gneiss is typically within a granulite facies metamorphic terrain which has a coarse grain size and crystalline nature. The ore tested is variable in some characteristics but similar to the Byro Style of Magnetite in the north Murchison area of the northwest Yilgarn. Overall the ore appears fundamentally different to the magnetite ore found in sedimentary granular iron formations (GIF) and finer banded iron formations (BIF) outside the terrain.

Preliminary onsite logging and assessment of RC chips at the Mt Narryer ore body enabled the positioning of a pre-collar and diamond tail, AHRC0089D. This was drilled to retrieve PQ size diamond core as a fresh rock sample from a consistent and central part of the ore zone specifically for metallurgical test work. The RC pre-collar was drilled vertically and intersected magnetite ore at 55.6m. At a depth of 59.6m the rig was converted to diamond drill mode and the hole continued in ore for a further 30.5m retrieving high quality magnetite in solid core form. The large diameter sample was delivered to the lab for preliminary metallurgical testing.

Mt Narryer Drilling and Davis Tube Test Work

At Mt Narryer eight holes were drilled, logged and sampled. Preliminary whole rock assays were announced with the June Quarterly Report at which time analysis was underway to determine DTR grades. (Table 1)

Test work is also currently being undertaken on a PQ diamond hole AHRC0089D to determine the nature of the ore and how to best characterise the ore in order to develop tests that will ultimately lead to the design of a processing flow sheet.

Table 1.
Mt Narryer Magnetite Intersections

Hole ID	Magnetite Intersection
AHRC0076	28m @ 31.9%Fe from 34m
AHRC0077	24m @ 33.2%Fe from 28m
AHRC0078	28m @ 31.9%Fe from 66m
AHRC0079	28m @ 30.9%Fe from 66m
AHRC0080	32m @ 27.8%Fe from 20m
AHRC0081	28m @ 26.0%Fe from 40m
AHRC0082	20m @ 26.3%Fe from 68m

Table 2. Mt Narryer Magnetite DTR Intersections

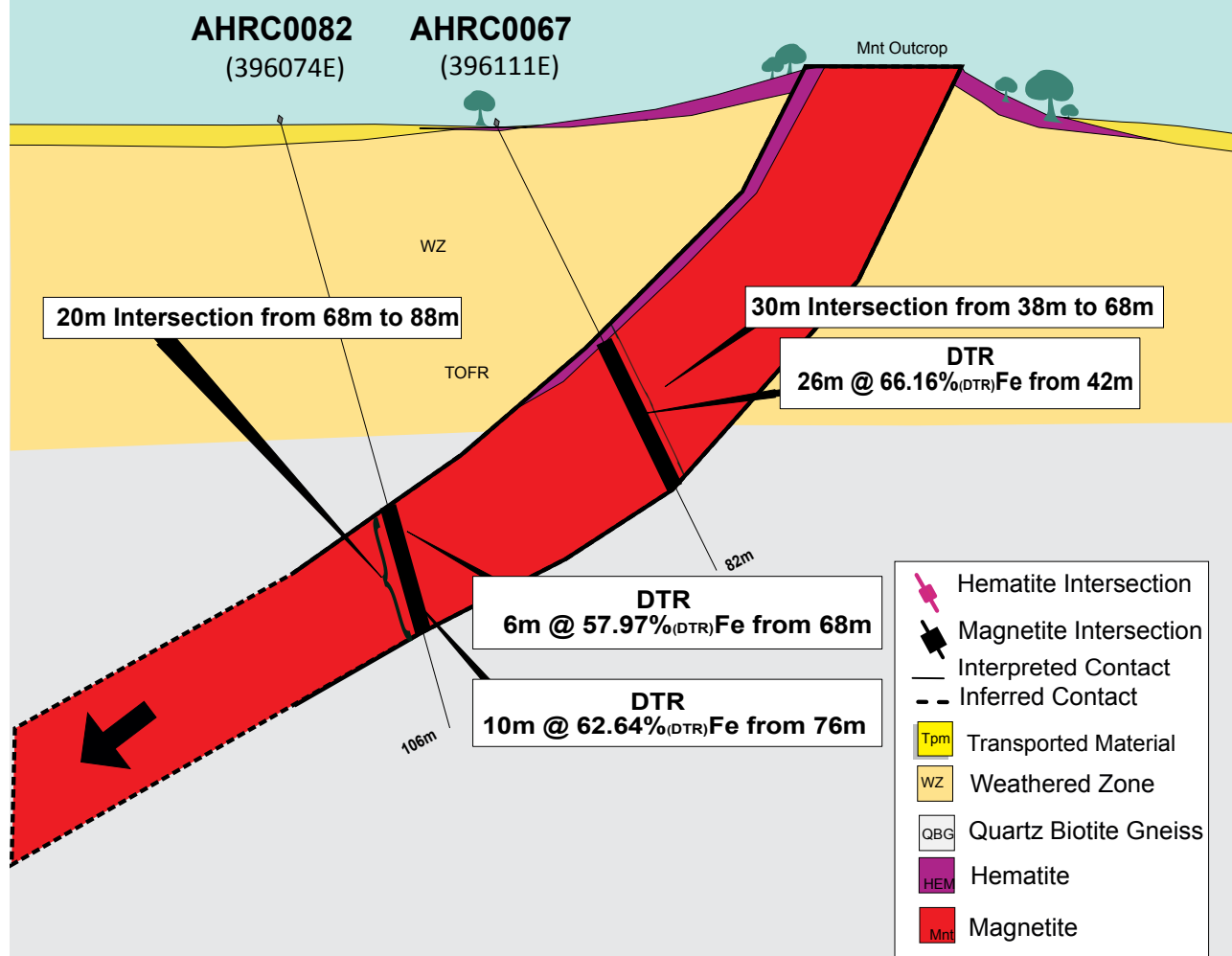
Hole ID	RC Drilling Intersection XRF Assay as Reported to ASX 27/07/2016	DTR Concentrate Within RC drilling Intersection
AHRC0076	28m @ 31.9%Fe from 34m	26m @ 68.21%Fe from 32m
AHRC0077	24m @ 33.2%Fe from 28m	20m @ 68.67%Fe from 30m
AHRC0078	28m @ 33.3%Fe from 66m	24m @ 69.19%Fe from 68m
AHRC0079	28m @ 30.9%Fe from 66m	14m @ 69.06%Fe from 100m and 8m @ 65.87%Fe from 116m
AHRC0080	32m @ 27.8%Fe from 20m	32m @ 67.05%Fe from 20m
AHRC0081	28m @ 26.0%Fe from 40m	14m @ 68.84%Fe from 40m and 10m @ 60.74%Fe from 58m
AHRC0082	20m @ 26.3%Fe from 68m	6m @ 57.97%Fe from 68m 10m @ 62.64%Fe from 76m

XRF assay results from drill chip assay reported 29 July 2016 in left column, DTR results right column.

Figure 1

BYRO PROJECT

Narryer Prospect Cross Section 7063213mN June 2016 DTR Results (Looking North)



Cross Section at AHRC0082 and AHRC0067

From within the intersections reported 29 July 2016, Table 1, a total of 99 samples were selected for Davis Tube Testing. The samples from each intersection were selected and combined to form composites representative of each intersection. A total of 31 composites were assembled and following a grind establishment were milled to 90µm to achieve liberation of the magnetite ore.

Magnetic Fe content of each composite was recorded and averaged for the intersection and total recovery of the Fe₃O₄ calculated and is recorded in Table 3.

Table 3. Magnetite content and Recovery

Hole ID	Mag %	Recovery of Fe ₃ O ₄ Component within Composite Samples
AHRC0076	29.6	93.7
AHRC0077	26.2	85.8
AHRC0078	44.2	98.6
AHRC0079	46.6	98.9
AHRC0080	26.7	97.2
AHRC0081	26.0	93.4
AHRC0082	34.04	97.9

In 2014 test work was undertaken to determine optimum grind which resulted in a coarse 90µm grind and high 66.8% Fe. This was confirmed with further grind establishment work in 2016 using 90µm as the liberation size.

The DTR assays returned grades that the Company considers are very good and confirm the ore body has economic potential for follow up metallurgy.

Results show very low levels of impurities, notably low levels of the common contaminants phosphorous and sulphur. Where sulphur was encountered it was related to pyrite in the saprolitic weathered zone. The DTR Composite Concentrate Results were reported in ASX release 29 July 2016.

Table 4 Optimum Grind DTR Head Assay

Sample ID	Assays (%)							
	Fe	SiO ₂	Al ₂ O ₃	TiO ₂	P	S	Fe ₃ O ₄	LOI1000
AHRC0067-68	24.84	48.61	3.10	0.62	0.066	0.798	19.69	0.615

Table 5

Actual P80 (µm)	Feed	Mags	Assays (%)								
	g	g	%	Fe	SiO ₂	Al ₂ O ₃	TiO ₂	P	S	Fe ₃ O ₄	LOI1000
45	20.00	4.27	21.4	69.99	1.80	0.54	0.17	0.002	0.174	93.27	-3.77
75	20.00	4.36	21.8	68.04	4.06	0.60	0.19	0.003	0.155	90.37	-3.16
90	20.01	4.67	23.3	66.84	5.59	0.62	0.19	0.006	0.156	88.56	-3.12
125	20.00	4.94	24.7	61.52	11.6	0.73	0.18	0.010	0.178	78.25	-2.52

Note: Fe: Iron; SiO₂: Silicon Dioxide; Al₂O₃ : Aluminium Oxide; TiO₂ Titanium Oxide P: Phosphorus; LOI: Loss On Ignition

Table 6a Grind Establishment Times

Sample ID	AHRC0067 - 68	
Mill Number P80 Size	Time (min)	Time (sec)
125 µm	5.75	345
106 µm	7.35	441
90 µm	9.38	563
75 µm	12.4	744
45 µm	27.3	640

Table 6b Grind Size Checks

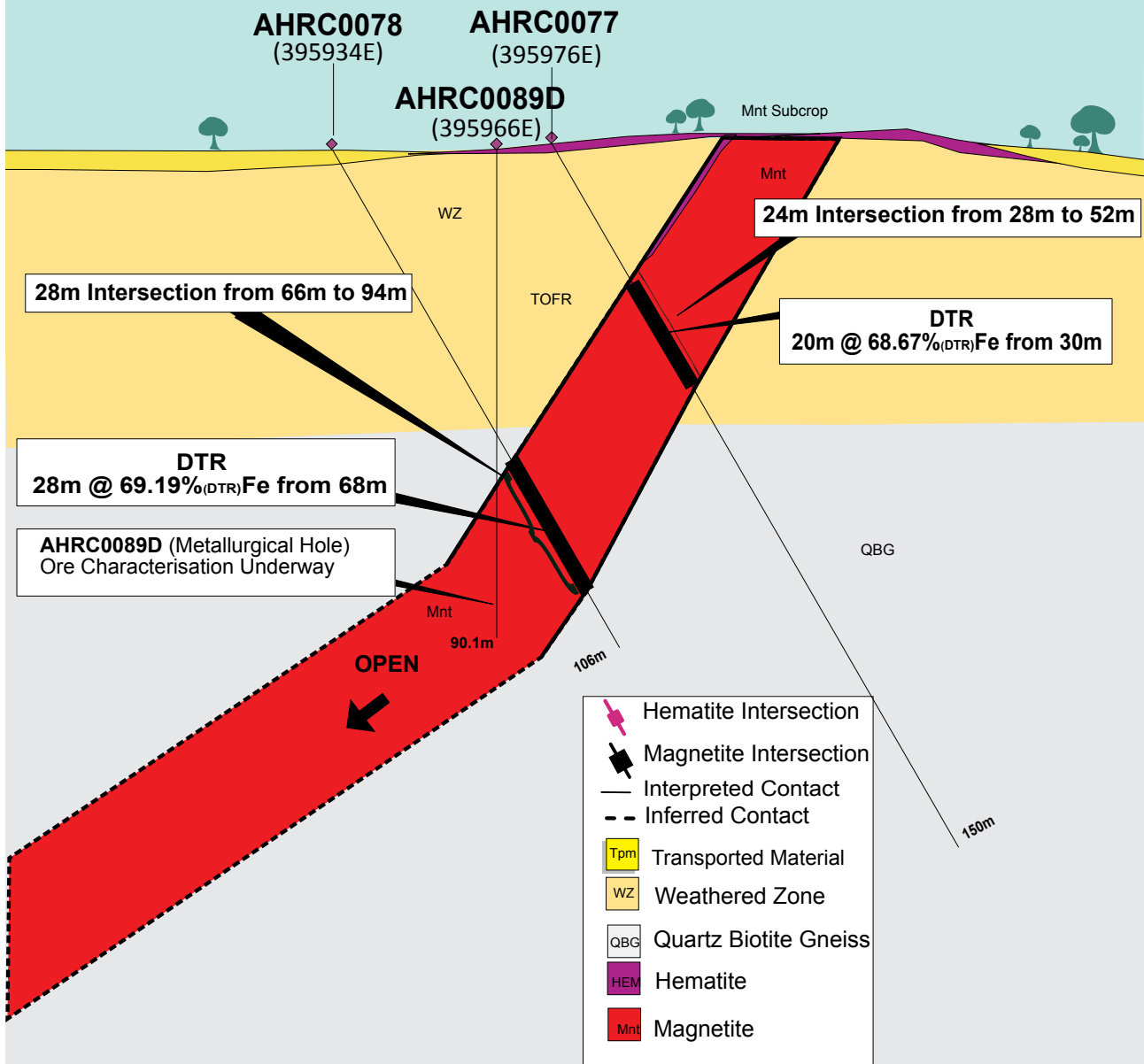
Sample ID:	Bulk Comp P80 = 90 µm		
Size Fraction (µm)	Mass (g)	Mass (%)	Cumulative (%) Passing
90	18.64	12.6	82.3
63	29.27	19.8	62.6
45	20.36	13.7	48.9
-45	72.82	49.1	-
Total	148.61	100.3	

Grind times are low at below ten minutes to achieve milling to a P80 of 90µm. The tables below relate to grind establishment work completed and announced 2014. Table 6a and 6b, a precursor to favourable impact, bond and ball mill indices. More detailed metallurgical test work is underway from diamond drill hole AHRC0089D to establish the criteria for processing design.

Figure 2

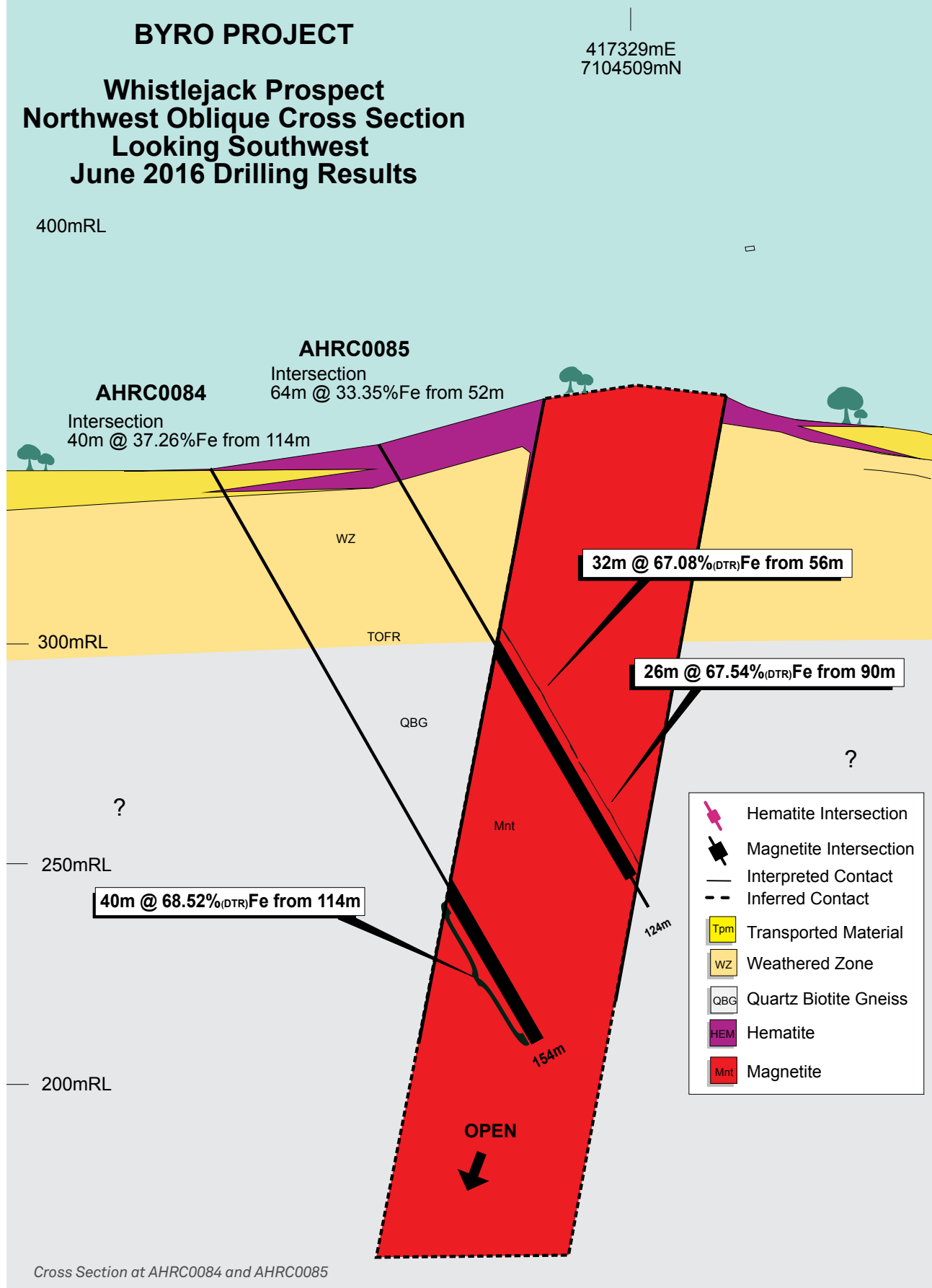
BYRO PROJECT

Narryer Prospect Cross Section 7062856mN June 2016 DTR Results (Looking North)



Cross Section at AHRC0078 and AHRC0077

Figure 3



Whistlejack and Whitmarsh Find Drilling and Davis Tube Test Work

A total of 4 holes were drilled at Whistlejack and 2 holes at Whitmarsh Find. DTR work is also underway on drill sample from recent drilling at the Whistlejack. Also at the Whistlejack ore body drillers reported considerable and abnormally high wear rates on their equipment during RC drilling due to abrasiveness from the ore. New wear plates were replaced in nearly every hole and in some cases twice per hole. This level of abrasiveness had not been encountered previously. The hardness and abrasive nature of this ore will be tested and is expected to be a positive attribute in an industrial application.

Table 7. Whistlejack Magnetite Intersections

Hole ID	Magnetite Intersection
AHRC0083	30m @ 34.42%Fe from 80m
AHRC0084	40m @ 37.02%Fe from 114m
AHRC0085	64m @ 33.35%Fe from 52m
AHRC0086	20m @ 38.26%Fe from 86m

Table 8. Whitmarsh Find Magnetite Intersections

Hole ID	Magnetite Intersection
AHRC0087	30m @ 33.98%Fe from 76m
AHRC0088	4m @ 36.15%Fe from 66m

Byro South Davis Tube Test Work Details

The Byro South magnetite ore body within tenement E09/1781 was first drilled in June 2011 with further drilling in November 2011. A total of 22 holes for 3030 meters were drilled and assays reported December 2011. At that time sample from AHRC0045 was applied to a Davis Tube Recovery test at a nominated 75µm grind. Results were favourable, Table 9.

Table 9. AHRC0045 DTR Results

Hole ID	Composite Sample ID	Fe Head	Fe Conc	SiO ₂	Al ₂ O ₃	TiO ₂	PXRF	S XRF	LOI
AHRC0045	MBRC 2783-2786	29	70.39	1	0.41	0.38	0.003	0.458	-2.92
AHRC0045	MBRC 2789-2798	35.23	68.28	3.62	0.77	0.24	0.006	0.212	-3.1
AHRC0045	MBRC 2799-2801	32.94	69.21	2.93	0.67	0.18	0.005	0.076	-3.21
AHRC0045	MBRC 2807-2808	28.13	68.87	2.96	0.74	0.1	0.005	0.236	-3.25
AHRC0045	MBRC 2810-2813	35.2	69.63	2.35	0.85	0.16	0.004	0.077	-3.32
AHRC0045	MBRC 2821-2830	37.6	70.08	1.68	0.69	0.08	0.005	0.217	-3.21
AHRC0045	MBRC 2831	41.94	69.56	2.42	0.87	0.07	0.003	0.028	-3.28

In May 2016 fifteen of the Byro South holes previously drilled and not analysed for Davis Tube Recovery were analysed to assist in further metallurgical characterisation.

Table 10. Grind Establishment Times

BYRO SOUTH				
Grind Establishment Times				
Sample ID AHRC0045				
P80 Size	250 µm	125 µm	75 µm	45 µm
Time (min)	4.39	14	27.52	66.6
Time (sec)	263	840	1651	3996

Results from a total of 70 composites were collated for the 15 holes. The composites were derived from original whole rock assay results. Milling time for the composites was determined by experimental grinding targeting a P80 of 75µm in under 25minutes

Table 11. DTR Grades for the drill hole Intersections Tested

Hole ID	Number of Composites	Intersection Equilibrated Feed Grade	Intersection Equilibrated DTR Grade	DTR Intersection	Meters Ore Down Hole
AHRC0046	1	25.21	70.03	6m @ 70.03%Fe from 92m	6
AHRC0049	3	27.61	65.81	18m @ 65.81 from 88m	18
AHRC0050 and	5	31.67	67.95	36m @ 67.95%Fe from 80m	48
	2	36.60	70.25	12m @ 70.25% Fe from 120m	
AHRC0051 and	4	35.12	70.73	26m @ 70.73%Fe from 48m	34
	1	30.60	70.59	8m @ 70.59%Fe from 78m	
AHRC0052 and	1	33.17	70.39	10m @ 70.39%Fe from 58m	22
	1	11.02	69.66	8m @ 69.66%Fe from 70m	
	1	15.64	70.89	4m @ 70.89%Fe from 134m	
AHRC0048a	2	36.49	70.56	16m @ 70.56%Fe from 56m	16
AHRC0053D and	4	34.16	70.08	33.3m @ 70.08%Fe from 80m	74.7
	2	36.92	68.23	18m @ 68.23%Fe from 125m	
	1	34.49	67.63	6m @ 67.63%Fe from 147m	
	1	30.30	67.20	9.4m @ 67.2%Fe from 155m	
	1	34.49	65.53	8m @ 65.53%Fe from 172.6m	
AHRC0054D and	2	39.27	70.22	16m @ 70.22%Fe from 108.5m	45.1
	1	37.47	66.32	8.6m @ 66.32%Fe from 108.5m	
	2	35.65	65.53	13.99m @ 65.53%Fe from 121.18m	
	1	32.68	68.70	6.47m @ 68.7%Fe from 171.93m	
AHRC0055	3	35.53	66.29	30m @ 66.29%Fe from	30
AHRC0057	2	24.64	63.71	18m @ 63.71%Fe from 68m	18
AHRC0058 and	6	30.86	66.84	52m @ 66.84%Fe from 60	78
	3	29.76	67.34	26m @ 67.34%Fe from 116m	
AHRC0060 and	5	25.35	66.82	38m @ 66.82%Fe from 44m	44
	1	32.28	70.83	6m @ 70.83%Fe from 92m	
AHRC0061 and	4	28.29	69.54	36m @ 69.54%Fe from 44m	40
	1	23.79	67.73	4m @ 67.73%Fe from 108m	
AHRC0062 and	2	21.25	68.93	19m @ 68.93%Fe from 72m	35
	2	19.85	56.48	16m @ 56.48%Fe from 93m	
AHRC0063D	4	37.31	68.30	40m @ 68.3%Fe from 86m	49.8
	1	29.88	66.96	9.8m @ 66.96%Fe from 138.2m	

Feed concentrate assays were determined before and after DTR recoveries. Table 11 lists the 70 composite results which have been equilibrated to a per meter average over each interval of DTR intersection.

Mt Narryer Diamond Core Test Work Details

The PQ Core from AHRC0089D with typical high MagSus readings recorded every half meter along the length of core. The measurements were taken using a LT10 unit. The maximum reading in this range measures up 2000*10⁻³ magnetic SI units. Notably most of the readings taken were greater than 2000*10⁻³ magnetic SI units, which is off the scale, and were recorded at that limit. The definitive maximum reading will be measured at the lab.



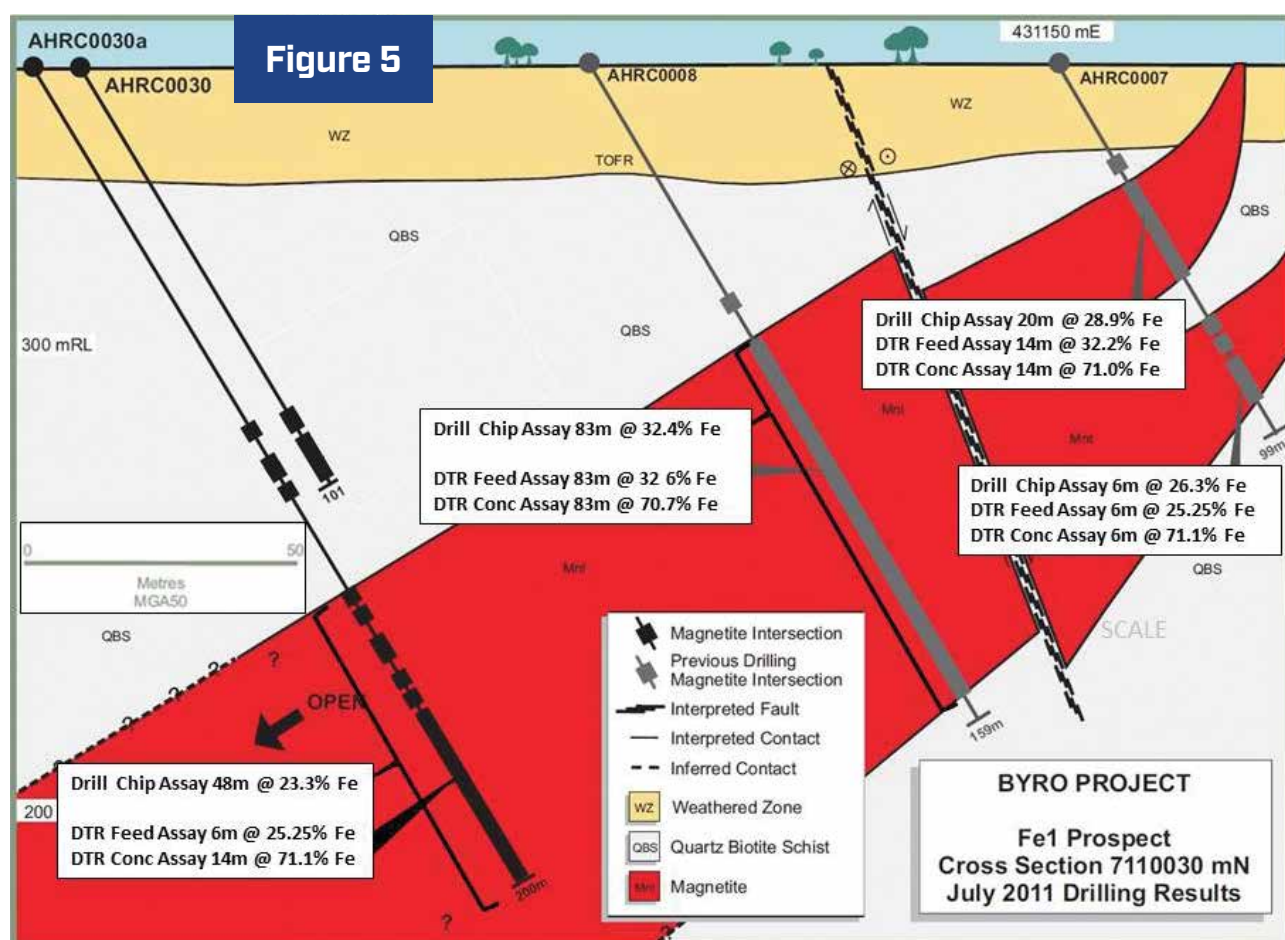
Photograph of PQ Core from AHRC0089D

AHRC0089D MagSus Table

Meter Depth	55	56	57	58	59	59.5	60	60.5	61	61.5	62	62.5
MagSus10-3	547	1150	1820	1305	1120	826	1591	1472	1220	1326	1670	2000
Meter Depth	63	63.5	64	64.5	65	65.5	66	66.5	67	67.5	68	68.5
MagSus10-3	2000	2000	2000	2000	2000	1450	2000	1670	1220	2000	2000	2000
Meter Depth	69.0	69.5	70.0	70.5	71.0	71.5	72.0	72.5	73.0	73.5	74.0	74.5
MagSus10-3	2000	2000	2000	2000	1850	2000	2000	2000	2000	2000	2000	2000
Meter Depth	75.0	75.5	76.0	76.5	77.0	77.5	78.0	78.5	79.0	79.5	80.0	80.5
MagSus10-3	2000	1530	2000	2000	2000	1748	1480	1890	1760	2000	2000	2000
Meter Depth	81.0	81.5	82.0	82.5	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5
MagSus10-3	2000	1760	1920	1700	1650	2000	1900	1910	1680	2000	2000	2000
Meter Depth	87.0	87.5	88.0	88.5	89.0	89.5	90.0					
MagSus10-3	1970	2000	2000	2000	1650	1920	2000					

Previous FE1 Test Work

The Company has previously completed extensive test work characterising the Byro metamorphic magnetite. Testing was completed in laboratories in Australia and in China which defined the major work indices required to develop bulk processing designs and costs. Emphasis on results was placed on producing a furnace feed product. Results from this work were announced on the ASX platform in July and August 2011. The full metallurgical characterisation at that time also highlighted other qualities and reassessment has now been made with reference to industrial uses for the premium Byro magnetite.



Fe1 Crosssection

FE1 Metallurgical Review - Key Attributes

Review of the physical and metallurgical characteristic of the Byro Magnetite.

- Observed crystal is granular
- Grain size up to 4mm (4,000 µm)
- Dissemination Granularity 95% between 0.2mm < 1.65mm (200µm < 1,650 µm)
- Hardness on Mohs scale 6.5 with Vickers Hardness Number (VHN100=681 - 792 kg/mm2)
- Specific gravity calculated at 5.18 g/cm3
- Uneven fracture parting on surface {111}
- Negligible cleavage planes within the crystal matrix.

FE1 Chemistry Review - Key Attributes

The concentrate chemistry key attributes are,

- Mineral composition of the ore is simple.
- No significant secondary alteration.
- K₂O, Na₂O, P, and S, all low and with P and S particularly low.
- Product is a high-quality concentrate of primary acidic magnetite.
- SiO₂, Al₂O₃, CaO, and MgO decrease as TFe increases.
- Magnetite represents the major iron-bearing mineral, while quartz represents the major gangue mineral.
- Tailings component of the ore is SiO₂, accounting for 80.99% of the total
- Product and tailings have no significant environment impacts.

Table 13. Chemical Components of the Ore [%]

Components	TFe	FeO	Fe ₂ O ₃	SiO ₂	TiO ₂	Al ₂ O ₃	CaO	MgO
Content	37.52	18.28	33.33	41.49	0.11	1.41	1.55	2.38
Components	MnO	Na ₂ O	K ₂ O	P	S	Loss in ignition	TFe/FeO	Coef of basicity
Content	0.18	0.093	0.036	0.056	0.054	0.70	2.05	0.09

Table 14. Results of Chemical Phase of Iron in the Ore

Phase of iron	Fe in magnetite	Fe in hematite and limonite	Fe in carbonate	Fe in sulfide	Fe in Silicate	Total
Content	34.62	0.81	0.17	0.03	1.89	37.52
Proportion	92.27	2.16	0.45	0.08	5.04	100.00

The major recoverable content in the ore is iron, at a grade of 37.52%; and 70% on concentration. Total iron over iron oxide ratio of the ore is 2.05, and the coefficient of basicity (CaO+MgO) / (SiO₂+Al₂O₃) equals 0.09. This is important for the ammonia production industry as low impurities and oxygen reduction is helpful for improved ammonia synthesis.

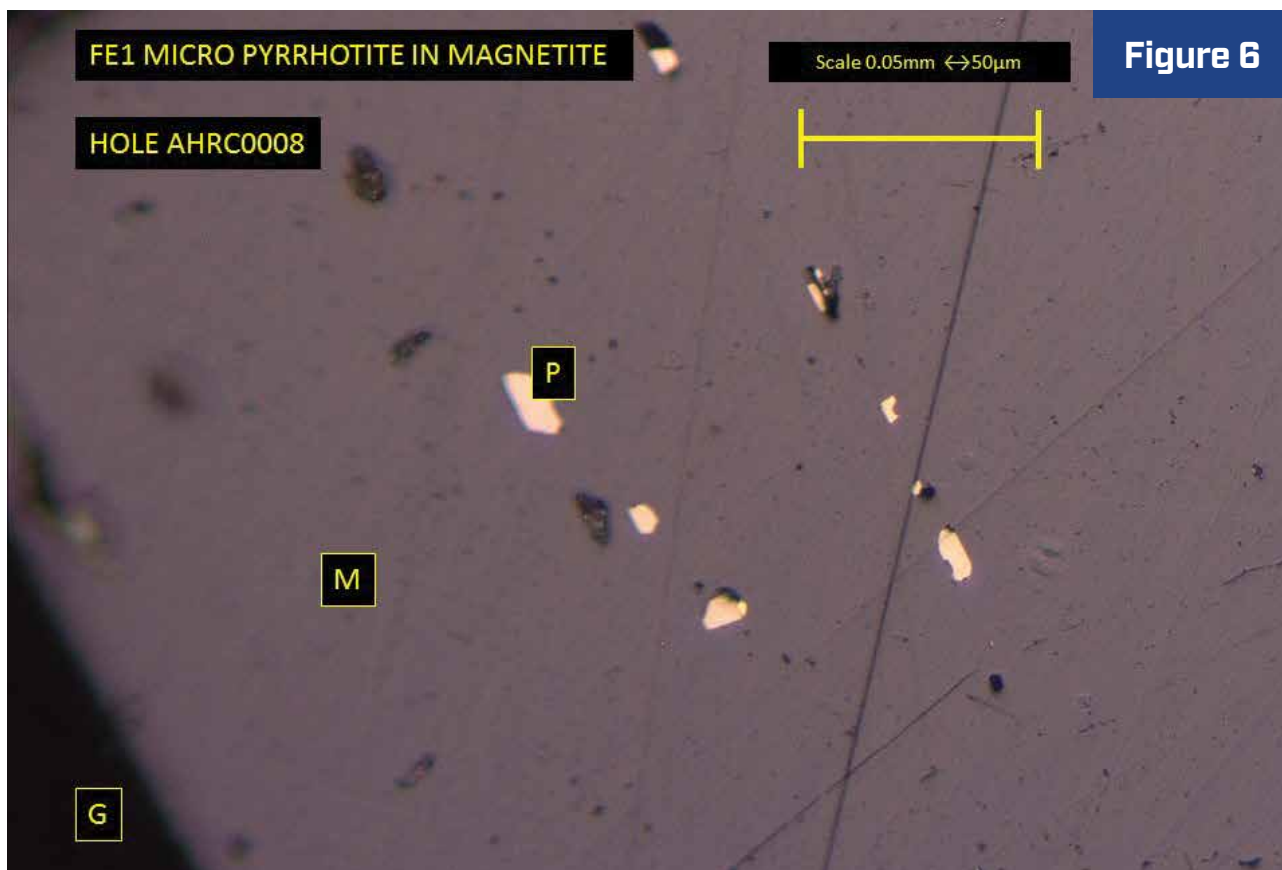
Minerals to be disposed by separation for iron enrichment on concentration include mainly SiO₂, followed by Al₂O₃, CaO, and MgO, altogether amounting 46.83% of the total weight. Contents of phosphorus and sulphur, which are the common hazardous contents, in like ores, are too low to cause any substantial influence on the quality of concentrate. Common Byro magnetite grains contain only microscopic impurities. The grain shown in Figure 6 displays a rare example of a 5µm (0.005mm) impurity within a 2,000µm (2mm) magnetite crystal.

FE1 Grain Size and Granularity Review - Key Attributes

Magnetite grain size at the FE1 Resource is distributed mostly as moderate to fine grains, 1.65mm > 0.30mm in size. More than 94% of the magnetite grains can be separated free under the milling fineness of -0.21mm, which is equivalent to 65% of the minerals under -200 mesh (expressed as “-200mesh / 45%”). Silicate and amphibole minerals occur along the fissure between and edges of the magnetite grains, and actual milling product can be appropriately coarser than the design test parameters.

Grain Size and key attributes are,

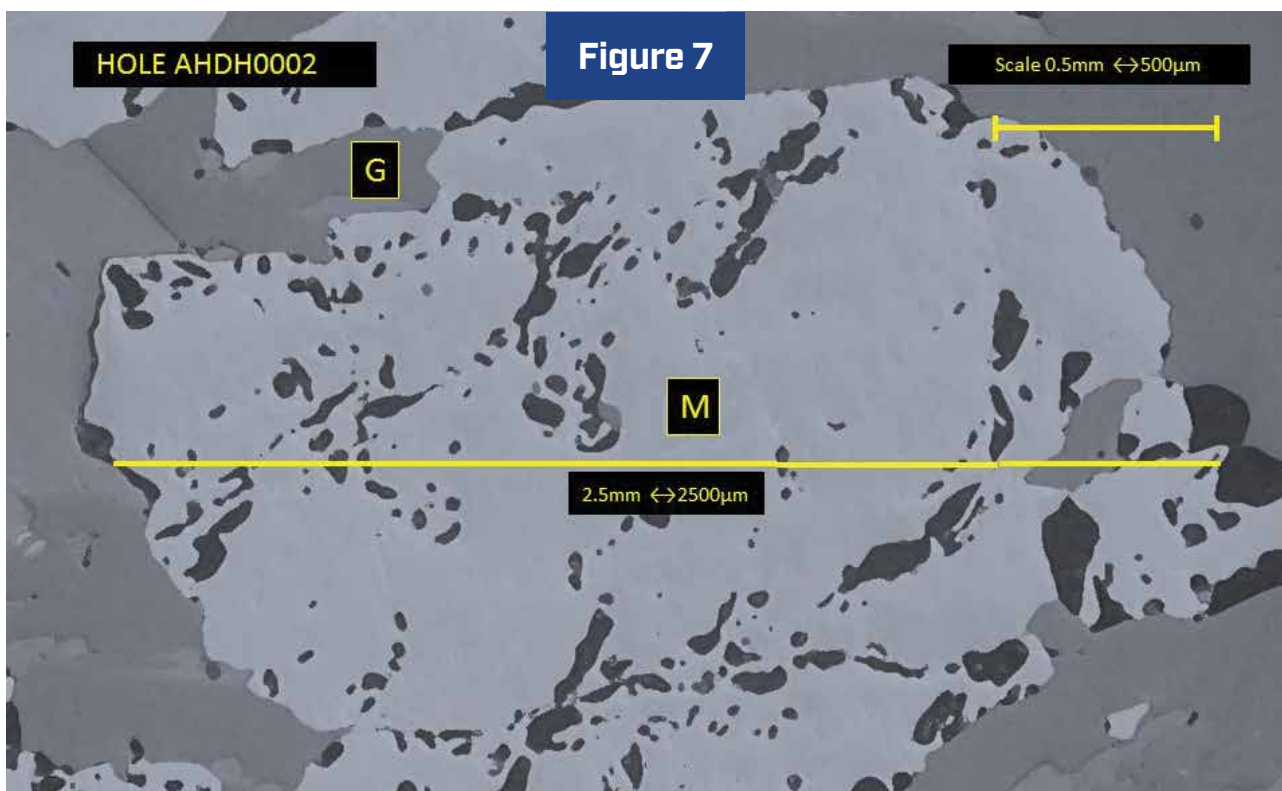
- Magnetite occurs mainly in disseminated to matrix form
- Dissemination granularity size varies
- Grain size can be up to 4mm (4,000 µm)
- Large product range
- 94% of the useful magnetite can be separated free at -200 mesh / 45%
- Discrete silica at magnetite crystal edges allow clean early extraction
- Care to be taken to avoid over grinding
- Concentrate productivity 47.9%,
- Magnetite recovery 92.27%.



Byro Metamorphic Magnetite Displaying Rare Impurity within the Crystal Grain

M - LIGHT GREY = MAGNETITE, G - MEDIUM/DARK GERY = SILICATE GANGUE, P - LIGHT SPOTS = PYRRHOTITE IMPURITIES.

(Photomicrograph by Roger Townend and Associates –Consulting Mineralogists)



Photomicrograph of a 2.5mm magnetite grain from core from AHDH0002 at FE1 .

M - LIGHT GREY = MAGNETITE, G - MEDIUM/DARK GERY = SILICATE GANGUE, DARK SPOTS = SCRATCHES, JOINTS AND VOIDS.

(Changsha Research Institute of Mining and Metallurgy–Consulting Mineralogists)

Figure 7 is an example of a large grain tested at the Changsha Research Institute of Mining and Metallurgy in China

The most useful attributes of premium grading for industrial magnetite are purity and size. Dissemination granularity is a consequence of the physical characteristics of the metamorphic magnetite and is the start point for targeting a product size. Table 3 shows the granularity range for the Byro Magnetite is relatively large with the majority of grains in a wide spread of coarse fractions. The bulk group increasing at 0.3mm (300µm) up to 1.65mm (1,650 µm).

Table 15. Dissemination Granularity range of FE1 Magnetite

Granularity (mm)	Distribution rate	Accumulative distribution rate
2.3 > 1.65	8.31	8.31
1.65 > 1.17	20.77	29.08
1.17 > 0.83	18.69	47.77
0.83 > 0.59	15.58	63.35
0.59 > 0.42	12.98	76.33
0.42 > 0.30	10.65	86.98
0.30 > 0.21	7.46	94.44
0.21 > 0.15	2.92	97.36
0.15 > 0.105	1.65	99.01
0.105 > 0.074	0.61	99.62
0.074 > 0.052	0.2	99.82
0.052 > 0.037	0.12	99.94
0.037 > 0.026	0.05	99.99
0.026 > 0.019	0.01	100
>0.019	Trace amount	

The widespread granular distribution in the coarse range demonstrates usable volumes for grooming to suite multiple target sizes for multiple product applications.

There is also scope for improving the extraction of the grain size in the upper spectrum of the product range. The sharp contrast between the 2.3mm > 1.65mm at 8.31% and 1.65mm > 1.17mm @ 20.77% suggests it would be possible to over mill the product. A very coarse fraction, >2mm, can be removed post crushing and at first pass milling to prevent overgrinding. Upcoming test work will determine the productivity of an early mill product.

Byro Magnetite Work Indices Review

Determination of the Byro Magnetite Work Indices was completed at the same time as the granular classification in China. The Work Indices tests were repeated in Australia with near to identical results.

Work Indices already determined are

- Strong - Unconfined Compressive Strength (UCS) recorded values of 139.9 - 153.7 Mpa
- Bond Impact Crushing Work Index (CWi) recorded average value of 15.5 kWh/t
- Bond Ball Mill Work Index recorded a value of 16.5 kWh/t (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 0.3894

Athena is now looking at the costs and practical steps towards development of a low volume processing plant with additional classification and clean-up modules for industry specific requirements. This will be based on current pricing and the favourable material work indices already determined.

Byro Project Magnetite Exploration Potential to Date

The company has steadily been developing the potential of the tenements by gaining an understanding and characterisation of the mineralization discovered, followed by refining targets areas and the development of a maiden JORC compliant inferred resource at FE1. The most recent metallurgy completed so far is in reference to industrial applications for the JORC compliant inferred resource below.

Table 16 FE1 JORC Compliant Inferred Resource

Mt	DTR Fe	DTR SiO ₂	DTR Al ₂ O ₃	DTR P	DTR S	DTR LOI %	DTR
18.1	70.7%	1.16%	0.32%	0.003%	0.014%	-3.26	35.1%

Magnetite Exploration Target

The company has developed and announced in July 2014, magnetite exploration targets which are expressed in terms of maximums and minimums for both tonnes and grade in the range of 131 to 481 Mt at 16 to 30 % Fe to date. Work completed throughout the tenements support the figures which remain unchanged in particular the target for the Mt Narryer Project is supported by the most recent drilling at the project. The target remains unchanged from that announced in July 2014.

Table 17

	Range	Tonnes	Mt	% Fe
FE1	Maximum	6,300,000.00	6.3	42.1
	Minimum	2,021,250.00	2.0	31.1
Byro North	Maximum	90,956,250.00	90.9	44.0
	Minimum	32,340,000.00	32	21.6
Byro Deeps	Maximum	34,965,000.00	34.9	36.1
	Minimum	12,432,000.00	12.4	25.4
Byro South Region	Maximum	164,587,500.00	164.6	38.6
	Minimum	23,940,000.00	23.9	21.6
Milly Milly Region	Maximum	56,700,000.00	56.7	42.4
	Minimum	22,680,000.00	22.6	24.8
Mt Narryer	Maximum	127,575,000.00	127.5	46.4
	Minimum	37,800,000.00	37.8	36.4
Combined Total	Maximum	481,083,750.00	480.9	30
	Minimum	131,213,250.00	131	16

The range estimated is in accordance with JORC (2012) guidelines. Grade range at the six projects is taken from the from surface rock chip sampling of outcrop and RC drilling assays where drilling has been executed. No cuts or averaging have been applied. All assay results reported as per ASX -AHN announcements through the period July 2010-2014. All surface dimensions are from surface mapping programs. More drilling is needed to prove depth or true thickness. Depth estimates in the absence of drilling have been made based on outcrop and field relationships. The potential quantity and grade of the exploration target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource or to understand the potential of any of the exploration targets. Further exploration is warranted to improve understanding and reduce uncertainty. It is uncertain if further exploration will result in the estimation of a mineral resource. The magnetite exploration target listed in table 16 above remains unchanged from its original form with supporting data announced in July 2014.

Industrial Magnetite Markets and Capacity for Increased Demand

The industrial magnetite product at Byro is suitable for a large range of industrial uses. The company has been in discussion with several industries and specific product users. Market gaps identified by Athena include common use areas as well specialist industries where coarse grain size and or purity are in high demand.

- Dense Media Separation – Ragging
- Dense Media Separation – Coal Washing
- Catalyst in Ammonia Production
- Liquid Hydrocarbon Fuel Production from Coal and Natural Gas
- Industrial abrasives, sand blasting and ablation
- Aggregate in high-density concrete.
- Magnetite is also used as
Toner in electrophotography,
Micronutrient in fertilizers,
Pigment in paints,
Waste water management and
Absorbent to remove arsenic from drinking water.

Mining Lease Applications

The company has submitted to the Department of Mines and Petroleum mining lease application M09/166, within tenement E09/1507. The Mining Lease was recommended on 17 June by the Karratha Office and now sits with the Tenure Section at the Department of Mines and Petroleum. The application was advertised to the public mid-August.

M09/166 contains the high grade FE1 magnetite ore body including a JORC compliant inferred resource released to the ASX 28 November 2011.

A Mineralisation Report has been completed for the Mt Narryer Magnetite Ore Body within E09/1938. The report is to be included in a mining lease application which is currently being assembled for submission to the mines department.

- Byro South Ore Body within E09/1781
- Whistlejack Ore Body within E09/1781 and E09/1507

BYRO BASE METALS PROJECT (Milly Milly Copper - Nickel Intrusion)

During 2011, exploration by Athena confirmed the fertility of the primary magma within the central margin of the Milly Milly Intrusion and sheer scale of disseminated Ni sulphide at levels approaching 0.3% in bulk mass. The company's exploration focus targeted potential sites where accumulations of primary Ni sulphide from nucleation and saturation could exist. A second and equally important mechanism targeted structurally controlled secondary accumulation of potential massive sulphide within dilation zones and vein systems.

In September 2014 high resolution gravity data was acquired over an area of 39 square kilometers and included 950 stations for a total of 65 line kilometers. The sample stations were at 50m, 100m and 200m spacing's. Seven anomalous zones were interpreted.

The gravity survey has shown two very large anomalous zones with an unmistakable proximal relationship to the west contact. This has been drill tested and now interpreted to be at depth below the sediment. More work is needed to understand this anomaly which has the potential to be an indication of a mineralised feeder tube, a mixing zone or sub chamber.

Athena has merely scratched the surface of this intrusion. A total of only 8 holes have been drilled using modern geochemistry and geophysics techniques. The indicators or credentials for this system remain as a fertile intrusion with several interpreted accumulation zones identified from structural analysis yet untested and further exploration is warranted, along with, the discovery of the massive gravity high directly to the east and north contacts of the intrusion which remain unresolved.

Cautionary Notes

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

JORC Code Compliance Statement

Some of the information contained in this announcement is historic data that have not been updated to comply with the 2012 JORC Code. The information referred to in the announcement was prepared and first disclosed under the JORC Code 2004 edition. It has not been updated since to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

Competent Persons Statement

The information included in the announcement 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 2012 Edition)". Mr Kelly consents to the inclusion of the information in the announcement in the context and format in which it appears and that the historical information was compliant with the relevant JORC Code, 2004 Edition, and new information announced in this report is compliant with the JORC Code 2012 Edition.

Competent Persons Disclosure

Mr Kelly is an employee of Athena Resources and currently holds securities in the company.

03 Directors' Report

Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited ("Athena" or "the Company") and its controlled entities ("Group") for the financial year ended 30 June 2016.

DIRECTORS

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

David Arthur Webster	Chairman	
Jian Li	Chief Executive Officer	(appointed 1/6/2016)
Edmond William Edwards	Executive Director	
Rajakumar Paul Kandiah	Non-Executive Director	(resigned 1/6/2016)

PARTICULARS OF DIRECTORS AND COMPANY SECRETARIES

David Arthur Webster - Chairman

Experience

Mr Webster's career in Australian agriculture includes developing an extensive run of farming properties in Western Australia and restructuring the Australian wool industry. More recently Mr Webster has been involved in significant Chinese investments in agriculture and associated infrastructure in Australia. He is currently a director of Australian Wool Innovation Limited (AWI) where he is also Chairman of the Finance and Audit Committee and he is a director of the Australian Wool Testing Authority Limited.

Mr Webster's considerable commercial expertise together with many years of experience of working with government at the highest level, both in Australia and overseas, is of substantial value to Athena Resources.

Interest in Shares

9,891,798 Fully Paid Shares

Special Responsibilities

Mr Webster is Chairman of the Audit Committee.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Webster did not serve as a director of any other listed companies.

Jian Li - Chief Executive Officer

Experience

Jian Li has over 30 years of experience in import and export, international and domestic trade, and management of leading business and organisations in the Chinese market.

He started his career as a salesman and was eventually promoted to managing director and vice general manager in one of the top 500 state owned enterprises in China.

Along with his experience in international commodities import and domestic trade such as iron ore, coal, nickel and non-ferrous metal etc, he has developed strong connections, cooperation and sales networks with most of the biggest steel manufacturers, coal resource state owned enterprises and power plants in China.

Interest in Shares

43,000,000 Fully Paid Shares

Special Responsibilities

Mr Li is responsible for the promotion of the company in China.

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Li did not serve as a director of any other listed companies.

Edmond William Edwards - Executive Director and Joint Company Secretary

Qualifications

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

Experience

Mr Edwards has over 37 years of experience in the mining industry in Western Australia. He has previously been Executive Director or Finance Director of a number of listed mining and exploration companies having taken many of these companies through the initial public offering, then exploration, feasibility and finally into production. These companies include Taruga Gold Limited, Scotgold Resources Ltd, Resource Mining Corporation Ltd, Fox Resources Ltd, Aztec Resources Ltd, Acclaim Exploration NL and Matlock Mining NL.

Interest in Shares

30,503,066 Fully Paid Shares

Special Responsibilities

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

Directorships held in listed entities

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

Company Name	Appointed	Resigned
Taruga Gold Limited	21/10/2011	02/09/2013

Peter John Newcomb - Joint Company Secretary

Qualifications

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

Experience

He has over 35 years professional and commercial experience working in a number of industries and locations including London, Scotland, Singapore and Perth. The majority of his experience over the last ten years has been in the Resources industry in Western Australia. Mr Newcomb is Company Secretary.

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations of the group during the financial year is contained in the Review of Operations section of this annual report.

	2016 \$	2015 \$
Operating Results		
Consolidated profit / (loss) after income tax for the financial year	<u>83,087</u>	<u>(768,676)</u>

Financial Position

At 30 June 2016 the Company has cash reserves of \$758,935.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the consolidated accounts.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any matter, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in the current or subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue its exploration activities with a view to the commencement of mining operations as soon as possible.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2016, and the number of meetings attended by each Director. These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

	Number eligible to attend	Number attended
Edmond William Edwards	7	7
David Arthur Webster	8	8
Rajakumar Paul Kandiah	8	8
Jian Li	0	0

AUDIT COMMITTEE

The audit committee was comprised of the non-executive directors Mr D Webster and Mr R Kandiah (until his resignation). During the year ended 30 June 2016 Mr D Webster and Mr R Kandiah attended two meetings of the Audit Committee.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each member of the key management personnel of Athena Resources Limited.

The following persons acted as directors during or since the end of the financial year:

David Arthur Webster	Chairman	
Jian Li	Chief Executive Officer	Appointed 1/6/2016
Edmond William Edwards	Executive Director	
Rajakumar Paul Kandiah	Non-Executive Director	Resigned 1/6/2016

The Company has no other key management personnel.

The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standards AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold securities in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

Performance-based remuneration

The company does not pay any performance-based component of remuneration.

Details of remuneration for year ended 30 June 2016

Directors' Remuneration

No salaries, commissions, bonuses or superannuation were paid or payable to directors during the year. Remuneration was by way of fees (as detailed below) paid monthly in respect of invoices issued to the Company by the Directors or Companies associated with the Directors in accordance with agreements between the Company and those entities. No other short-term or long-term benefits were provided during the current or prior year. Details of the agreements are set out below.

Agreements in respect of cash remuneration of Directors:

Mr. Edwards is an Executive Director responsible for the financial operations of the Company. The Company has an agreement with Tied Investments Pty Ltd to provide the management services of Mr. Edwards to the Company in relation to its corporate activities on normal commercial terms and conditions. An annual fee of \$180,000 excluding GST was paid during the year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr David Webster is and Mr Rajakumar Kandiah (until his resignation) were Non-Executive Directors. Fees payable to Mr Webster and Mr Kandiah are detailed below. No fee was paid to Mr Li.

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

The total remuneration paid to directors is summarised below:

Director	Associated Company	Fees \$	Total \$
Year ended 30 June 2016			
E W Edwards	Tied Investments Pty Ltd	180,000	180,000
D A Webster	Cobpen Co Investments Pty Ltd	48,000	48,000
R P Kandiah	Kokatu Pty Ltd	24,000	24,000
J Li		-	-
		<u>252,000</u>	<u>252,000</u>

Director	Associated Company	Fees \$	Total \$
Year ended 30 June 2015			
E W Edwards	Tied Investments Pty Ltd	180,000	180,000
D A Webster	Cobpen Co Investments Pty Ltd	48,000	48,000
R P Kandiah	Kokatu Pty Ltd	48,000	48,000
		<u>276,000</u>	<u>276,000</u>

Aggregate amounts payable to Directors and their personally related entities.

	2016 \$	2015 \$
Current:		
Accounts payable	<u>483,734</u>	<u>417,674</u>
	<u>483,734</u>	<u>417,674</u>

During the year, interest free loans of \$60,000 by Mr Edwards and \$10,000 by Mr Webster were extended to the Company by directors, for the purpose of supporting short-term cash flow. The loans were unsecured. The maximum amount outstanding during the period was \$70,000. The balance of the loan outstanding at 30 June 2016 was nil.

There were no performance related payments, option or share based payments, superannuation payments or other benefits made during the year.

Directors' Shareholdings in the Company

Director	Balance 1 July 2015	Placement	Balance 30 June 2016
J Li	-	43,000,000	43,000,000
E W Edwards	30,503,066	-	30,503,066
D A Webster	9,891,798	-	9,891,789
R P Kandiah	2,043,871	-	2,043,871
	42,438,735	43,000,000	85,438,735

End of Remuneration Report

SHARE OPTIONS

As at the date of this report, there were no options over unissued ordinary shares in the parent entity. The 4,000,000 unlisted options exercisable at \$0.06 as at July 1 2015 expired on 30 April 2016.

ENVIRONMENTAL ISSUES

The consolidated entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The consolidated entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION OF DIRECTORS

During the financial year, the Company has given an indemnity or entered into an agreement to indemnify as follows:

The Company has entered into agreements with Mr E Edwards, Mr D Webster and Mr J Li to indemnify them against any liability incurred by them as an officer of the Company including costs and expenses of successfully defended legal proceedings.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

Non-audit services of \$5,000 were provided by our auditors, HLB Mann Judd, during the year ended 30 June 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 22 has been received for the year ended 30 June 2016 and forms part of this directors' report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors.



E W EDWARDS
Executive Director
Dated at Perth this 28 day of September, 2016.

04 Auditors Independence Declaration

For the year ended 30 June 2016



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Athena Resources Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
28 September 2016

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

05 Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated Entity	
		2016 \$	2015 \$
Revenue	2	6,761	2,844
Expenses			
Depreciation	3	(3,400)	(5,642)
Employee and Consultant Costs		(241,745)	(359,102)
Exploration Written Off		-	(572,585)
Listing and Share Registry Costs		(24,143)	(31,217)
Office and Communication Costs		(78,826)	(45,377)
Other expenses		(134,086)	(119,251)
LOSS BEFORE INCOME TAX BENEFIT		(475,439)	(1,130,330)
Income tax benefit	4	558,526	361,654
NET PROFIT / (LOSS) FOR THE YEAR		83,087	(768,676)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR		83,087	(768,676)
Basic earnings / (loss) per share (cents per share)	20	0.05	(0.48)

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

06 Statement of Financial Position

As at 30 June 2016

	Note	Consolidated Entity	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	758,935	122,503
Trade and other receivables	6	55,181	-
Total Current Assets		<u>814,116</u>	<u>122,503</u>
NON-CURRENT ASSETS			
Plant and equipment	7	25,850	6,977
Mineral exploration and evaluation	8	7,184,778	6,494,119
Total Non-Current Assets		<u>7,210,628</u>	<u>6,501,096</u>
TOTAL ASSETS		<u>8,024,744</u>	<u>6,623,599</u>
CURRENT LIABILITIES			
Trade and other payables	9	978,186	600,270
Total Current Liabilities		<u>978,186</u>	<u>600,270</u>
TOTAL LIABILITIES		<u>978,186</u>	<u>600,270</u>
NET ASSETS		<u>7,046,558</u>	<u>6,023,329</u>
EQUITY			
Issued capital	10	13,400,888	12,460,746
Reserves	11(a)	-	40,000
Accumulated losses	11(b)	(6,354,330)	(6,477,417)
TOTAL EQUITY		<u>7,046,558</u>	<u>6,023,329</u>

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

07 Statement of Changes in Equity

For the year ended 30 June 2016

Consolidated Entity	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Total \$
Year ended 30 June 2015				
Balance at 1 July 2014	10,969,162	(5,708,741)	40,000	5,300,421
Shares issued (net of issue costs)	1,491,584	-	-	1,491,584
Comprehensive loss for the year	-	(768,676)	-	(768,676)
Balance at 30 June 2015	<u>12,460,746</u>	<u>(6,477,417)</u>	<u>40,000</u>	<u>6,023,329</u>
Year ended 30 June 2016				
Balance at 1 July 2015	12,460,746	(6,477,417)	40,000	6,023,329
Shares issued (net of issue costs)	940,142	-	-	940,142
Expiry of Options	-	40,000	(40,000)	-
Comprehensive income for the year	-	83,087	-	83,087
Balance at 30 June 2016	<u>13,400,888</u>	<u>(6,354,330)</u>	<u>-</u>	<u>7,046,558</u>

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

08 Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated Entity	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(468,369)	(306,706)
Interest received		2,649	2,844
Interest and other finance costs paid		-	-
Research and Development tax offset		558,526	361,654
Net Cash Inflow From Operating Activities	16	92,806	57,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration/evaluation expenditure		(376,355)	(973,242)
Payment for purchase of shares in other entities		(2,000)	-
Payment for the purchase of fixed assets		(22,273)	-
Proceeds from sale of shares in other entities		4,112	-
WA Gov't Industry Drilling Co Funding		-	112,500
Net Cash (Outflow) From Investing Activities		(396,516)	(860,742)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		1,000,000	923,000
Share and option issue transaction costs		(59,858)	(51,416)
Proceeds from borrowings from related party		70,000	50,000
Repayment of borrowings from related party		(70,000)	(75,000)
Net Cash Inflow From Financing Activities		940,142	846,584
Net increase in cash held		636,432	43,634
Cash and cash equivalents at beginning of the financial year		122,503	78,869
Cash and cash equivalents at the end of this financial year	5	758,935	122,503

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

09 Notes to and forming part of the financial statements

For the year ended 30 June 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration.

The accounting policies detailed below have been consistently applied to all years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Athena Resources Limited and its subsidiaries.

Reporting Basis and Conventions

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

The Board considers that Athena is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of approval of this financial report. The company has access to the following potential source of funding:

- 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.

Statement of Compliance

The financial report was authorised for issue on 28 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations and effective for the current annual reporting period.

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 Consolidated Entity's business and therefore, no change is necessary to accounting policies of the consolidated entity.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to consolidated entity accounting policies.

Segment Reporting

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

Accounting Policies

a) Principles of Consolidation

A controlled entity is any entity controlled by Athena Resources Limited. Control exists where Athena Resources Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Athena Resources Limited to achieve the objectives of Athena Resources Limited. All controlled entities have a 30 June financial year-end.

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

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

b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

c) Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding computers, is depreciated on a reducing balance commencing from the time the asset is held ready for use. Computers are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

d) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the areas is made.

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

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

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

e) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Provisions

Provisions are recognised where there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

h) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and service tax (GST).

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables in the statement of financial position are shown inclusive of GST.

j) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

m) Key Estimates – Impairment of exploration expenditure

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of exploration expenditure. In making this assessment, the Directors have considered the existence of any possible indicators of impairment per AASB 6 “Exploration for and Evaluation of Mineral Resources”.

On the basis of this review, the Directors have not written off any exploration expenditure during the financial year and are satisfied that no impairment is present at June 30 2016.

NOTE 2 REVENUE

	Consolidated Entity	
	2016 \$	2015 \$
Revenue from non-operating activities		
Interest received	2,649	2,844
Sale of shares in other entities	4,112	-
Total revenue	6,761	2,844

NOTE 3 LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSE

	Consolidated Entity	
	2016 \$	2015 \$
Expenses		
Depreciation of non-current assets:		
Plant and equipment	533	1,059
Office furniture and equipment	1,919	1,914
Motor vehicles	948	2,669
Total depreciation of non-current assets	3,400	5,642

NOTE 4 INCOME TAX

Consolidated Entity
2016
\$

2015
\$

No income tax is payable by Athena as each entity in the consolidated entity incurred a loss for tax purposes for the year and each has available recoupable income tax losses at balance date. The aggregate of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

Loss for the year	(475,439)	(1,130,330)
Income tax calculated at 30%	(142,632)	(339,099)
Tax effect of permanent differences:		
R&D Tax Offset	558,526	361,655
Deferred tax asset not recognised	142,632	339,099
Income Tax Attributable To Operating Loss	558,526	361,655

The directors estimate the unrecognised deferred tax asset attributable to the company and its controlled entities at 30% is as follows:

Revenue Losses	3,506,197	3,516,759
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The potential deferred tax asset has not been brought to account in the financial report at 30 June 2016 as the Directors do not believe it is appropriate to regard the realisation of the asset as probable. This asset will only be obtained if:

- The company and its controlled entity derive future assessable income of an amount and type sufficient to enable the benefit from the deductions for the tax losses and the unrecouped exploration expenditure to be realised;
- The company and its controlled entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the company and its controlled entity in realising the benefit from the deductions for the tax losses and unrecouped exploration expenditure.

Franking Credits

No franking credits are available at balance date for the subsequent financial year.

NOTE 5 CASH AND CASH EQUIVALENTS

Consolidated Entity
2016
\$

2015
\$

Cash at bank and on hand	758,935	122,503
	758,935	122,503

	Consolidated Entity	
	2016 \$	2015 \$
NOTE 6 TRADE AND OTHER RECEIVABLES		
Current		
GST Receivable	55,181	-
	<u>55,181</u>	<u>-</u>

	Consolidated Entity	
	2016 \$	2015 \$
NOTE 7 PLANT AND EQUIPMENT		
Plant and equipment		
Cost	201,554	179,281
Provision for depreciation	(175,704)	(172,304)
	<u>25,850</u>	<u>6,977</u>
Movement for the year		
Opening balance	6,977	12,619
Additions	22,273	-
Depreciation expensed	(3,400)	(5,642)
Closing balance	<u>25,850</u>	<u>6,977</u>

	Consolidated Entity	
	2016 \$	2015 \$
NOTE 8 MINERAL EXPLORATION AND EVALUATION		
At cost brought forward – exploration and evaluation phase	6,494,119	6,185,350
Expenditure during the year	690,659	993,854
WA Gov't Industry Drilling Co Funding	-	(112,500)
Expenditure written off	-	(572,585)
At cost less impairment	<u>7,184,778</u>	<u>6,494,119</u>

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

	Consolidated Entity	
	2016 \$	2015 \$
NOTE 9 TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	403,252	115,796
Due to directors - remuneration	483,734	417,674
Due to other officers - remuneration	91,200	66,800
	<u>978,186</u>	<u>600,270</u>

NOTE 10 ISSUED CAPITAL

Consolidated Entity

2016
\$

2015
\$

(a) Issued capital:

216,760,789 ordinary shares fully paid

(2015: 173,760,789 ordinary shares fully paid)

13,400,888

12,460,746

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

Date	Details	No. Of Shares	Issue Price Cents / Share	Value \$
	Balance June 30 2014	123,019,392		10,969,162
11/08/14	Placement	13,400,000	3.00	402,000
12/09/14	Placement	1,500,000	3.00	45,000
26/09/14	Share Purchase Plan	8,258,063	3.10	256,000
26/09/14	Directors Debt Conversion	20,000,000	3.10	620,000
11/12/14	Placement	6,833,334	3.00	205,000
26/06/15	Placement	750,000	2.00	15,000
	Less: Transaction costs arising on share issues	-		(51,416)
	Balance June 30 2015	173,760,789		12,460,746
12/01/16	Placement	15,000,000	2.00	300,000
22/04/16	Placement	12,000,000	2.50	300,000
07/06/16	Placement	16,000,000	2.50	400,000
	Less: Transaction costs arising on share issues	-		(59,858)
	Balance June 30 2016	216,760,789		13,400,888

(c) Movement in Options:

Details	No. Of Options	Issue Price Cents / Share	Value \$
Balance June 30 2015	4,000,000		40,000
Transfer to Accumulated Losses on Expiry of Options	(4,000,000)		(40,000)
Balance June 30 2016	-		-

Options exercisable at 6 cents on or before 30 April 2016 expired during the year.

(d) Voting and dividend rights

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated Entity	
	2016 \$	2015 \$
Share Option Reserve (a)	-	40,000
Accumulated Losses (b)	(6,354,330)	(6,477,417)

(a) Share Option Reserve

Balance at beginning of the year	40,000	40,000
Transfer to Accumulated Losses on Expiry of Options	(40,000)	-
Balance at end of the year	-	40,000

Nature and purpose of reserve

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

(b) Accumulated Losses

Balance at beginning of the year	(6,477,417)	(5,708,741)
Net Profit / (Loss) for the year	83,087	(768,676)
Transfer to Accumulated Losses on Expiry of Options	40,000	-
Balance at end of the year	(6,354,330)	(6,477,417)

	Consolidated Entity	
	2016 \$	2015 \$

NOTE 12 COMMITMENTS FOR EXPENDITURE

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity will be required to outlay amounts of \$2,774,325 (2014: \$2,924,740) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the financial report and are payable as follows:

Not later than one year	554,865	584,948
Later than 1 year but not later than 2 years	554,865	584,948
Later than 2 years but not later than 5 years	1,664,595	1,754,844
	2,774,325	2,924,740

The Company has a number of avenues available to continue the funding of its current exploration program and as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Company's share of obligations under joint venture agreements without allowing for dilution.

NOTE 13 CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2016.

NOTE 14 INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Book Value Investments	
			2016 \$	2015 \$
Athena Resources Limited - Parent Entity	Ordinary	100%	-	-
Complex Exploration Pty Ltd	Ordinary	100%	100	100
Capricorn Resources Pty Ltd	Ordinary	100%	200	200
Byro Exploration Pty Ltd (c)	Ordinary	100%	1,390,000	1,390,000
			<u>1,390,300</u>	<u>1,390,300</u>

- a) The above controlled entities are incorporated in Australia.
- b) The book value of Athena Resources Limited's investment in the ordinary shares of controlled entities, is at cost which does not exceed the underlying net assets of the entity.
- c) Wholly owned subsidiary of Complex Exploration Pty Ltd.

NOTE 15 SEGMENT INFORMATION

During the year the Group operated principally in one business segment being mineral exploration within Australia.

	Consolidated Entity	
	2016 \$	2015 \$
NOTE 16 NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of (loss) / profit after income tax to net operating cash flows		
(Loss) / Profit from ordinary activities	83,087	(768,676)
Depreciation	3,400	5,642
Write off of Mineral Exploration	-	572,585
Profit on sale of other entities	(2,112)	-
Movement in assets and liabilities		
Receivables	(55,181)	30,499
Payables	63,612	217,742
Net cash provided by operating activities	<u>92,806</u>	<u>57,792</u>

NOTE 17 KEY MANAGEMENT PERSONNEL

2016	2015
\$	\$

a) Directors

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

David Arthur Webster	Chairman
Jian Li	Chief Executive Officer
Edmond William Edwards	Executive Director
Rajakumar Paul Kandiah	Non-Executive Director

b) Remuneration Policies

Remuneration policies are disclosed in the Remuneration Report which is contained in the Directors' Report.

c) The total remuneration paid to Directors is summarised below:

Year ended 30 June

Short-term employee benefits	252,000	276,000
Post-employment benefits	-	-
Other-long term benefits	-	-
Other – based payments	-	-
	<u>252,000</u>	<u>276,000</u>

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

Current

Accounts payable	483,734	417,674
	<u>483,734</u>	<u>417,674</u>

Parent Entity

2016	2015
\$	\$

NOTE 18 RELATED PARTY INFORMATION**Transactions within the Consolidated Entity**

Aggregate amount receivable within the consolidated entities at balance date

Non-current receivables – Controlled Entities	8,740,265	8,049,606
Less : Provision for non recovery	(1,554,985)	(1,554,985)
	<u>7,185,280</u>	<u>6,494,621</u>

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

During the year, a loan of \$70,000 was extended to the Company by Directors, Mr Edwards and Mr Webster, for the purpose of supporting short-term cash flow. The loans were unsecured. The maximum amount outstanding during the period was \$70,000. The balance of the loans outstanding at 30 June 2016 was nil.

Consolidated Entity

2016	2015
\$	\$

NOTE 19 REMUNERATION OF AUDITORS

Amount received, or due and receivable, by the auditors for:

Auditing and reviewing of the financial statements of Athena Resources Limited and of its controlled entities	22,000	23,000
Other Services	5,000	-
	<u>27,000</u>	<u>23,000</u>

NOTE 20 [LOSS] / PROFIT PER SHARE

	Number of shares	
	2016 No	2015 No
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	184,141,611	161,289,757
	\$	\$
Profit / (Loss) used in the calculation of loss per share	83,087	(768,676)

NOTE 21 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The board's overall risk management strategy seeks to assist the group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The group has developed a framework for a risk management policy and internal compliance and control systems that covers the organisational, financial and operational aspects of the consolidated entity's affairs. The Chairman is responsible for ensuring the maintenance of, and compliance with, appropriate systems.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk and liquidity risk.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market, interest rate and the effective weighted average interest rate on these financial assets, is as follows:

	Non-Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$	
	2016	2015	2016	2015	2016	2015
Financial Assets						
- Cash at bank	-	-	0.18	0.88	758,935	78,869
- Trade debtors	55,181	-			-	-
Total Financial Assets	55,181	-			758,935	78,869
Financial Liabilities						
- Payable and accruals	494,452	182,596			-	-
- Amounts payable related parties	483,734	417,674			-	-
Total Financial Liabilities	978,186	600,270			-	-

Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statement.

In the case of cash deposited, credit risk is minimised by depositing with recognised financial intermediaries such as banks, subject to Australian Prudential Regulation Authority supervision.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

Capital Management Risk

Management controls the capital of the consolidated entity in order to maximise the return to shareholders and ensure that the consolidated entity can fund its operations and continue as a going concern.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues. There have been no changes in the strategy adopted by management to control capital of the consolidated entity since the prior year.

b) Financial Instruments

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

Interest Rate Sensitivity Analysis

The consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in these risks.

At 30 June 2016 the effect on the loss and equity as a result of a 2% change in the interest rate with all other variables remaining constant is as follows:

	2016 \$	2015 \$
Change in Profit / (Loss)		
- Increase in interest by 2%	6,622	3,070
- Decrease in interest by 2%	(6,622)	(3,070)
Change in equity		
- Increase in interest by 2%	6,622	3,070
- Decrease in interest by 2%	(6,622)	(3,070)

NOTE 22 PARENT ENTITY DISCLOSURES**2016**
\$**2015**
\$**Financial Position****CURRENT ASSETS**

Cash and cash equivalents	758,135	121,703
Trade and other receivables	55,181	-
Total Current Assets	813,316	121,703

NON-CURRENT ASSETS

Plant and equipment	25,850	6,977
Investment in subsidiaries	300	300
Loans to subsidiaries (i)	7,185,280	6,494,621
Total Non-Current assets	7,211,430	6,501,898

TOTAL ASSETS	8,024,746	6,623,601
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CURRENT LIABILITIES

Trade and other payables	978,188	600,272
Total Current Liabilities	978,188	600,272

TOTAL LIABILITIES	978,188	600,272
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NET ASSETS	7,046,558	6,023,329
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EQUITY

Issued capital	13,400,888	12,460,746
Share option reserve	-	40,000
Accumulated losses	(6,354,330)	(6,477,417)

TOTAL EQUITY	7,046,558	6,023,329
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Financial Performance

Profit (Loss) for the year	83,087	(768,676)
Other comprehensive income	-	-
Total comprehensive income / (loss)	83,087	(768,676)
Accumulated losses prior year	(6,477,417)	(5,708,741)
Transfer to Reserve on expiry of options	40,000	-
	(6,354,330)	(6,477,417)

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

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

10 Directors' Declaration

For the year ended 30 June 2016

1. In the opinion of the directors of Athena Resources Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.



E W Edwards
Executive Director

Date at Perth this 28 September 2016

11 Independent Auditor's Report

For the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

To the members of Athena Resource Limited

Report on the Financial Report

We have audited the accompanying financial report of Athena Resource Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>
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11 Independent Auditor's Report For the year ended 30 June 2016 (continued)



Auditor's Opinion

In our opinion:

- (a) the financial report of Athena Resource Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Athena Resource Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of approval of this financial report. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.


HLB Mann Judd
Chartered Accountants


N G Neill
Partner

Perth, Western Australia
28 September 2016

12 Shareholder Details

For the year ended 30 June 2016

ANALYSIS OF SHAREHOLDING – 15 SEPTEMBER 2016

	SHARES
1 – 1,000	24
1,001 – 5,000	47
5,001 – 10,000	75
10,001 – 100,000	283
100,001 – or more	163
	592

Total on issue	216,760,789
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Shareholders holding less than marketable parcel	234
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Voting Rights

Article 16 of the Constitution specifies that on a show of hands every member present in person, by attorney or by proxy shall have:

- for every fully paid share held by him one vote
- for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

Substantial Shareholders

The following substantial shareholders have notified the Company in accordance with Corporations Act 2001.

Brilliant Glory Industrial Corp Ltd	43,000,000	19.84%
Edmond William Edwards	30,503,066	14.07%

Directors' Shareholding

Interest of each director in the share capital of the Company is detailed in the Remuneration Report.

12 Shareholder Details For the year ended 30 June 2016 (continued)

Top Twenty Shareholders 15 September 2016

NAME	SHARES	%	RANK
Brilliant Glory Industrial Corp Ltd	43,000,000	19.84	1
Tied Nominees Pty Ltd	30,459,066	14.05	2
Ishine International Resources Limited	8,300,000	3.83	3
Cobpen Co Investments Pty Ltd	8,077,301	3.73	4
Kelanco Pty Ltd	8,061,771	3.72	5
Vitor Pty Ltd	6,666,667	3.08	6
Mr Andrew Peter Thomson	4,432,500	2.04	7
Julia Edwards Superannuation Pty Ltd	4,020,000	1.85	8
Corridor Nominees Pty Ltd	3,803,375	1.75	9
Mr Peter John Newcomb	3,710,250	1.71	10
Mr Terence Weston	3,661,000	1.69	11
Lightwave Investments (WA) Pty Ltd	2,700,000	1.25	12
Befavo Pty Ltd (H G Shore Super Fund)	2,504,409	1.16	13
Mr James Gregory Puklowski	2,326,053	1.07	14
Citicorp Nominees Pty Limited	2,086,906	0.96	15
Mr Andrew Peter Puklowski	2,019,471	0.93	16
B C & K D Kelly	1,973,047	0.91	17
Mr Liam Kelly	1,954,889	0.90	18
Rasco Holdings Pty Ltd	1,925,972	0.89	19
Tandem Technical Consultants Pty Ltd	1,850,000	0.85	20
TOP 20 TOTAL	143,532,677	66.21	



13 Interest in Mining Tenements

Byro

E09/1507

E09/1552

E09/1637

E09/1781

E09/1938

MLA09/166

E – Exploration License

MLA – Mining Lease Application

14 Corporate Governance Statement

For the year ended 30 June 2016

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

Details of the Corporate Governance Statement can be found on the Athena Resources Limited's website at <http://www.athenaresources.com.au/corporate/corporate-governance/>





Athena
Resources

ACN 113 758 900

Athena Resources Limited
ABN 69 113 758 900

24 Colin Street | West Perth | Western Australia | 6005

PO Box 1970 | West Perth | Western Australia | 6872

T +618 9222 5888 | Fx +618 92225 5810 | W athenaresources.com.au