

23 February 2017

Ms Anjuli Sinniah
Adviser, Listing Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: anjuli.sinniah@asx.com.au

Dear Ms Sinniah

ATHENA RESOURCES LIMITED (ASX:AHN) (COMPANY)
ASX LETTER OF 21 FEBRUARY 2017

We refer to your letter to the Company dated 21 February 2017 (**Letter**). We respond to each of the questions contained in your Letter as follows:

1. The Company will have negative operating cash flows for the foreseeable future as is normal for a resource company conducting exploration activities.
2. The Company has two sources of cash in the immediate future. Firstly, the Company is awaiting receipt of the 30 June 2016 Research and Development Claim of approximately \$350,000. Secondly, the directors of the Company have and will continue to advance interest free loans to the Company as required. Accordingly, the Company's current cash on hand, together with anticipated cash inflow will be sufficient to fund the Company's activities.
3. The Company expects to be able to continue its operations and meet its business objectives for the reasons detailed in 2 above. The current operations predominantly consist of finalising environmental reports for fauna and flora studies and completion of native title discussions on mining lease applications M09/166 and M09/168. The grant of the two mining leases are a condition precedent to the Tenement Sale Option agreement announced to ASX on 6 January and 2 December 2016. Furthermore, the Company constantly assesses its funding requirements in relation to its level of exploration activities to ensure that it is able to fund its future activities.
4. The Company is of the opinion that the reasons stated at 2 and 3 above and the information set out in the Quarterly Activity Report announced on 31 January 2017 support the contention that the Company is in compliance with Listing Rule 12.2.
5. The Company hereby confirms it is in compliance with the Listing Rules and in particular, Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX that has not already been released to the market.
6. The responses to the questions asked in your letter dated 21 February 2017 have been made by a Mr E W Edwards (a director of the Company) with the delegated authority from the board to respond to ASX on disclosure matters and in accordance with the Company's Continuous Disclosure Policy.

Athena Resources Limited

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If you have any queries in this regard please do not hesitate to contact me.

Regards

E W Edwards
Executive Director
Athena Resources Limited



21 February 2017

Mr Peter Newcomb
PO Box 1970
WEST PERTH WA 6872

By email: pn@athenaresources.com.au

Dear Mr Newcomb

Athena Resources Limited ("AHN"): Appendix 5B Query

I refer to AHN's Appendix 5B quarterly report for the period ended 31 December 2016 lodged with ASX Market Announcements Platform on 31 January 2017 (the "Appendix 5B").

ASX notes that AHN has reported:

- negative net operating cash flows for the quarter of \$263,170;
- cash at the end of the quarter of \$8,413; and
- estimated cash outflows for the next quarter of \$70,000.

It is possible to conclude, based on the information in the Appendix 5B that if AHN were to continue to expend cash at the rate indicated by the Appendix 5B, AHN may not have sufficient cash to continue funding its operations. In view of that, ASX asks AHN to respond separately to each of the following questions and requests for information:

1. Does AHN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has AHN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does AHN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that AHN considers may be relevant to ASX forming an opinion on whether AHN is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that AHN is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that AHN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AHN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **10am AWST on Friday 24 February 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in AHN's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AHN's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at anjuli.sinniah@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to AHN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AHN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AHN's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Anjuli Sinniah

Adviser, Listings Compliance (Perth)