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Athena Resources Limited

ABN 69 113 758 900

**INTERIM FINANCIAL REPORT
31 DECEMBER 2021**

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (or Group) for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The following persons were directors of Athena Resources Limited during the whole of the half-year period and up to the date of this report.

Edmond Edwards	Executive Director
Hau Wan Wai	Executive Director
David Colin Wheeler	Non-executive Director
Frank Robert Knezovic	Non-executive Director

REVIEW OF OPERATIONS

Exploration and Evaluation

BYRO BASE METALS PROJECT

Drilling

During the half year, Reverse Cycle (RC) drilling programs were completed at five target areas within the Milly Milly and Moonborough Intrusions. Completion of drilling and drilling details were announced on the ASX Platform on 18 October 2021.

The drilling programs included a total of 2,096m of RC drilling for a total of 13 holes.

Sample Preparation and Submission

Samples from drilling were compiled and sent to Intertek Laboratories. It was anticipated assay results would be available by the end of December. Unfortunately, the laboratory has advised delays due to the impact of Covid on staffing levels on top of high demand and high-volume backlog.

Results will be announced at the earliest opportunity following receipt and interpretation of the data.

Geochemistry/Mapping/Interpretation

Geological and cross section interpretation is near completion and will be supported by assay results and announced as soon as results are available.

Geophysical Modelling

DHTEM Surveys

Holes considered for Downhole - Time domain - Electromagnetic (DHTEM) surveys were cased and followed-up with DHTEM during the period. The surveys were designed to test for extension of

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DIRECTORS' REPORT



AND CONTROLLED ENTITIES

existing conductors and to give coverage in areas of prospective rock units identified from drilling not covered by ground MLTEM surveys previously undertaken.

Acquired data from the completed DHTM program display a variety weak to moderate "in hole" and "off hole" responses at Moonborough and Milly Milly. The responses are preliminary and are undergoing modelling by Southern Geoscience Consultancy.

Gravity 3D Modeling

During the period Atlas Geophysics completed an infill survey to provide greater resolution over the gravity anomalies identified in previous surveys and improve understanding of the shape and depth of the gravity anomalies. Southern Geosciences Consultants are continuing to model and update the 3D inversion at Milly Milly and have produced an original model covering the Moonborough Intrusion.

BYRO INDUSTRIAL MINERALS PROJECT

During the half year, ALS Laboratories completed Flotation and Ore Roasting test work on representative composites from historic DTR samples from Byro South and Whistlejack. Results of this test work are detailed in the announcement made on 19 July 2021.

On 10 September 2021 Athena announced the completion of three RAB drill holes to determine if magnetite outcrops continued to depth, down dip, within the stratigraphic sequence, on three projects within the tenement E09/1552. The results announced on that date confirmed this to be the case.

Corporate

Share Capital

During the period under review, and after shareholder approval was granted at the General Meeting held on 30 July 2021, the Company issued 70,900,000 shares to Directors and Officers to settle fee arrears in the amount of \$567,200.

The fully underwritten Entitlements Issue was also concluded, raising a total before costs of \$2,045,711 for the issue of 105,319,945 entitlement shares and 255,713,834 shortfall shares.

An additional 20,000,000 shares were issued to Goldway Mega Trade for \$160,000.

Under the Lead Manager Mandate CPS Capital Group Pty Ltd and or its nominees, received 75,000,000 Options, following the successful reinstatement of the Company on ASX. The Options have an expiry term of four years with an exercise price of \$0.02. These options were issued at a cost of \$0.0001 on 16 February 2022. Shareholder approval for these options was granted on 30 November 2021.

Detailed results of activities and discussion thereon are contained in our Quarterly Activities Reports which are available on our website www.athenaresources.com.au.

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DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2021.

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

A handwritten signature in blue ink, appearing to read 'Eds', with a long horizontal line extending to the right.

.....
Edmond W Edwards
Executive Director

Dated at Perth this 3rd day of March 2022

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AUDITOR'S INDEPENDENCE DECLARATION



AND CONTROLLED ENTITIES



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Athena Resources Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
3 March 2022

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

M R Ohm
Partner

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

	Note	Consolidated Entity	
		31 December 2021 \$	31 December 2020 \$
Expenses			
Directors' remuneration		112,000	90,000
Salaries and employee costs		108,671	114,750
Legal and professional		97,938	42,825
Office and communication		6,995	8,795
Listing and share registry		37,857	19,818
Financial		18,734	5,565
Depreciation		-	1,266
Other expenses		33,579	15,443
Total Expenses		415,774	298,462
Recoveries to capitalised exploration		(112,900)	(99,200)
Expenses net of recoveries		302,874	199,262
Other income	2	-	(15,799)
LOSS BEFORE INCOME TAX BENEFIT		302,874	183,463
Income tax benefit		-	-
NET LOSS FOR THE YEAR		302,874	183,463
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		302,874	183,463
Basic loss per share (cents per share)		0.04	0.06

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

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CONDENSED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2021

AND CONTROLLED ENTITIES

		Consolidated Entity	
	Note	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		1,651,139	130,031
Trade and other receivables	3	114,400	70,810
Total Current Assets		1,765,539	200,841
NON-CURRENT ASSETS			
Deferred exploration and evaluation expenditure	4	9,961,904	9,247,238
Total Non-current Assets		9,961,904	9,247,238
TOTAL ASSETS		11,727,443	9,448,079
CURRENT LIABILITIES			
Trade creditors and accruals	8	86,909	214,023
Provision for annual leave	9	33,258	26,345
Other provisions	9	32,449	22,623
Related party loans		-	40,000
Total Current Liabilities		152,616	302,991
NON-CURRENT LIABILITIES			
Provision for long service leave	9	52,982	49,527
Total Non-Current Liabilities		52,982	49,527
TOTAL LIABILITIES		205,598	352,518
NET ASSETS		11,521,845	9,095,561
EQUITY			
Issued capital	5	19,272,265	16,543,107
Accumulated losses		(7,750,420)	(7,447,546)
TOTAL EQUITY		11,521,845	9,095,561

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

	Consolidated Entity		
	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Half-year to 31 December 2020			
Balance at 1 July 2020	14,944,446	(7,447,889)	7,496,557
Share Issue	345,000	-	345,000
Share Issue costs	(4,722)	-	(4,722)
Comprehensive loss for the half -year	-	(183,463)	(183,463)
As at 31 December 2020	<u>15,284,724</u>	<u>(7,631,352)</u>	<u>7,653,372</u>
Half-year to 31 December 2021			
Balance at 1 July 2021	16,543,107	(7,447,546)	9,095,561
Share Issue	3,048,270	-	3,048,270
Share Issue costs	(319,112)	-	(319,112)
Comprehensive loss for the half -year	-	(302,874)	(302,874)
As at 31 December 2021	<u>19,272,265</u>	<u>(7,750,420)</u>	<u>11,521,845</u>

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

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CONDENSED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

		Consolidated Entity	
	Note	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(553,268)	(53,858)
Other income received		-	15,799
Net cash (used in) operating activities		<u>(553,268)</u>	<u>(38,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		<u>(614,782)</u>	<u>(175,488)</u>
Net cash (used in) investing activities		<u>(614,782)</u>	<u>(175,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share Issues net of costs		2,729,158	340,278
Repayment of borrowings from related parties		<u>(40,000)</u>	<u>(55,000)</u>
Net cash provided by financing activities		<u>2,689,158</u>	<u>285,278</u>
Net increase in cash held		1,521,108	71,731
Cash and cash equivalents at the beginning of the period		130,031	17,992
Cash and cash equivalents at the end of the period		<u>1,651,139</u>	<u>89,723</u>

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

NOTE - 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that the financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Athena Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

These interim financial statements were authorised for issue on 3 March 2022.

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

Basis of preparation

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

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

Going Concern

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

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund the Group's operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from either one or a combination of the following:

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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- 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.

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2021, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2021.

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

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2021. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

NOTE - 2 OTHER INCOME

	Consolidated	
	31 December 2021 \$	31 December 2020 \$
Interest received	-	4
Covid-19 Cash Boost	-	15,795
Total other income	-	15,799

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

NOTE - 3 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
GST refundable	50,022	16,394
Prepaid tenement rent	64,378	54,416
	<u>114,400</u>	<u>70,810</u>

NOTE - 4 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2021	Year to 30 June 2021
Exploration and evaluation phase:		
Balance at beginning of period	9,247,238	8,839,163
Expenditure during period on external costs and services	601,766	202,675
Overheads recovered through timesheet allocations	112,900	205,400
	<u>9,961,904</u>	<u>9,247,238</u>

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

NOTE - 5 ISSUED CAPITAL

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Ordinary Shares		
Issued and fully paid	<u>19,272,265</u>	<u>16,543,107</u>

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

	Number	\$
Year to 30 June 2021		
At 1 July 2020	300,605,208	14,944,446
Placements during the year	60,428,571	1,089,000
Share Issue Costs	-	(57,539)
	<u>361,033,779</u>	<u>15,975,907</u>
Unissued capital – subscriptions in advance	70,900,000	567,200
At 30 June 2021	<u>431,933,779</u>	<u>16,543,107</u>
6 Months to 31 December 2021		
At 1 July 2021	431,933,779	16,543,107
Rights Issue 10 August 2021 at 0.8 cents	105,319,945	842,560
Shortfall placement 16 August 2021 at 0.8 cents	255,713,834	2,045,711
Placement 16 August 2021 at 0.8 cents	20,000,000	160,000
Prospectus costs	-	(131,962)
Share Issue Costs	-	(187,151)
At 31 December 2021	<u>812,967,558</u>	<u>19,272,265</u>

NOTE - 6 CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2021.

NOTE - 7 SEGMENT INFORMATION

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

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

NOTE - 8 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current		
Trade creditors	86,909	214,023
	<u>86,909</u>	<u>214,023</u>

NOTE - 9 PROVISIONS

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Provision for annual leave	33,258	26,345
Provision for long service leave	52,982	49,527
Other provisions	32,449	22,623
	<u>118,689</u>	<u>98,495</u>

NOTE - 10 FINANCIAL INSTRUMENTS

The Directors have assessed that the value of financial assets and financial liabilities approximate their fair value at balance date.

NOTE - 11 SUBSEQUENT EVENTS

Under the Lead Manager Mandate CPS Capital Group Pty Ltd and or its nominees, received 75,000,000 Options, following the successful reinstatement of the Company on ASX. The Options have an expiry term of four years with an exercise price of \$0.02. These options were issued at a cost of \$0.0001 on 16 February 2022. Shareholder approval for these options was granted on 30 November 2021.

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DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AND CONTROLLED ENTITIES

The Directors of the company declare that:

- 1) The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended.
- 2) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts and when they become due and payable.

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

A handwritten signature in blue ink, appearing to read 'Eds', written over a horizontal line.

Edmond W Edwards

Dated at Perth this 3rd day of March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT



AND CONTROLLED ENTITIES



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Athena Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Athena Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and

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INDEPENDENT AUDITOR'S REVIEW REPORT



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its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
3 March 2022**

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

**M R Ohm
Partner**

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