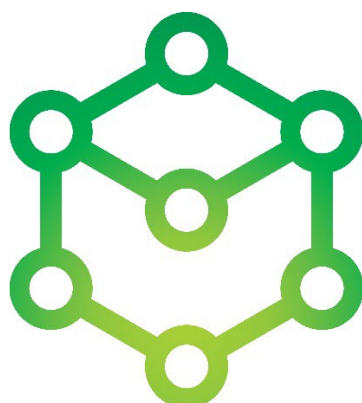


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athena
RESOURCES

Athena
Resources
Limited

ABN 69 113 758 900

**INTERIM FINANCIAL REPORT
31 DECEMBER 2022**

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Your directors submit the financial report of the consolidated entity (or Group) for the half-year ended 31 December 2022. 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 except as specified.

		Appointed	Resigned
Edmond Edwards	Managing Director		-
Peter Newcomb	Executive Director	23 September 2022	-
Hau Wan Wai	Non-executive Director		-
David Wheeler	Non-executive Director		30 September 2022
Joe Graziano	Non-executive Director		1 August 2022
Clint Moxham	Non-executive Director	1 August 2022	30 September 2022

Directors' interests in Ordinary Shares of the Company as at 31 December 2022 were as follows

Director	Holding predominantly through	Fully Paid Ordinary Shares
Ed Edwards	Tied Investments Pty Ltd	69,378,831
Peter Newcomb	Stonydeep Investments Pty Ltd	50,025,000
Hau Wan Wai	Brilliant Glory Investments Pty Ltd	49,250,000

In addition Peter Newcomb, through his holding in Stonydeep Investments, had an interest in 16,466,670 Listed Options exercisable at 1.8c and expiring on 20/10/25.

REVIEW OF OPERATIONS

Exploration and Evaluation

BYRO INDUSTRIAL MINERALS PROJECT

During the period under review Athena completed the infill resources drilling program to acquire data sufficient to upgrade the FE1 JORC 2004 Inferred Resource to JORC 2012 Indicated Resource.

Samples were submitted to ALS Global for XRF and DTR analysis and All assay data was forwarded to Entech for revised Mineral Resource Estimate.

(The resource estimation had been completed, and was announced on 17 January 2023)

Davis Tube Recovery (DTR) Assay results included:

- FE Concentrate grades of up to 71.76 % Fe.
- Magnetite in concentrate of up to 99.19 % (Fe₃O₄).
- DTR Weight recoveries of up to 48.98 %.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

As announced to ASX on 20 December 2022, the Mining Warden has recommended against the granting of partial exemption from the expenditure requirements for 2020 in respect of exploration licences E09/1507 and E09/1552.

The Minister has yet to decide whether to grant or refuse the applications. Should the application be refused, the Minister has the discretion to do nothing, apply a fine of up to \$10,000 per tenement or forfeit the tenements.

The Company has determined it will apply for a judicial review of the Warden's decision relating to the exemption application.

The Company retains current tenure whilst the above process is taking place.

Corporate

Management

During the period under review Mr Clint Moxham was appointed Non-executive Director, replacing temporary Director Joe Graziano. Mr Graziano continued in his role of Company Secretary. These changes took place on 1 August 2022 and were announced on 2 August 2022.

In late September Non-executive Directors David Wheeler and Clint Moxham resigned, as did Company Secretary Joe Graziano, all with effect from 30th September.

Former Company Secretary Peter Newcomb was appointed Director to replace these two Director resignations and Director Ed Edwards took over the additional role of Company Secretary.

Share Capital

During the period the Company completed a Placement of 57,500,000 Shares at an issue price of \$0.01 per Share (together with 1 free attaching New Option per Share issued with an exercise price of \$0.018 and 3 year expiry) to raise \$575,000 before costs.

During the period the Company completed a non-renounceable entitlement issue of one Share Option for every three Ordinary Shares held at Record Date of 25 November 2022. The purpose of this Offer was to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if the New Options are exercised. On 21 December the Company announced that it received valid entitlement applications for entitlements and shortfall of 163,832,940 options raising a total of \$327,666 before costs.

Subsequent Events

Subsequent to 31 December 2022 the balance of shortfall was placed by Peak Asset Management to raise a further \$252,648.

Other than as disclosed in Note 11 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

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

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 2022.

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

.....
Edmond W Edwards
Managing Director
Dated at Perth this 15 day of March 2023

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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 2022, 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
15 March 2023



M R Ohm
Partner

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**CONDENSED STATEMENT OF
COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



AND CONTROLLED ENTITIES

	Note	Consolidated Entity	
		31 December 2022 \$	31 December 2021 \$
Expenses			
Directors' remuneration		132,000	112,000
Salaries and employee costs		87,558	108,671
Legal and professional		70,745	97,938
Office and communication		4,257	6,995
Listing and share registry		34,768	37,857
Financial		23,064	18,734
Other expenses		45,300	33,579
Total Expenses		397,692	415,774
Recoveries to capitalised exploration		(91,250)	(112,900)
Expenses net of recoveries		306,442	302,874
LOSS BEFORE INCOME TAX BENEFIT		306,442	302,874
Income tax benefit		-	-
NET LOSS FOR THE YEAR		306,442	302,874
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		306,442	302,874
Basic loss per share (cents per share)		0.04	0.04

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 2022



AND CONTROLLED ENTITIES

		Consolidated Entity	
	Note	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		500,896	663,311
Trade and other receivables	2	122,275	232,913
Total Current Assets		623,171	896,224
NON-CURRENT ASSETS			
Deferred exploration and evaluation expenditure	3	11,667,713	10,965,438
Total Non-current Assets		11,667,713	10,965,438
TOTAL ASSETS		12,290,884	11,861,662
CURRENT LIABILITIES			
Trade creditors and accruals	8	406,544	62,120
Annual leave payable		40,689	34,187
Other provisions	9	58,589	424,855
Total Current Liabilities		505,822	521,162
NON-CURRENT LIABILITIES			
Provision for long service leave		59,020	56,001
Total Non-Current Liabilities		59,020	56,001
TOTAL LIABILITIES		564,842	577,163
NET ASSETS		11,726,042	11,284,499
EQUITY			
Issued capital	4	19,366,984	18,956,665
Reserves		660,766	323,100
Accumulated losses		(8,301,708)	(7,995,266)
TOTAL EQUITY		11,726,042	11,284,499

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 2022

AND CONTROLLED ENTITIES

	Consolidated Entity			
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
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>
Half-year to 31 December 2022				
Balance at 1 July 2022	18,956,665	323,100	(7,995,266)	11,284,499
Securities issued	575,000	337,666	-	912,666
Share issue costs	(164,681)	-	-	(164,681)
Comprehensive loss for the half -year	-	-	(306,442)	(306,442)
As at 31 December 2022	<u>19,366,984</u>	<u>660,766</u>	<u>(8,301,708)</u>	<u>11,726,042</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 2022

AND CONTROLLED ENTITIES

		Consolidated Entity	
	Note	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(138,697)	(553,268)
Other income received		-	-
Net cash (used in) operating activities		<u>(138,697)</u>	<u>(553,268)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		<u>(771,703)</u>	<u>(614,782)</u>
Net cash (used in) investing activities		<u>(771,703)</u>	<u>(614,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issues net of costs		747,985	2,729,158
Repayment of borrowings from related parties		-	(40,000)
Net cash provided by financing activities		<u>747,985</u>	<u>2,689,158</u>
Net increase/(decrease) in cash held		(162,415)	1,521,108
Cash and cash equivalents at the beginning of the period		663,311	130,031
Cash and cash equivalents at the end of the period		<u>500,896</u>	<u>1,651,139</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 2022



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 2022 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 15 March 2023.

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.

As at 31 December 2022, the Group has available cash and cash equivalents of \$500,896 and for the half-year then ended recorded a loss of \$306,442 and net cash outflows from operating and investing activities of \$910,400.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



AND CONTROLLED ENTITIES

Subsequent to period end, the Company raised \$2m before costs from a placement of 200m shares to sophisticated and professional investors in addition to a further \$0.25m from the NRRI shortfall offer as detailed in Note 11.

On the basis of these capital raisings and a review of forecast cash flows for the upcoming period, the Board considers that it is appropriate to prepare the financial report 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.

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 2022.

As announced to ASX on 20 December 2022, the Mining Warden has recommended against the granting of partial exemption from the expenditure requirements for 2020 in respect of exploration licences E09/1507 and E09/1552.

The Minister has yet to decide whether to grant or refuse the applications. Should the application be refused, the Minister has the discretion to do nothing, apply a fine of up to \$10,000 per tenement or forfeit the tenements.

The Company has determined it will apply for a judicial review of the Warden's decision relating to the exemption application.

The Company retains current tenure whilst the above process is taking place.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2022, 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 2022.

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 2022. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



AND CONTROLLED ENTITIES

NOTE - 2 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Progress payments	-	150,000
GST refundable	53,103	22,623
Prepaid tenement rent	69,172	60,290
	<u>122,275</u>	<u>232,913</u>

NOTE - 3 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2022	Year to 30 June 2022
Exploration and evaluation phase:		
Balance at beginning of period	10,965,438	9,247,238
Expenditure during period on external costs and services	611,025	1,476,800
Overheads recovered through timesheet allocations	91,250	241,400
	<u>11,667,713</u>	<u>10,965,438</u>

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

NOTE - 4 ISSUED CAPITAL

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Ordinary Shares		
Issued and fully paid	<u>19,366,984</u>	<u>18,956,665</u>

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

	Number	\$
Year to 30 June 2022		
At 1 July 2021	361,033,779	16,543,107
Placements during the year	451,933,779	3,048,270
Share issue costs		(634,712)
At 30 June 2022	<u>812,967,558</u>	<u>18,956,665</u>
6 Months to 31 December 2022		
At 1 July 2022	812,967,558	18,956,665
Placement	57,500,000	575,000
Share issue costs	-	(164,681)
At 31 December 2022	<u>870,467,558</u>	<u>19,366,984</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



AND CONTROLLED ENTITIES

NOTE - 5 RESERVES

	Consolidated	
	31 December 2022	30 June 2022
Share Options	\$	\$
Issued and fully paid	660,766	323,100

Movements in reserves of the Company were as follows:

	Number	\$
Year to 30 June 2022		
At 1 July 2021	-	-
Share based payment transactions	-	315,600
Options issued	75,000,000	7,500
At 30 June 2022	75,000,000	323,100
6 Months to 31 December 2022		
At 1 July 2022	75,000,000	323,100
NRRI free attaching options	57,500,000	-
Lead manager options	5,000,000	10,000
NRRI options issue	163,832,940	327,666
At 31 December 2022	301,332,940	660,766

NOTE - 6 CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2022.

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.

NOTE - 8 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2022	30 June 2022
Current	\$	\$
Trade creditors	406,544	62,120
	406,544	62,120

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



AND CONTROLLED ENTITIES

NOTE - 9 PROVISIONS

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Accrued exploration expenses	-	376,000
Accrued capital raising expenses	36,600	-
Days in lieu	-	26,937
Employee deductions and entitlements	14,989	21,918
Other sundry liabilities	7,000	-
	<u>58,589</u>	<u>424,855</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

On 16 January 2023 Athena announced the closure of the December 2022 NRRI Shortfall Offer with the placement of 126,323,913 options by Peak Asset Management to raise a further \$252,648 before costs.

On 25 January 2023 Athena announced the completion of a placement of 200m new shares in the capital of the Company to sophisticated and professional investors at an issue price of 1 cents per Share to raise \$2m before costs.

With this placement the Company will issue 1 option to acquire a Share, for every Share issued under the placement on the terms of the current listed options under the ASX Code AHNO subject to approval of the Company's Shareholders in general meeting. The Options will be issued under a Prospectus.

A general meeting has been called for 29 March 2023 for this purpose.

The funds raised under the Placement will be used to conduct a drilling campaign to expand the existing JORC Resource at the Company's Byro Iron Ore Project and for general working capital purposes.

Other than as disclosed above, no other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 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.



Ed Edwards
Managing Director

Dated at Perth this 15 day of March 2023

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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 2022, 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 2022 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 2022 and

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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
15 March 2023



M R Ohm
Partner

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