



Athena
Resources
Limited

ABN 69 113 758 900

ANNUAL FINANCIAL REPORT 2021

CONTENTS

Company information	3
Directors' Report	4
Auditor's Independence Declaration	16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Statement of Cash Flows	20
Notes to and Forming Part of the Financial Statements	21
Directors' Declaration	40
Independent Auditor's Report	41
Shareholder Details	45
Interest in Mining Tenements	47
Corporate Governance Statement	47

COMPANY INFORMATION

ABN	69 113 758 900
Directors	E W Edwards (Executive Director) H W Wai (Executive Director) D C Wheeler (Non-Executive Director) F R Knezovic (Non-Executive Director)
Secretaries	E W Edwards P J Newcomb
Registered Office	Level 2, 46-50 Kings Park Road West Perth, WESTERN AUSTRALIA 6005 Telephone: +61 8 9307 7902 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 (WA) Partnership Level 4, 130 Stirling Street Perth, WESTERN AUSTRALIA 6000 Telephone: +61 8 9227 7500 Facsimile: +61 8 9227 7533
Bankers	Westpac Banking Corporation
Securities Exchange Listing	Athena Resources Limited shares are listed on the Australian Securities Exchange (Home Exchange – Perth) ASX Code: AHN
Website	www.athenaresources.com.au



DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity consisting of Athena Resources Limited ("Athena" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2021.

REVIEW OF OPERATIONS

Exploration and Evaluation

BYRO BASE METALS PROJECT

Milly Milly Intrusion (Cu/Ni/PGE)

Potential structural flow dynamics within the Milly Milly intrusion warrant an infill gravity survey planned to further define the anomaly. Gaps in ground EM data have also been highlighted warranting further moving loop EM data acquisition.

Review of diamond drill hole AHDH0007 drilled outside the interpreted intrusion boundary targeting a gravity anomaly. The hole remained in ultramafic to end of hole and showed variable geochemistry including sections of primitive ultramafic with signs of metal depletion towards the end of hole.

Moonborough Intrusion (Cu/Ni/PGE)

Recent appraisal of the central Byro, Moonborough Intrusion demonstrates compelling exploration potential. The project is at a greenfield stage hosting a significant gravity anomaly coincident with 10-year-old VTEM anomalies and drilling which intersected an ultramafic.

Geophysical Review of Electromagnetic Anomalism

Athena Resources Limited has completed assessment of the Byro Base Metal Project. Assessment included a detailed review of Electromagnetic Anomalism within the Byro tenements in cooperation with Southern Geoscience Consultants, announced on the ASX Platform on 23/03/2021.

The Review covered all historic exploration results and electromagnetic surveys including a ground GeoFerro fixed loop, time domain electromagnetic survey, (FLTEM); an airborne versatile time domain electromagnetic survey, (VTEM); ground moving loop, time domain electromagnetic surveys, (MLTEM); and down hole electromagnetic surveys, (DHEM).

DIRECTORS' REPORT (continued)



The review highlighted that the historical high priority areas covered had clear inherent problems, notably:

- FLTEM and MLTEM ground surveys had severe IP/SPM effects in the inloop responses. The FLTEM data also only surveyed single loop locations and as such, some potential conductors' geometries would have been poorly coupled and likely undetectable if present.
- VTEM was deemed partly ineffective in places due to noise from conductive regolith, Induced Polarization (IP) and superparamagnetic effects (SPM), masking late time responses.
- Follow up ground EM was not completed on recognised VTEM anomalies.
- Drilling to date has not effectively tested the anomalies

Results from the review have confirmed six base metal target areas with anomalous, moderate to strong, mid and late time responses. It was recommended by Southern Geoscience Consultants to use a high power ~100-200A, low base frequency, HT SQUID Bfield sensor and optimal slingram sensor offset to overcome any IP/SPM issues in the near surface and provide low noise surveying over all six target areas.

Work on all aspects of exploration to date support the prospective potential of the six ineffectively or untested EM anomalies so far identified.

HP MLTEM Surveys as specified by Southern Geoscience Consultants commenced during June and were completed in August.

BYRO INDUSTRIAL MAGNETITE PROJECT

During the period under review Athena has undertaken additional test work defining the magnetic characteristic of the Byro Industrial Magnetite. The results of this confirm the suitability for retrieval and re-use in multiple industrial processing applications.

Further work has been conducted to confirm suitability for dense media separation for the coal washing industry. The product is well within international specifications.

The test work to date confirms the Athena product is suited to relatively high value markets as opposed to steel making, which sets it apart from other typical Mid-West deposits.

A small amount of by product may be sent to steel mills for blending with lower grade ore.

Market research on uses for high purity magnetite indicates that there is a significant offtake opportunity for the Athena product in a number of industries.

During the current season Athena intends to conduct further drilling at Byro to upgrade the 2004 JORC compliant Inferred Resource to Indicated both in tonnage and to the revised 2012 JORC Code.

DIRECTORS' REPORT (continued)



Corporate

The Company's Shares have been suspended from trading since 13 August 2019.

During the year ended 30 June 2021 the Company has raised \$1,089,000 including \$785,000 from a Hong Kong Investor and \$304,000 from CPS Capital. On 23 June 2021 the Company entered into an underwriting agreement with CPS Capital to fully underwrite a Rights Issue Offer of \$2,888,270. On 15 July 2021 a Prospectus was lodged with ASX and ASIC for this Offer.

During the year ended 30 June 2021 applications were received from Directors and Officers for shares in conversion of fee arrears of \$567,200 and Directors agreed to the write off of \$414,600. The issue of the shares was approved at a General Meeting of Shareholders on 30 July 2021 and allotted on 2 August 2021.

As announced on ASX on 23 June 2021, on the basis of the Capital Raisings, the restructure of Company debt, Board changes and proposed future exploration activities, the Company lodged submissions with the ASX for confirmation that the Company will comply with Chapter 12 of the Listing Rules and be reinstated to trading. In particular the Company sought confirmation that the Company's level of operations and financial condition will be sufficient to satisfy ASX Listing Rules 12.1 and 12.2, and of the conditions that ASX would impose on the Company's reinstatement.

On 15 July 2021 a Prospectus was lodged with ASX and ASIC which contains an offer for a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.008 per Share to raise up to \$2,888,270.

The Company entered an underwriting agreement with CPS Capital dated 23 June 2021 for CPS Capital to fully underwrite the Offer. Upon completion of the rights issue offer on 10 August 2021 together with the \$304,000 raised on 25 June 2021, the Company has raised a total of \$3,192,270 (before costs).

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 unless otherwise stated:

Name	Office	Appointed	Resigned
David Arthur Webster	Non-Executive Chairman		30 June 2021
Edmond William Edwards	Executive Director		
Hau Wan Wai	Executive Director		
David Colin Wheeler	Non-Executive Director	30 June 2021	
Frank Robert Knezovic	Non-Executive Director	30 June 2021	

PARTICULARS OF DIRECTORS AND COMPANY SECRETARIES

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.

DIRECTORS' REPORT (continued)



Experience

Mr Edwards has over 40 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.

Interest in Shares

38,128,831 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 did not serve as a director of any other listed companies.

Hau Wan Wai

Executive Director

Experience

Hau Wan Wai (John) graduated from The University of Regina Canada in 1998 with a Bachelor of Administration, Major in Marketing. John speaks Mandarin, Cantonese and English. He was born and resides in Hong Kong. John is also the executive director of Brilliant Glory Industrial Corporation Ltd, the Hong Kong company which is the 100% parent of Brilliant Glory Investments.

He has twenty years of international trade and relations experience having started his career as a merchandiser. He specialises in management of overseas customers to locate the sourcing of materials for mainland China in many different fields, and especially in Mineral resources.

Interest in Shares

43,000,000 Fully Paid Shares

Special Responsibilities

Mr Wai 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 Wai did not serve as a director of any other listed companies.

DIRECTORS' REPORT (continued)



David Colin Wheeler

Non-Executive Director

Experience

David has more than 30 years of Senior Executive Management, Directorships, and Corporate Advisory experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies.

David has engaged in business projects in the USA UK Europe NZ China Malaysia Singapore and the Middle East.

David has experience on public and private company boards and currently holds several Directorships and Advisory positions in Australian companies.

David is a fellow of the Australian Institute of Company Directors (FAICD) (since 1990).

Interest in Shares

None

Special Responsibilities

None

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Mr Wheeler has served as a Director of the following listed companies:

Company	Appointed	Resigned
Protean Energy Ltd	May 2017	
PVW Resources (previously Thred Ltd)	August 2017	
Ragnar Metals Ltd	December 2017	
Avira Resources Ltd	September 2018	
Tyranna Resources Ltd	October 2019	
Syntonic Ltd	November 2019	
Blaze International Ltd	March 2020	
Delecta Ltd	June 2020	
Health House International Ltd	April 2021	
Cycliq Resources Ltd	June 2021	
Ultracharge Ltd	December 2015	August 2019
Antilles Oil and Gas NL	February 2016	November 2018
Eneabba Gas Ltd	October 2017	June 2020

DIRECTORS' REPORT (continued)



Frank Robert Knezovic

Non-Executive Director

Experience

Frank is a lawyer and co-founding director of legal firm Nova Legal. Frank has for more than 20 years advised public and private companies, directors, corporate advisors, broking firms, insolvency practitioners and financial services providers on a broad range of corporate and commercial matters.

Frank has extensive experience in advising on capital raisings (both IPO and post-IPO) asset acquisitions and disposals, takeovers, mergers and acquisitions, corporate reconstructions and insolvency, directors' duties, general corporate and commercial advice, and regulatory and strategic advice.

Frank is a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

Interest in Shares

None

Special Responsibilities

None

Directorships held in listed entities

In the 3 years immediately before the end of the financial year Frank was a Director of Hyperion Metals Limited between 23 January 2020 and 29 December 2020.

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 Chartered Accountants Australia and New Zealand.

Experience

Mr Newcomb has over 40 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.

PRINCIPAL ACTIVITIES

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

DIRECTORS' REPORT (continued)



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 at the start of the Directors' Report.

	2021 \$	2020 \$
Consolidated profit/(loss) after income tax for the financial year	<u>343</u>	<u>(334,018)</u>

Financial Position

At 30 June 2021 the Company has cash reserves of \$130,031.

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 Group 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

Except as stated in Note 26, since the end of the financial year under review and until 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 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 Group 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 2021, and the number of meetings attended by each Director.

These meetings included matters relating to the Remuneration and Nomination Committees of the Company.

DIRECTORS' REPORT (continued)



	Number eligible to attend	Number attended
David Arthur Webster	3	2
Edmond William Edwards	3	3
Hau Wan Wai	3	3
David Colin Wheeler	-	-
Frank Robert Knezovic	-	-

The Company also attended to other Board business via several circular resolutions of the Board.

AUDIT COMMITTEE

The audit committee at the date of this report was comprised of the non-executive director Mr D Wheeler.

During the year ended 30 June 2021, the former audit committee comprising Mr D Webster held two meetings.

DIRECTORS' REPORT (continued)



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

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.

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.

DIRECTORS' REPORT (continued)



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 \$150,000 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 six months' notice. Tied Investments Pty Ltd may terminate by giving six months' notice. At the date of this report Tied Investments Pty Ltd is under contract for \$10,000 per month in respect of services provided by Mr Edwards.

No fees were paid to any other Directors during the year ended 30 June 2021.

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:

Year ended 30 June 2021

Director	Associated Company	Fees \$	Total \$
E W Edwards	Tied Investments Pty Ltd	150,000	150,000
		<u>150,000</u>	<u>150,000</u>

Year ended 30 June 2020

Director	Associated Company	Fees \$	Total \$
E W Edwards	Tied Investments Pty Ltd	135,000	135,000
D A Webster	Cobpen Co Investments Pty Ltd	36,000	36,000
		<u>171,000</u>	<u>171,000</u>

Aggregate amounts payable to Directors and their personally related entities at 30 June 2021.

Current	2021 \$	2020 \$
Accounts Payable (including GST)		
Services provided by Director	33,000	814,600
Services provided by related party	52,484	-
Loans – Mr D Webster	40,000	100,000
	<u>125,484</u>	<u>914,600</u>

During the year net repayments of unsecured interest free loans were made to Directors as follows:

Mr Edwards	\$20,000
Mr Wai	\$20,000

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

DIRECTORS' REPORT (continued)



Directors' Shareholdings in the Company

Director	Balance 1 July 2020	Issued during the year	Balance 30 June 2021
Hau Wan Wai	43,000,000	-	43,000,000
E W Edwards	38,128,831	-	38,128,831
D A Webster	12,364,747	-	12,364,747
D C Wheeler	-	-	-
F R Knezovic	-	-	-
	<u>93,493,578</u>	<u>-</u>	<u>93,493,578</u>

The shareholding disclosed for Hau Wan Wai is held in Brilliant Glory Industrial Corp Ltd of which Hau Wan Wai is sole Director.

The Company received no specific feedback on its Remuneration Report at the 2020 Annual General Meeting.

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.

ENVIRONMENTAL ISSUES

The Group has conducted exploration activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group 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 indemnity as follows:

The Company has entered into agreements with Mr E Edwards, Mr D Webster and Mr H Wai 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

No non-audit services were provided by our auditors, HLB Mann Judd, during the year ended 30 June 2021.

DIRECTORS' REPORT (continued)



AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as set out on page 16 has been received for the year ended 30 June 2021 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 17th day of August, 2021.

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 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
17 August 2021



M R Ohm
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021



	Note	Consolidated	
		2021	2020
		\$	\$
Expenses			
Directors' remuneration		150,000	171,000
Salaries and employee costs		198,272	144,300
Legal and professional		165,100	69,600
Office and communication		15,692	67,523
Listing and share registry		42,563	31,308
Financial expenses		11,681	12,082
Depreciation	7	1,266	5,667
Loss on disposal of fixed assets		-	1,376
Other expenses		13,191	57,833
Total Expenses		<u>597,765</u>	<u>560,689</u>
Recoveries to capitalised exploration	8	<u>(205,400)</u>	<u>(200,300)</u>
Expenses net of recoveries		<u>392,365</u>	<u>360,389</u>
Other income	2	392,708	26,371
PROFIT/(LOSS) BEFORE INCOME TAX BENEFIT		<u>343</u>	<u>(334,018)</u>
Income tax benefit	4	-	-
NET PROFIT/(LOSS) FOR THE YEAR		<u>343</u>	<u>(334,018)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>343</u>	<u>(334,018)</u>
Basic earnings/(loss) per share (cents per share)	23	0.00	(0.11)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021



	Note	Consolidated	
		2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	130,031	17,992
Trade and other receivables	6	70,810	34,737
Total Current Assets		200,841	52,729
NON-CURRENT ASSETS			
Plant and equipment	7	-	1,266
Mineral exploration and evaluation	8	9,247,238	8,839,163
Total Non-Current Assets		9,247,238	8,840,429
TOTAL ASSETS		9,448,079	8,893,158
LIABILITIES			
Trade creditors and accruals	9	214,023	314,801
Deferred creditors	10	-	981,800
Annual leave provision		26,345	-
Other provisions		22,623	-
Related party loans	11	40,000	100,000
Total Current Liabilities		302,991	1,396,601
NON-CURRENT LIABILITIES			
Long service leave provision		49,527	-
Total Non-Current Liabilities		49,527	-
TOTAL LIABILITIES		352,518	1,396,601
NET ASSETS		9,095,561	7,496,557
EQUITY			
Contributed equity	13	16,543,107	14,944,446
Accumulated losses	12	(7,447,546)	(7,447,889)
TOTAL EQUITY		9,095,561	7,496,557

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021



Consolidated	Issued Capital \$	Accumulated Losses \$	Total \$
Year ended 30 June 2020			
Balance at 1 July 2019	13,920,293	(7,113,871)	6,806,422
Entitlements Issue	1,037,900	-	1,037,900
Issue costs	(13,747)	-	(13,747)
Comprehensive loss for the year	-	(334,018)	(334,018)
Balance at 30 June 2020	<u>14,944,446</u>	<u>(7,447,889)</u>	<u>7,496,557</u>
Year ended 30 June 2021			
Balance at 1 July 2020	14,944,446	(7,447,889)	7,496,557
Share issues	1,656,200	-	1,656,200
Issue costs	(57,539)	-	(57,539)
Comprehensive income for the year	-	343	343
Balance at 30 June 2021	<u>16,543,107</u>	<u>(7,447,546)</u>	<u>9,095,561</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021



	Note	Consolidated	
		2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(291,763)	(308,597)
Interest received		4	46
Net Cash (Outflow) from Operating Activities	14	<u>(291,759)</u>	<u>(308,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mineral exploration and evaluation		<u>(625,202)</u>	<u>(497,270)</u>
Net Cash (Outflow) From Investing Activities		<u>(625,202)</u>	<u>(497,270)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issues	13	1,089,000	671,000
Repayments of borrowings from related parties	11	(60,000)	(65,400)
Proceeds from borrowings from related parties		-	53,500
Proceeds from borrowings from non-related parties		-	158,800
Net Cash Inflow from Financing Activities		<u>1,029,000</u>	<u>817,900</u>
Net increase in cash held		112,039	12,079
Cash and cash equivalents at beginning of the financial year		17,992	5,913
Cash and cash equivalents at the end of the financial year	5	<u><u>130,031</u></u>	<u><u>17,992</u></u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements are general purpose financial statements, which have 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 statements have also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report is presented in whole Australian dollars.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

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

Basis of Preparation

This 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.

Reporting Basis and Conventions (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 Athena's assets and the discharge of its liabilities in the normal course of business.

On 15 July 2021 a Prospectus was lodged with ASX and ASIC which contains an offer for a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.008 per Share to raise up to \$2,888,270.

The Company entered an underwriting agreement with CPS Capital dated 23 June 2021 for CPS Capital to fully underwrite the Offer. Upon completion of the rights issue offer on 10 August 2021 together with the \$304,000 raised on 25 June 2021, the Company has raised a total of \$3,192,270 (before costs).

Significant accounting judgements and key estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount Mineral exploration and evaluation (Note 8) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Adoption of New and Revised Standards

In the year ended 30 June 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 2020.

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 year ended 30 June 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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



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 Group 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 Group 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

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 Group 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.

(d) 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



Class of Fixed Asset
Plant and Equipment

Depreciation Rate
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.

(e) 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.

(f) 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



(h) Cash and Cash Equivalents

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

(i) 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).

(j) 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.

(k) 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.

(l) Comparative Figures

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 2 – OTHER INCOME

	Consolidated	
	2021	2020
	\$	\$
Interest received	4	46
Covid-19 Cash Boost	15,795	26,325
Directors' fee arrears written off (net of GST)	376,909	-
Total revenue	<u>392,708</u>	<u>26,371</u>

NOTE 3 – LOSS FROM ORDINARY ACTIVITIES BEFORE TAX EXPENSE

Expenses

Depreciation of non-current assets:

Office furniture and equipment

Motor vehicles

Total depreciation of non-current assets

-	642
1,266	5,025
<u>1,266</u>	<u>5,667</u>

NOTE 4 – INCOME TAX

No income tax is payable by Athena as each entity in the Group 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:

	Consolidated	
	2021	2020
	\$	\$
Profit/(Loss) for the year	<u>343</u>	<u>(334,018)</u>
Income tax calculated at 27.5% (2020 27.5%)	94	(91,855)
Deferred tax asset not recognised	<u>(94)</u>	<u>91,855</u>
Income Tax Attributable to Operating Profit/Loss	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



	Consolidated	
	2021	2020
	\$	\$
Tax Losses for the year		
(Profit)/Loss for the year	(343)	334,018
Tax free income – cash boost	15,795	26,325
Disallowable expenses	(5,123)	(11,014)
Timing differences on depreciation of assets	2,424	190
Exploration expenditure	408,075	429,279
Provisions movement	(88,547)	-
Legal costs deemed to be capital transferred to Section 40-880	(60,668)	-
Section 40-880 claim	30,890	19,220
Tax loss for the year	<u>302,503</u>	<u>798,018</u>

Accumulated Tax Losses

Tax losses brought forward	14,050,791	13,252,773
Current year loss	302,503	798,018
Tax losses carried forward	<u>14,353,294</u>	<u>14,050,791</u>

Section 40-880

Balance brought forward	24,495	29,968
Share Issue costs per Balance Sheet (Note 13)	57,539	13,747
Legal costs deemed to be capital	60,668	-
Claim for the year	(30,890)	(19,220)
Balance carried forward – available for claim in future years	<u>111,812</u>	<u>24,495</u>

The potential deferred tax asset has not been brought to account in the financial report at 30 June 2021 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:

- (a) The Company and its controlled entities 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 entities continue to comply with the conditions for deductibility imposed by tax legislation; and

- (c) No changes in tax legislation adversely affect the Company and its controlled entities 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 5 – CASH AND CASH EQUIVALENTS

	Consolidated	
	2021	2020
	\$	\$
Cash at bank and on hand	130,031	17,992
	<u>130,031</u>	<u>17,992</u>

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current

Debtors	-	4,872
Prepaid Tenement Rent	54,416	-
GST Receivable	16,394	29,865
	<u>70,810</u>	<u>34,737</u>

NOTE 7 – PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
Year ended 30 June 2020	\$	\$	\$
Balance at 1 July 2019	201,554	(193,245)	8,309
Additions	-	-	-
Disposals	(130,198)	128,822	(1,376)
Depreciation Charge	-	(5,667)	(5,667)
Balance at 30 June 2020	<u>71,356</u>	<u>(70,090)</u>	<u>1,266</u>
Year ended 30 June 2021			
Balance at 1 July 2020	71,356	(70,090)	1,266
Additions	-	-	-
Disposals	-	-	-
Depreciation Charge	-	(1,266)	(1,266)
Balance at 30 June 2021	<u>71,356</u>	<u>(71,356)</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 8 – MINERAL EXPLORATION AND EVALUATION

	Consolidated	
	2021	2020
	\$	\$
Balance at 1 July 2020	8,839,163	8,409,884
Expenditure during the year on external costs and services	202,675	228,979
Overheads recovered through timesheet allocations	205,400	200,300
Balance at 30 June 2021	<u>9,247,238</u>	<u>8,839,163</u>

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

NOTE 9 – TRADE CREDITORS

Current

External trade creditors	149,698	314,801
Reclassified deferred creditors	64,325	-
	<u>214,023</u>	<u>314,801</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 10 – DEFERRED CREDITORS

Year to June 2020	1 July 2019	Fees (inc GST)	Payment	30 June 2020
	\$	\$	\$	\$
E Edwards (Director)	495,000	148,500	(148,500)	495,000
D Webster (Director)	280,000	39,600	-	319,600
R Kandiah	35,200	-	-	35,200
P Newcomb	152,000	44,000	(64,000)	132,000
	<u>962,200</u>	<u>232,100</u>	<u>(212,500)</u>	<u>981,800</u>
Year to June 2021	1 July 2020	Fees (inc GST)	Settlement (see below)	30 June 2021
	\$	\$	\$	\$
E Edwards (Director)	495,000	165,000	(627,000)	33,000
D Webster (Director)	319,600	-	(319,600)	-
R Kandiah	35,200	-	(35,200)	-
P Newcomb	132,000	81,925	(182,600)	31,325
	<u>981,800</u>	<u>246,925</u>	<u>(1,164,400)</u>	<u>64,325</u>

The balance of \$64,325 has been reclassified as Trade Creditors. See Note 9.

Settlement	Write-off	Share Conversion	Payment	Total
	\$	\$	\$	\$
E Edwards (Director)	245,000	250,000	132,000	627,000
D Webster (Director)	169,600	150,000	-	319,600
R Kandiah	-	35,200	-	35,200
P Newcomb	-	132,000	50,600	182,600
	<u>414,600</u>	<u>567,200</u>	<u>182,600</u>	<u>1,164,400</u>

NOTE 11 – RELATED PARTY LOANS

During the year, Directors and the Company Secretary extended unsecured interest free loans to the Company, for the purpose of supporting short-term cash flow as follows:

Officer	1 July 2020	Advances	Payment	30 June 2021
	\$	\$	\$	\$
E Edwards (Director)	20,000	-	(20,000)	-
D Webster (Director)	40,000	-	-	40,000
H Wai (Director)	20,000	-	(20,000)	-
P Newcomb	20,000	-	(20,000)	-
	<u>100,000</u>	<u>-</u>	<u>(60,000)</u>	<u>40,000</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 12 – RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2021	2020
	\$	\$
Balance at beginning of the year	(7,447,889)	(7,113,871)
Net Profit/(Loss) for the year	343	(334,018)
Balance at end of the year	<u>(7,447,546)</u>	<u>(7,447,889)</u>

NOTE 13 – CONTRIBUTED EQUITY

	\$	\$
Issued Capital		
As at 1 July 2020	14,944,446	13,920,293
Issued during the year for cash	1,089,000	671,000
Issued during the year loan conversions	-	366,900
Share issue costs	<u>(57,539)</u>	<u>(13,747)</u>
	15,975,907	14,944,446
Unissued Capital		
Applications received subject to shareholder approval	<u>567,200</u>	<u>-</u>
As at 30 June 2021	<u>16,543,107</u>	<u>14,944,446</u>
	Shares	Shares
As at 1 July 2020	300,605,208	270,950,922
Issued during the year for cash	<u>60,428,571</u>	<u>29,654,286</u>
	361,033,779	300,605,208
Unissued Capital		
Applications received subject to shareholder approval	<u>70,900,000</u>	<u>-</u>
As at 30 June 2021	<u>431,933,779</u>	<u>300,605,208</u>

During the year applications were received from Directors and Officers for shares in conversion of fee arrears. This issue of these shares was approved by shareholders on 30 July 2021. See Note 10 Share Conversion.

At a General Meeting of the Company held on 30 July 2021 shareholders approved this issue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 14 – STATEMENT OF CASH FLOWS

Reconciliation of profit/(loss) after income tax to net operating cash flows

	Consolidated	
	2021	2020
	\$	\$
Profit/(Loss) from ordinary activities	343	(334,018)
Depreciation	1,266	5,667
Directors fee arrears written off	(414,600)	-
Loss on disposal of fixed assets	-	1,376
Share issue costs	(57,539)	(13,747)
Movement in assets and liabilities		
Receivables and prepayments	18,343	2,302
Payables and provisions	160,428	29,869
Net cash outflow from operating activities	<u>(291,759)</u>	<u>(308,551)</u>

NOTE 15 – FINANCIAL INSTRUMENTS

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

NOTE 16 – COMMITMENTS FOR EXPENDITURE

Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the Group will be required to outlay amounts of \$3,809,300 (2020: \$3,951,995) 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:

	Consolidated	
	2021	2020
	\$	\$
Not later than one year	761,860	790,399
Later than 1 year but not later than 2 years	761,860	790,399
Later than 2 years but not later than 5 years	2,285,580	2,371,197
	<u>3,809,300</u>	<u>3,951,995</u>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 17 – CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 30 June 2021.

NOTE 18 – INVESTMENT IN CONTROLLED ENTITIES

	Class of Shares		Book Value of Athena's Investments	
			2021 \$	2020 \$
Complex Exploration Pty Ltd	Ordinary	100%	100	100
Capricorn Resources Pty Ltd	Ordinary	100%	200	200
Byro Exploration Pty Ltd	Ordinary	100%	1,390,000	1,390,000
			<u>1,390,300</u>	<u>1,390,300</u>

The above controlled entities are incorporated in Australia.

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 each entity.

Byro Exploration Pty Ltd is a wholly owned subsidiary of Complex Exploration Pty Ltd.

NOTE 19 – SEGMENT INFORMATION

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

NOTE 20 – KEY MANAGEMENT PERSONNEL

(a) Directors

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

David Arthur Webster	Non-Executive Chairman
Edmond William Edwards	Executive Director
Hau Wan Wai	Executive Director
David Colin Wheeler	Non-Executive Director
Frank Roberts Knezovic	Non-Executive Director

(b) Remuneration Policies

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



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

	Consolidated	
	2021	2020
	\$	\$
Year ended 30 June		
Short-term employee benefits	150,000	171,000
Post-employment benefits	-	-
Other-long term benefits	-	-
Other – based payments	-	-
	<u>150,000</u>	<u>171,000</u>

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

	Consolidated	
	2021	2020
	\$	\$
Current		
Accounts payable	85,484	849,800
Loans	40,000	80,000
	<u>125,484</u>	<u>929,800</u>

NOTE 21 – RELATED PARTY INFORMATION

	Parent Entity	
	2021	2020
	\$	\$
Transactions within the Group		
Non-current receivables – Controlled Entities	10,802,723	10,394,650
Less : Provision for non recovery	(1,554,985)	(1,554,985)
	<u>9,247,738</u>	<u>8,839,665</u>

During the year net repayments of unsecured interest free loans were made to Directors as follows:

Mr Edwards	\$20,000
Mr Wai	\$20,000

The maximum amount outstanding during the year to 30 June 2021 was \$100,000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 22 – REMUNERATION OF AUDITORS

	Consolidated	
	2021	2020
	\$	\$
Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing of the consolidated financial statements of Athena Resources Limited	19,050	22,300
Other services	-	-
	<u>19,050</u>	<u>22,300</u>

Audit fees are included in Legal and Professional expenses in the Statement of Comprehensive Income.

NOTE 23 – EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2021	2020
	\$	\$
Profit/(Loss) used in the calculation of loss per share	343	(334,018)
Weighted average number of ordinary shares outstanding during the year	310,538,579	291,987,188
Basic earnings/(loss) per share (cents per share)	<u>-</u>	<u>(0.11)</u>

NOTE 24 – FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Group'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 Group'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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



Interest Rate Risk

The Group'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		Floating Interest Rate	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial Assets				
- Cash at bank	130,031	-	-	17,192
- Trade debtors	70,810	34,737	-	-
Total Financial Assets	<u>200,841</u>	<u>34,737</u>	<u>-</u>	<u>17,192</u>
Financial Liabilities				
- Trade Creditors	214,023	84,801	-	230,000
- Accruals	98,494	-	-	-
- Deferred Creditors	-	981,800	-	-
- Related Party Loans	40,000	100,000	-	-
Total Financial Liabilities	<u>352,517</u>	<u>1,166,601</u>	<u>-</u>	<u>230,000</u>

Weighted Average Effective Interest Rate is 0.1% (2020: 1.0%)

Liquidity Risk

The Group 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 forming part of the financial statements.

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 Group 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 Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the consolidated entity's capital by assessing the Group'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 Group since the prior year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



Financial Instruments

Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. The Group 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 Group has not performed a sensitivity analysis relating to its exposure to interest rate risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



NOTE 25 – PARENT ENTITY DISCLOSURES

Financial Position	2021 \$	2020 \$
CURRENT ASSETS		
Cash and cash equivalents	129,231	17,192
Trade and other receivables	70,810	34,737
Total Current Assets	<u>200,041</u>	<u>51,929</u>
NON-CURRENT ASSETS		
Plant and equipment	-	1,266
Investment in subsidiaries	300	300
Loans to subsidiaries	9,247,738	8,839,665
Total Non-Current assets	<u>9,248,038</u>	<u>8,841,231</u>
TOTAL ASSETS	<u>9,448,079</u>	<u>8,893,160</u>
CURRENT LIABILITIES		
Trade and other payables	302,991	1,396,603
Total Current Liabilities	<u>302,991</u>	<u>1,396,603</u>
NON-CURRENT LIABILITIES		
Long service leave provision	49,527	-
TOTAL LIABILITIES	<u>352,518</u>	<u>1,396,603</u>
NET ASSETS	<u>9,095,561</u>	<u>7,496,557</u>
EQUITY		
Issued capital	16,543,107	14,944,446
Accumulated losses	(7,447,546)	(7,447,889)
TOTAL EQUITY	<u>9,095,561</u>	<u>7,496,557</u>
Financial Performance		
Profit/(Loss) for the year	343	(334,018)
Other comprehensive income	-	-
Total comprehensive income/(loss)	<u>343</u>	<u>(334,018)</u>

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.

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.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021



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 Group's financial position as at 30 June 2021 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 2021.

E W Edwards
Executive Director

Dated at Perth this 17th day of August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Athena Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Athena Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Minerals exploration and evaluation Refer to Note 8 The Group has a capitalised mineral exploration and evaluation balance of \$9,247,238 as at 30 June 2021. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises exploration and evaluation expenditure as incurred. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. We considered this to be a key audit matter due to its size and importance to the users' understanding of the financial statements.	Our procedures included but were not limited to: • Substantiating a sample of exploration and evaluation expenditure; • Obtaining evidence that the Group has current rights to tenure of its areas of interest; • Considering the Directors' assessment of potential indicators of impairment under AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; • Examining the exploration budget for the year ending 30 June 2022 and discussing with management the nature of planned ongoing activities; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
Going concern Refer to Note 1 At 30 June 2021 the Group has a working capital deficit of \$102,150 and had recorded a net cash outflow from operating and investing activities of \$916,961. Based on the above factors, we considered the appropriateness of the going concern basis of preparation for the financial statements. The going concern basis of accounting was a key audit matter as it is fundamental to the financial report overall.	Our procedures included but were not limited to: • Considering the appropriateness of the going concern basis of accounting by evaluating and testing the cash flow projections for the relevant period as prepared by management; • Vouching entitlement issue funds received subsequent to balance date to supporting documentation; • Assessing the reasonableness of forecast expenditure and the degree to which any forecast expenditure is discretionary; • Performing sensitivities on the cashflow forecast provided by management.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Athena Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
17 August 2021



M R Ohm
Partner

SHAREHOLDER DETAILS

FOR THE YEAR ENDED 30 JUNE 2021



ANALYSIS OF SHAREHOLDING – 16 AUGUST 2021

	HOLDERS	SHARES
1 – 1,000	25	4,236
1,001 – 10,000	111	700,950
10,001 – 100,000	255	10,849,652
100,001 or more	316	781,412,720
Total on issue	707	792,967,558

Number of Shareholders holding less than marketable parcel cannot be calculated as the shares are suspended.

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:

- (a) for every fully paid share held by him one vote
- (b) 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.

Shareholder	Shares	Percentage
Mr Edmond Edwards	69,378,831	8.75%
Mr Jason Peterson	59,500,000	7.50%
Goldway Mega Trade Limited	52,082,857	6.57%
Mr Peter Newcomb	50,700,000	6.39%
Brilliant Glory Industrial Corp Ltd	49,250,000	6.21%

Directors' Shareholdings

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

SHAREHOLDER DETAILS

FOR THE YEAR ENDED 30 JUNE 2021



TOP TWENTY SHAREHOLDERS 16 AUGUST 2021

Shareholder	Shares	%	Rank
TIED NOMINEES PTY LTD <TP EDWARDS SUPER FUND A/C>	58,298,138	7.35	1
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	57,000,000	7.19	2
GOLDWAY MEGA TRADE LIMITED	52,082,857	6.57	3
STONYDEEP INVESTMENTS PTY LTD	50,700,000	6.39	4
BRILLIANT GLORY INDUSTRIAL CORPORATION LIMITED	49,250,000	6.21	5
MR DAVID WEBSTER <WEBSTER FAMILY S/F A/C>	18,750,000	2.36	6
MR JAMES GREGORY PUKLOWSKI	18,507,790	2.33	7
COBPEN CO INVESTMENTS PTY LTD	15,096,626	1.90	8
KELANCO PTY LTD <THE KELANCO SUPER FUND A/C>	11,200,000	1.41	9
CITICORP NOMINEES PTY LIMITED	9,451,503	1.19	10
VITOR PTY LTD	8,333,333	1.05	11
ISHINE INTERNATIONAL RESOURCES + LIMITED	8,300,000	1.05	12
MR MARK VINCENT SNABEL-MATTHEWS	7,500,000	0.95	13
CHAMPAGNE CAPITAL PTY LTD <OYSTER SUPER FUND A/C>	7,375,000	0.93	14
MR TERENCE PAUL WESTON <WESTON FAMILY A/C>	7,342,000	0.93	15
MR ANDREW JOHN PUKLOWSKI	7,263,534	0.92	16
GARDNER MINING PTY LTD	6,675,000	0.84	17
MR LIAM KELLY + MS HEATHER SALOMONS <KELLY SUPERFUND A/C>	6,487,222	0.82	18
MR MITCHELL ALEXANDER GRAY ATKINS	6,250,000	0.79	19
DANTEEN PTY LTD	6,250,000	0.79	19
MS IRENE ANGELA KNEZOVIC	6,250,000	0.79	19
PATHWAYS CORP INVESTMENTS PTY LTD <THE PC INVESTMENT A/C>	6,250,000	0.79	19
ZIZIPHUS PTY LTD	6,250,000	0.79	19
	<u>430,863,003</u>	54.34%	

INTEREST IN MINING TENEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



INTEREST IN MINING TENEMENTS

Athena Resources Limited 100%	Tenement Type
Byro Exploration	
E09/1507	E – Exploration License
E09/1552	
E09/1637	
E09/1781	
E09/1938	
Byro Project Mining	
M09/166	M – Mining Lease
M09/168	

CORPORATE GOVERNANCE STATEMENT

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/>