



Athena
Resources
Limited

ABN 69 113 758 900

**INTERIM FINANCIAL REPORT
31 DECEMBER 2019**

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Your directors submit the financial report of the Group for the half-year ended 31 December 2019. 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.

David Webster	Non Executive Chairman
Hau Wan Wai	Executive Director
Edmond Edwards	Executive Director

REVIEW OF OPERATIONS - BYRO PROJECT

Exploration and Evaluation

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 resource both in tonnage and to the revised JORC Code.

Once a 2012 JORC compliant resource is confirmed the Company will be in a position to publish an indicative valuation of the project.

Corporate

On 13 August 2019 the ASX suspended trading in Athena shares due to insufficient funds to satisfy the funding requirement under their guidelines. This was based on a Quarterly Cash Report for June which showed available cash of less than \$10,000 and expected outgoings in the order of \$200,000 in the forthcoming quarter.

At the date of the suspension Athena shares had last traded at 2c per share.

DIRECTORS' REPORT



AND CONTROLLED ENTITIES

Since that date Athena has raised a net total of \$671,000 as reported on 27 September and 3 December 2019. An additional \$366,900 loan was converted to equity in September.

These transactions were at 3.5c per share.

Ongoing funding remains a significant issue, however the company has a commitment from the same Hong Kong investor for a further \$1.3m at 3.5c per share. Recent events in China have caused unforeseen and unavoidable delays in settling this placement.

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 2019.

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
Executive Director

Dated at Perth this 12 day of March 2020

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 2019, 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
12 March 2020



N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

	Consolidated Entity	
	31 December 2019	31 December 2018
	\$	\$
Expenses		
Directors' remuneration	114,000	114,000
Salaries and employee costs	76,650	76,650
Legal and professional	48,240	43,050
Office and communication	41,016	36,085
Listing and share registry	22,321	29,644
Financial	18,424	11,776
Depreciation	2,848	2,848
Other expenses	27,304	26,720
Recoveries to capitalised exploration	(102,000)	(93,600)
Net expenses	248,803	247,173
Other income	(28)	(20,002)
LOSS BEFORE INCOME TAX BENEFIT	248,775	227,171
Income tax benefit	-	-
NET LOSS FOR THE YEAR	248,775	227,171
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	248,775	227,171
Basic loss per share (cents per share)	0.09	0.11

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION



AS AT 31 DECEMBER 2019

AND CONTROLLED ENTITIES

		Consolidated Entity	
	Note	31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		325,537	5,913
Trade and other receivables		35,030	37,040
Total Current Assets		360,567	42,953
NON CURRENT ASSETS			
Plant and equipment		5,460	8,309
Deferred exploration and evaluation expenditure	2	8,645,573	8,409,884
Total Non Current Assets		8,651,033	8,418,193
TOTAL ASSETS		9,011,600	8,461,146
CURRENT LIABILITIES			
Trade creditors and accruals	6	301,500	372,524
Deferred creditors	7	998,300	962,200
Related party loans	8	130,000	111,900
Third party loans		-	208,100
Total Current Liabilities		1,429,800	1,654,724
TOTAL LIABILITIES		1,429,800	1,654,724
NET ASSETS		7,581,800	6,806,422
EQUITY			
Issued capital	3	14,944,446	13,920,293
Accumulated losses		(7,362,646)	(7,113,871)
TOTAL EQUITY		7,581,800	6,806,422

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

	Consolidated Entity		
	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Half-year to 31 December 2018			
Balance at 1 July 2018	13,400,888	(6,678,876)	6,722,012
Share Issue	541,901	-	541,901
Share Issue Costs	(19,645)	-	(19,645)
Comprehensive Loss for the half-year	-	(227,171)	(227,171)
As at 31 December 2018	<u>13,923,144</u>	<u>(6,906,047)</u>	<u>7,017,097</u>
Half-year to 31 December 2019			
Balance at 1 July 2019	13,920,293	(7,113,871)	6,806,422
Share Issue	1,037,900	-	1,037,900
Share Issue Costs	(13,747)	-	(13,747)
Comprehensive Loss for the half -year	-	(248,775)	(248,775)
As at 31 December 2019	<u>14,944,446</u>	<u>(7,362,646)</u>	<u>7,581,800</u>

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

	Consolidated Entity	
	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(290,297)	(52,887)
Interest income received	28	-
Net cash (used in) operating activities	<u>(290,269)</u>	<u>(52,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	<u>(224,260)</u>	<u>(174,648)</u>
Net cash (used in) investing activities	<u>(224,260)</u>	<u>(174,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share Issues net of costs	657,253	522,256
Proceeds of borrowings	188,800	294,233
Repayment of borrowings	<u>(11,900)</u>	<u>(221,395)</u>
Net cash provided by financing activities	<u>834,153</u>	<u>595,094</u>
Net increase in cash held	319,624	367,559
Cash and cash equivalents at the beginning of the period	5,913	39,086
Cash and cash equivalents at the end of the period	<u><u>325,537</u></u>	<u><u>406,645</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 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 except for the impact of the new standards and interpretations effective 1 July 2019 disclosed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements were authorised for issue on 12 March 2020.

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.

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.

The Board considers that Athena is a going concern and recognises that additional funding is required to ensure that it can continue to fund its operations and further develop its mineral exploration and

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

evaluation assets during the twelve-month period from the date of approval of this financial report. The company has access to the following potential source of funding:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Notwithstanding the fact that the Group incurred an operating loss of \$248,775, has a working capital deficit of \$1,069,233 and a net cash outflow from operating activities amounting to \$290,269, the Directors are of the opinion that the Group is a going concern for the following reasons:

Certain related parties have confirmed that debt and fee arrears totalling \$1,128,300 will be deferred until such time as the Group has raised sufficient funds to settle all of its existing debts to non-related parties.

The Directors also anticipate that a further equity raising will be completed in the 2020 financial year.

Accordingly, the Directors believe that subject to prevailing equity market conditions, Athena will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should Athena be unable to obtain sufficient funding as outlined above, there is a material uncertainty that may cast significant doubt whether it will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

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 2019.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2019, 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 2019.

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 2019. 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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on accumulated losses, and comparatives have not been restated.

Impact on adoption of AASB 16.

All Group leases have a term of less than 12 months and the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Therefore, the adoption of AASB 16 resulted in the recognition of right-of-use assets of \$nil and lease liabilities of \$nil in respect of all operating leases.

The net impact on accumulated losses on 1 July 2019 was \$nil.

NOTE - 2 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Consolidated

	31 December 2019 \$	30 June 2019 \$
Balance at beginning of period	8,409,884	7,679,399
Expenditure during period on external costs	133,689	279,072
Native title on grant of mining leases	-	300,000
Overheads recovered through timesheet allocations	102,000	170,400
Contribution to expenditure by Brilliant Glory	-	(18,987)
Total deferred exploration and evaluation expenditure	<u>8,645,573</u>	<u>8,409,884</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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

NOTE - 3 ISSUED CAPITAL

	Consolidated	
	31 December 2019 \$	30 June 2019 \$
Ordinary Shares		
Issued and fully paid	<u>14,944,446</u>	<u>13,920,293</u>

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

	Number	\$
Year to 30 June 2019		
At 1 July 2018	216,760,789	13,400,888
Rights Issue	54,190,133	541,901
Share Issue Costs		(22,496)
At 30 June 2019	<u>270,950,922</u>	<u>13,920,293</u>
6 Months to 31 December 2019		
At 1 July 2019	270,950,922	13,920,293
Loan repayment 27 September 2019 at 3.5 cents	10,482,857	366,900
Placement 27 September 2019 at 3.5 cents	11,171,429	391,000
Placement 3 December 2019 at 3.5 cents	8,000,000	280,000
Share Issue Costs	-	(13,747)
At 31 December 2019	<u>300,605,208</u>	<u>14,944,446</u>

NOTE - 4 CONTINGENT LIABILITIES

Athena Resources Limited and its controlled entities have no known material contingent liabilities as at 31 December 2019.

NOTE - 5 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

NOTE - 6 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2019 \$	30 June 2019 \$
Current		
Trade creditors - overheads	72,262	42,715
Trade creditors – mineral exploration and evaluation	229,238	319,809
Loan from employee	-	10,000
	<u>301,500</u>	<u>372,524</u>

NOTE - 7 DEFERRED CREDITORS

Officer	1 July 2019	Fees	Payments	31 December 2019
E Edwards	495,000	99,000	82,500	511,500
D Webster	280,000	26,400	-	306,400
R Kandiah	35,200	-	-	35,200
P Newcomb	152,000	26,400	33,200	145,200
	<u>962,200</u>	<u>151,800</u>	<u>115,700</u>	<u>998,300</u>

Executives and former executives have agreed to defer payment of fee arrears until such time as the Company is in a position to settle without prejudicing third party creditors.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

NOTE - 8 RELATED PARTY LOANS

During the half year, Directors and Company Secretary extended unsecured interest free loans to the Company, to support short-term cash flow as follows:

Officer	1 July 2019	Advances	Repayments	31 December 2019
E Edwards	40,000	-	-	40,000
D Webster	40,000	-	-	40,000
H Wai	31,900	-	11,900	20,000
P Newcomb	-	30,000	-	30,000
	<u>111,900</u>	<u>30,000</u>	<u>11,900</u>	<u>130,000</u>

NOTE - 9 THIRD PARTY LOANS

Goldway Mega Trade Limited

	\$
Balance at 30 June 2018	-
Advances during the period	208,100
Balance at 30 June 2019	<u>208,100</u>
Balance at 30 June 2019	208,100
Advances during the period	158,800
Conversion to Shares at 3.5c per share	<u>(366,900)</u>
Balance at 31 December 2019	<u>-</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.

DIRECTORS' DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AND CONTROLLED ENTITIES

The Directors of the Company declare that:

- 1) The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended.
- 2) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts and when they become due and payable.

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

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

Edmond W Edwards

Dated at Perth this 12 day of March 2020

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 2019, the condensed consolidated statement of 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 notes, 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 is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, 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 2019 and 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*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

hlb.com.au**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

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.

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
Chartered Accountants

Perth, Western Australia
12 March 2020



N G Neill
Partner