



ASX ANNOUNCEMENT

RECEIPT OF INTENTION TO MAKE PROPORTIONAL TAKEOVER BID

Athena Resources Limited (ASX:AHN) (Athena) advises that it has received a letter from Adroit Capital Investments Pty Ltd (Adroit Capital) advising of its intention to make a proportional off market takeover bid to acquire 1 out of every 5 Athena shares that Adroit Capital does not already hold a relevant interest in for \$0.006 per share less any dividends or distributions determined or paid after 14 June 2023 (Proportional Offer).

Athena securityholders are advised to TAKE NO ACTION in relation to the Proportional Offer.

Athena notes the unsolicited and opportunistic nature of the Proportional Offer and that the Proportional Offer is not an offer to acquire all shares held by Athena shareholders.

Athena will provide a further announcement in due course when it has evaluated and assessed the terms of the Proportional Offer. In the interim, Athena will continue to operate and execute its business strategy in the ordinary course.

Adroit Capital's letter setting out its intention to make the Proportional Offer is attached to this announcement.

This announcement is Authorised by the Board

Ed Edwards
Managing Director
14 June 2023

About Athena Resources: AHN is an Australian ASX listed explorer and developer of highgrade iron ore assets in Western Australia. The Company is focused on its Byro Project, strategically located in the Mid-West region 410km from the Port of Geraldton. The Byro Iron Ore Project has potential to mine and supply premium grade, low impurity magnetite (>70% Iron Content) for the production of green steel, a fast-growing global market opportunity. The Byro Project also contains exciting base metal potential.

Directors: Ed Edwards, Hau Wan Wai, Peter Newcomb • **Company Secretary:** Peter Newcomb • **Athena Resources Limited** ACN 113 758 900



14 June 2023

ADROIT CAPITAL INVESTMENTS PTY LTD INTENDS TO MAKE A PROPORTIONAL CASH OFFER FOR ATHENA RESOURCES LIMITED AND MAKE BOARD CHANGES

Adroit Capital Group Pty Ltd, through its wholly owned subsidiary Adroit Capital Investments Pty Ltd (**Adroit**), announces that it intends to make a conditional, proportional off-market offer to acquire 1 out of every 5 shares in Athena Resources Limited (**Athena**) held by Athena shareholders (other than Adroit) that it does not already hold a relevant interest in for \$0.006 per share from which Adroit will deduct any dividends or distributions declared, determined or paid after 14 June 2023 (**Offer**).

The Offer represents a 50% premium to Athena's 3 month VWAP of \$0.004 per share. We believe the Offer represents the opportunity for shareholders to realise cash for a portion of their shareholding at a significant premium while maintaining a shareholding to participate in future improvement in Athena performance.

Adroit will make its Offer within 2 months of this announcement and intends to despatch its Bidder's Statement as soon as practicable after the general meeting contemplated in the Notice of General Meeting issued by Athena and dated 22 May 2023 (**Notice of Meeting**) unless the conditions on which Adroit's Offer is made are triggered and Adroit does not waive the event that triggered the condition or release the Offer from the condition triggered.

Adroit seeks support for changes which it has proposed be made to the board of directors of Athena as described in resolutions 1 to 5 (inclusive) of Notice of Meeting. Adroit has summarised in the Notice of Meeting its basis for seeking the support of Athena shareholders to change the Board.

Reasons to accept the Offer

Adroit considers this Offer to be compelling for Athena shareholders, offering the following advantages:

- The offer price is at a premium to Athena's recent trading prices and represents a:
 - 50% premium to the last close of \$0.004 on 13 June 2023
 - 50% premium to the 3-month VWAP of \$0.004 on 13 June 2023.
- The Offer will allow shareholders to participate in any future improvement in Athena's performance by continuing to retain 80% of your Athena shareholding.
- Assuming full acceptance of all offers, following close of the Offer, Adroit and its associates will still hold less than 25% of all Athena shares on issue.

Adroit's concerns

As stated in Adroit's notice to shareholders we consider existing Athena directors Messrs. Newcombe and Edwards have not appropriately managed the affairs of Athena in a manner required to fully exploit the potential of the Byro Base Metals project. This has been highlighted by the adverse outcome of the recent Warden's Court proceeding where the Warden recommended to refuse Athena's Exemption Application in relation to two of its tenements (E09/1507 and E09/1552) held by its subsidiaries.



During those proceedings, the capacity of the directors to manage the Company in the manner expected of an ASX-listed public company was commented on by the Warden. In particular, the Warden stated:

“Mr. Edwards also displayed a concerning lack of knowledge of the financial activities of the company, of which he was the Managing Director, and, having regard to his personal holdings, and those of his service company (which provided services to Athena through the actions of Mr. Edwards, one of the largest shareholders).”¹

We note Athena’s ASX Announcement released today providing an update of the status of the exemption applications and Athena’s seeking Judicial Review of the Warden’s decision. We retract our comments noted in Athena’s ASX Announcement Dated 12 June 2023. Nevertheless, given the Warden’s comments above, we are concerned that such matters are indicative of a Board which is not properly focused on delivering value for its shareholders.

In circumstances where the Company has settled native title claims and has good local water supply available, cost effective road and port logistics, and a potential mine life of 50 years or more, there appears to be no significant impediments to commencing production. However, the current Board has provided no indication to shareholders with respect to the timeline to production.

Notwithstanding that the Company has undertaken three capital raises in 18 months introducing approximately \$5,000,000 in capital, two of its tenements are presently of uncertain standing and the Company has not yet completed its long awaited pre-feasibility study. From the financial years 2010 to 2022, based on published reports, Athena has paid directors a total of \$3.19m in fees, with Mr. Edwards receiving \$2.16m of that amount. During this period the Company has continued to make losses amounting to approximately \$4.7m. Based on these reported figures, it appears the directors’ fees made up almost 70% of those losses.

Over the past 12 months Athena’s share price has declined by approximately 85%. Due to the poor performance of Athena, Athena shares present as a relatively illiquid market with little growth opportunities presented which would indicate any improvement in the current liquidity or share price.

Adroit is of the view that Athena, if properly managed, is of significant value and as set out in the Conditions, Adroit is seeking a renewal of the Board to one which is able to remedy the current deficiencies. Adroit wishes to participate in the potential upside alongside the existing shareholders of Athena and believes the greatest value for shareholders is for Athena to remain listed on the ASX.

Conditions of the Offer

The Offer’s conditionality will be limited to:

- With respect to the Resolutions set out in Notice of General Meeting of Athena dated 22 May 2023, Resolutions 1 to 5 (inclusive) being passed;
- No prescribed occurrences condition happening;

¹ [2022] WAMW 25 at paragraph 77



- No material adverse change occurring; and
- No regulatory action.

Full details of the conditions to the Offer are set out in the Annexure A of this announcement. The Offer is not subject to FIRB, or a minimum number of acceptances or any due diligence.

Financing

Adroit has sufficient cash to fund the Offer in full from its existing balance sheet. The funds available to Adroit exceed the maximum cash consideration required and all transaction costs.

Bidder's Statement

Detailed information about the Offer will be submitted in the Bidder's Statement to be released to Athena shareholders in the near future.

Advisors

Thomson Geer Lawyers have been retained as legal advisors.



ANNEXURE A – OFFER CONDITIONS

The following are the bid conditions referred to in the accompanying announcement by Adroit (the Bidder):

1.1 Resolutions 1 - 5 carried

Between the Announcement Date and the end of the Offer Period, resolutions 1 to 5 (inclusive) in the notice of meeting dated 22 May 2023 are put to the vote of the shareholders of the Target and those resolutions are carried.

1.2 No prescribed occurrences

During the period from the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occur:

- a) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- b) the Target or a Subsidiary of the Target resolves to reduce its share capital in any way;
- c) the Target or a Subsidiary of the Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- d) the Target or a Subsidiary of the Target issues shares (other than as a result of the exercise of Target Options or Target Performance Rights) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- e) the Target or a Subsidiary of the Target issues, or agrees to issue, convertible notes;
- f) the Target or a Subsidiary of the Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- g) the Target or a Subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- h) the Target or a Subsidiary of the Target resolves to be wound up;
- i) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target is appointed;
- j) a court makes an order for the winding up of the Target or of a Subsidiary of the Target;
- k) an administrator of the Target or of a Subsidiary of the Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- l) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a Subsidiary of the Target,

provided that a prescribed occurrence will not include any matter, the undertaking of which the Bidder has previously approved in writing.

1.3 No prescribed occurrences between the Announcement Date and the date of the Bidder's Statement



During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (m) of paragraph 1.2 happen.

1.4 No material adverse change

During the period from the Announcement Date and the end of the Offer Period (each inclusive), no act, omission, event, change, matter, circumstance or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where (whether individually or aggregated with other acts, omissions, events, changes, matters, circumstances) has or has resulted in, or could reasonably be expected to have or result in a material adverse effect on:

- a) the assets, financial or trading position, profitability or prospects of the Target Group, taken as a whole; or
- b) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Target Group,

other than changes, events or conditions:

- c) required or permitted by the Offer or the transactions contemplated by them;
- d) fully and Fairly Disclosed by the Target in an ASX Announcement;
- e) which do not relate specifically to the Target Group and which are beyond the control of Target and which arise from:
 - i) changes in commodity prices, exchange rates or interest rates;
 - ii) general economic, political or business conditions; or
 - iii) changes in laws, regulations and standards (including accounting standards); or
- f) which took place with the prior written consent of the Bidder.

1.5 No material adverse change between the Announcement Date and the date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (f) of paragraph 1.4 happen.

1.6 No regulatory action

During the period from the Announcement Date and the end of the Offer Period (each inclusive):

- a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- b) no action or investigation is commenced by any Public Authority; and
- c) no application is made to any Public Authority (other than by the Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or



in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of the Bidder in respect of the Target, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group.

1.7 No regulatory action between the Announcement Date and the date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (c) of paragraph 1.7 happen.

Definitions for Bid Conditions

Announcement Date means the date of announcement of the Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Bidder means Adroit Capital Investments Pty Ltd ACN 660 799 486.

Bidder Group means the Bidder and its Subsidiaries.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

Corporations Act means the Corporations Act 2001 (Cth).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Fairly Disclosed means sufficient information has been disclosed that a sophisticated investor, experienced in transactions of the nature of the Offer and familiar with the business of the Target would be aware of the substance and significance of the information.

Offer means an off-market offer to be made by the Bidder under Chapter 6 of the Corporations Act to acquire a proportion of the Target Shares on the terms announced by the Bidder on the Announcement Date or subsequently amended and announced by the Bidder.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Option means an option, issued by the Target prior to the Announcement Date, to subscribe for one Target Share.



Performance Rights means performance rights issued by the Target prior to the Announcement Date and pursuant to which, subject to terms and conditions of the applicable plan, the holder may be issued Target Shares.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Bodies Corporate

Subsidiary has the meaning given to that term in the Corporations Act.

Target means Athena Resources Limited ACN 113 758 900.

Target Group means the Target and its Subsidiaries.

Target Shares means ordinary shares issued in the capital of the Target.