



ATHENA RESOURCES LIMITED

ACN 113 758 900

PROSPECTUS

FOR

- a pro-rata non-renounceable rights issue of up to 28,650,487 Options (each exercisable at \$0.08 and expiring on 30 April 2012) on the basis of one Option for every 2 Shares held on the Record Date at an issue price \$0.01 per Option, to raise up to \$286,505.

The Rights Issue closes at 5.00pm WST on 19 January 2010.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety before deciding to participate. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser. Investment in securities offered by this Prospectus should be considered speculative. Investors may lose some or all of their investment.

The Company sought quotation of the Options on ASX on 9 December 2009.

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Summary of Important Dates*

Announcement of Rights Issue	9 December 2009
Lodge Prospectus with ASIC	10 December 2009
Shares quoted ex-rights	14 December 2009
Record Date to determine Entitlements under the Rights Issue	18 December 2009
Opening Date and dispatch of Prospectus	23 December 2009
Closing Date for Rights Issue Offer	19 January 2010
Notification to ASX of under subscriptions	22 January 2010
Allotment of Options and dispatch of holding statements	28 January 2010

*These dates are indicative only. The Directors reserve the right to vary the key dates, without prior notice and subject to compliance with the Listing Rules.

IMPORTANT NOTICE

Shareholders should read this Prospectus in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlements. This Prospectus is dated 10 December 2009. A copy of this Prospectus was lodged with the ASIC on 10 December 2009. No responsibility for the contents of this Prospectus is taken by ASIC nor ASX, nor any of their officers. No applications for Options will be accepted nor will Options be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act 2001 and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Investors can only apply for Options on the accompanying Acceptance Form and on the terms and conditions referred to in this Prospectus. Please read carefully the instructions on the reverse of the Acceptance Form regarding an application for Options pursuant to this Prospectus.

In preparing this Prospectus, regard has been had to the fact that as the Company is a disclosing entity for the purposes of the Corporations Act, it is subject to regular reporting and disclosure obligations. Accordingly, certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This document is important and it should be read in its entirety. The Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Risk Factors affecting the Company set out in Section 3. Accordingly, before deciding to apply for Options, potential investors should consider whether or not such Options are a suitable investment having regard to their personal circumstances. If in doubt, potential investors should consult their stockbroker, solicitor, accountant or other professional adviser prior to completing and lodging an Acceptance Form.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at www.athenaresources.com.au. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. There is no facility for Applications to be accepted electronically or by applying online. The Corporations Act prohibits any person from passing on to another person the Acceptance Form unless it is attached to or accompanied by a complete and unaltered version of the Prospectus. The Company will not accept a completed Acceptance Form if it has reason to believe that the Applicant has not received a complete and unaltered copy of the Prospectus. Any person may obtain a hard copy of this Prospectus by contacting the Company prior to the Closing Date.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 5 of this Prospectus.

CORPORATE DIRECTORY

DIRECTORS

Edmond Edwards (Executive Chairman)
Donald Thomson (Executive Director)
Andrew Thomson (Non-Executive Director)

SECRETARY

Edmond Edwards

REGISTERED OFFICE

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Perth WA 6000
Telephone: +61 8 9428 2900
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AUDITORS

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WEST PERTH WA 6005

SOLICITORS TO THE ISSUE

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Level 24 St Martins Tower
44 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
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STOCK EXCHANGE LISTING

Australian Securities Exchange

Code: AHN

BRIEF INSTRUCTIONS

THE RIGHTS ISSUE

For Current Shareholders

What You May Do

The number of Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may:

- Accept your Entitlement in full or part; or
- Accept your Entitlement in full and apply for Shortfall Options; or
- Allow the whole of the Entitlement to lapse.

If You Wish To Take Up All or Part Of Your Entitlement or Take Up All of Your Entitlement and apply for Shortfall Options.

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the amount shown on the form or for such amount as you wish to apply for, so as to reach the Company's share registry no later than 5:00pm WST on 19 January 2010.

Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, you are not required to take any action. The Options not accepted will form part of the Shortfall.

THIS PROSPECTUS IS IMPORTANT. PLEASE READ IT IN ITS ENTIRETY BEFORE
DECIDING HOW TO DEAL WITH YOUR ENTITLEMENT.

Section 1 DETAILS OF THE RIGHTS ISSUE

1.1 The Offer

This Prospectus is for a pro-rata non-renounceable Rights Issue to Eligible Shareholders of up to 28,650,487 Options (each with an exercise price of \$0.08 and an expiry date of 30 April 2012) on the basis of one Option for every two Shares held on the Record Date at an issue price \$0.01 per Option, to raise up to \$286,505 ("**Rights Issue**"). Fractional entitlements will be rounded down to the nearest whole number.

The Rights Issue will raise up to \$286,505 (less expenses which are estimated to be \$25,000).

As at the date of this Prospectus, 57,300,974 Shares are on issue.

All holders of ordinary shares in the Company on the Record Date are entitled to participate in the Offer.

1.2 Purpose of the Rights Issue and Use of Funds

The funds raised will be applied towards the following:

- (a) funding the costs of the Rights Issue;
- (b) the ongoing exploration programs at the Company's projects; and
- (c) working capital.

The following table illustrates the proposed application of funds raised from the Rights Issue (assuming full subscription):

Use of Funds	Amount (\$)
Expenses of the Rights Issue	\$25,000
Working Capital and the ongoing exploration programs at the Company's projects	\$261,505
TOTAL	\$286,505

There is no minimum subscription under the Rights Issue. Any amounts successfully raised under the Rights Issue will, after paying expenses of the Rights Issue, be applied to ongoing exploration programs at the Company's projects and general working capital.

1.3 No Rights Trading

Entitlements to Options pursuant to the Rights Issue are non-renounceable and accordingly, Eligible Shareholders may not dispose of or trade any part of their Entitlement.

1.4 Minimum Subscription

There is no minimum subscription under the Rights Issue.

1.5 **Oversubscriptions**

Oversubscriptions will not be accepted.

1.6 **Opening and Closing Dates**

The Rights Issue will open for receipt of acceptances at 9.00am WST on 23 December 2009.

The Rights Issue will close at 5.00pm WST on 19 January 2010, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

1.7 **Underwriting**

The Rights Issue is not underwritten.

1.8 **Entitlements and Acceptance**

Rights Issue

The number of Options to which you are entitled is shown in the accompanying Entitlement and Acceptance Form.

In determining entitlements, any fractional entitlement will be rounded down to the nearest whole number.

Acceptance of Entitlement in Full

If you are an Eligible Shareholder and wish to take up **all** of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form.

Partial Acceptance of Entitlement

If you are an Eligible Shareholder and wish to take up **part** of your Entitlement pursuant to the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of Options for which you wish to accept.

Acceptance of Terms

All applications for Options must be made on the Entitlement and Acceptance Form. Any application will be treated as an offer from the applicant to acquire Options on the terms and conditions set out in the Prospectus. The Directors reserve the right to reject any applications for Options. Please ensure the completed Entitlement and Acceptance Form and your cheque is received by the Company's Share Registry at:

By Mail
Athena Resources Limited
Computershare Investor Services Pty Ltd
Locked Bag 2508
Perth, WA 6001

In Person
Athena Resources Limited
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

Those who elect to pay via BPAY must follow the instructions for BPAY set out in the Entitlement and Acceptance Form. Investors who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms or payment by BPAY must be received no later than 5.00pm (WST) on the Closing Date. Please note that payment via BPAY must be made by no later than 4.00pm WST on 19 January 2010. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Non-Acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the Options not accepted will be dealt with in accordance with Section 1.9.

Enquiries

If you have any queries regarding your Entitlement, please contact Ed Edwards by telephone on +61 8 9428 2900 or your stockbroker or professional adviser.

1.9 Rights Issue Shortfall

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, you are not required to take any action. The Options not accepted by Eligible Shareholders (“Additional Options”) will form part of the Shortfall and will be dealt in accordance with this Section 1.9.

Eligible Shareholders who have subscribed for their Entitlements in full may apply for Additional Options by completing the relevant section of their Entitlement and Acceptance Forms.

To the extent that Eligible Shareholders do not take up their Entitlements in full, the resultant Shortfall will be allocated at the absolute discretion of the Directors to those Eligible Shareholders who apply for Additional Options. Therefore, your application for Additional Options may not be successful (whether wholly or partially). The

decision of the Company on the number of Additional Options to be allocated to you (if any) will be final.

Any application monies received for more than your final allocation of Additional Options will be refunded (without interest) by the Company in accordance with the provisions of the Corporations Act. The Company does not guarantee that you will receive any Shortfall securities.

The Directors reserve the right to deal with, at their absolute discretion, any Options and Additional Options which are not taken up by Eligible Shareholders under the Offer within 3 months after the Closing Date. Those Options will be issued at the same issue price as offered to Eligible Shareholders under the Rights Issue.

Options not taken up by Shareholders will not be placed to the directors or any associates of the directors.

1.10 Issue and Allotment of Options

The Options are expected to be issued and allotted by no later than 28 January 2010.

Until issue and allotment of the Options under this Prospectus, the acceptance money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the acceptance money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Options takes place. Where no allotment is made, the amount tendered on application with the relevant Application Form will be returned in full by cheque as soon as practicable.

Subject to ASX granting approval for quotation of the Options, the allotment of the Options will occur as soon as practicable after the Offer closes. All Options will be granted on the terms and conditions outlined in Section 4.6. Statements of Optionholdings will be dispatched as required by ASX.

1.11 ASX Listing

The Company applied to ASX on 9 December 2009 for official quotation of the Options to be offered pursuant to this Prospectus. If approval is not granted by ASX within 3 months after the date of this Prospectus, applications will be dealt with in accordance with section 724 of the Corporations Act. No interest will be paid on any returned application monies.

A decision by ASX to grant official quotation of the Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Options now offered for subscription.

1.12 No Issue of Options after 13 months

No Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.13 **Overseas Investors**

The Company is of the view that it is unreasonable to make an offer under the Rights Issue under this Prospectus to Eligible Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Eligible Shareholders registered outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Eligible Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make Rights Issue offers under the Prospectus to Eligible Shareholders registered outside of Australia and New Zealand.

1.14 **Privacy Act**

The Company collects information about each applicant from an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Application Form, each applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

If an applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

1.15 **CHESS and Issuer Sponsorship**

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of shares. The Company will not issue certificates to Optionholders. Rather, holding statements (similar to bank statements) will be dispatched to Optionholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for

Optionholders who elect to hold Options on the CHESS sub-register) or by the Company's Share Registry (for Optionholders who elect to hold their Options on the Issuer sponsored sub-register). The statements will set out the number of Options allotted under the Prospectus and provide details of an Optionholders' Holder Identification Number (for Optionholders who elect to hold Options on the CHESS sub register) or Reference Number (for Optionholders who elect to hold their Options on the issuer sponsored sub-register). Updated holding statements will also be sent to each Optionholder following the month in which the balance of their holder of Options changes, and also as required by the ASX Listing Rules or the Corporations Act.

1.16 **Risks**

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 3 of this Prospectus. The Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

Factors affecting an investment in the Company include stock market fluctuations, exploration and development risks, foreign currency exchange rate fluctuations, economic risks and external market factors, additional requirements for capital, regulatory issues and governmental policy regarding environmental protection.

Investors are directed to Section 3 of this Prospectus which sets out certain key risks associated with making an investment in the Company.

1.17 **Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Options in the Company or dealing with an Entitlement under this Offer.

Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal Effects

The principal effects of the Rights Issue (assuming full subscription) is:

- (a) the Company's cash funds will increase by approximately \$286,505 less expenses of the Rights Issue and Placement Offer, which are estimated to be approximately \$25,000;
- (b) the total number of Shares on issue will be 57,300,974; and
- (c) there will be 28,650,487 Options on issue, each exercisable at \$0.08 and expiring on 30 April 2012.

2.2 Capital Structure

The pro-forma capital structure of the Company following the Rights Issue (assuming full subscription) pursuant to this Prospectus is set out below:

Issued Capital – Shares	Number
Existing Shares	57,300,974
Total Shares after completion of the Rights Issue	57,300,974

Issued Capital – Options offered under this Prospectus	Number
Options offered for subscription under the Rights Issue	28,650,487
Total Options on issue after completion of Rights Issue	28,650,487

2.3 Consolidated Balance Sheet

Set out as follows is a pro forma Consolidated Balance Sheet based on the Company's audited accounts as at 30 June 2009 and adjusted to reflect:

- the Rights Issue of 28,650,487 Options;
- the costs of the Rights Issue of \$25,000.

Balance Sheet
Pro-forma Reflecting Proposed Rights Issue

Athena Resources Ltd
Consolidated Group

	Audited 30 June 2009 \$	Proforma \$
CURRENT ASSETS		
Cash and cash equivalents	610,350	871,855
Trade and other receivables	84,540	84,540
Other current assets	8,000	8,000
TOTAL CURRENT ASSETS	702,890	964,395
NON-CURRENT ASSETS		
Property, plant and equipment	59,526	59,526
Mineral exploration and evaluation	1,714,449	1,714,449
TOTAL NON-CURRENT ASSETS	1,773,975	1,773,975
TOTAL ASSETS	2,476,865	2,738,370
CURRENT LIABILITIES		
Trade and other payables	262,189	262,189
Interest bearing liabilities	12,838	12,838
TOTAL CURRENT LIABILITIES	275,027	275,027
TOTAL LIABILITIES	275,027	275,027
NET ASSETS	2,201,838	2,463,343
EQUITY		
Contributed equity	5,082,192	5,057,192
Reserves	231,000	517,505
Accumulated losses	(3,111,354)	(3,111,354)
TOTAL EQUITY	2,201,838	2,463,343

Notes to the pro-forma consolidated balance sheet:

1. The Pro Forma Balance Sheet includes \$286,505 (less estimated Rights Issue costs of \$25,000) received by virtue of the Rights Issue.
2. No account is taken of any transactions between 30 June 2009 and the date of this Prospectus. The Pro Forma Balance Sheet reflects only the transactions the subject of this Prospectus.

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies the areas the Directors regard as the major risks associated with participation in the Rights Issue. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Prospective investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Options.

The Options being offered under this Prospectus are considered speculative due to the present stage of development of the Company. This Prospectus carries no guarantee with respect to the return of capital or price at which the Options or Shares resulting from the exercise of the Options will trade.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the mining industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

The Options offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options offered pursuant to this Prospectus.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Company's quoted securities.

3.2 Risk Factors

(a) Exploration and Mining Risks

The business of mineral exploration and mining involves risks and hazards. For example, in an exploration context no assurance can be given that ore bodies will be detected with preferred or desirable tonnages or grades. High risk and substantial expense can be incurred without the requisite or expected degree of reward. Even if commercial quantities of ore are discovered unforeseen risks can arise in the development and production phase including mining or processing issues, environmental hazards, industrial accidents, labour forced disruption, the unavailability of materials and equipment, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities,

personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

(b) Uncertainty of Exploration and Development Programs

Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any exploration and development program are the location of ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits, access to permits and the construction of mining and processing facilities. Assuming the discovery of an economic deposit, several years may lapse from the initial phases of drilling until commercial operations commence and, during such time, the economic feasibility of production may change. Accordingly, the Company's exploration and development program may not result in any new economically viable mining operations.

(c) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Even if the Company identifies a resource or reserve, actual ore reserves and resources (including grade and quantity) may differ from those estimated at an earlier time which may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) Volatility of Demand and Prices

There is no assurance that the discovery of significant mineral ore bodies will be accompanied by (or at least by the time of production) the existence of a profitable market for sales. For a variety of reasons, prices may experience strong falls or volatility in prices now or during future exploration or production.

(e) Country Risk

The Company holds assets located in Western Australia but may acquire assets in foreign countries in the future. There are risks associated with exploration and mining activities and investments generally in foreign countries that may adversely affect the business, costs, expenditure and profitability of the Company. These risks include:

- (i) changes in foreign country government, government policies, regulatory regime, economic change, civil instability, attitudes towards foreigners or their businesses in their country;
- (ii) land access and environmental regulation may be adverse or beneficial;
and

(iii) the applicable legal regime including investment into and repatriation of revenue out of the foreign country.

(f) Environmental Risks

The Company's projects are subject to relevant environmental legislation and will themselves have varying levels and types of potential impact on the natural environment.

(g) Tenure Risks

A number of tenements included in the Company's current exploration projects in Western Australia, namely Byro (ELA 09/1637, 09/1638, 09/1656, 09/1657, 09/1661) and the Ashburton (ELA 08/1954), are all Exploration Licence Applications ("**ELA**") and have not yet been granted by the Minister for Resources and Energy in Western Australia. Grant of these ELA's is dependant upon a number of factors including the Company entering into a heritage and land access agreement with the traditional owners of the region over which the ELA's have been applied for. In the event that the ELA's are not granted this will severely limit the ability of the Company to carry out exploration activity on those prospects which are the subject of the ELA's.

(h) Compliance Risk

The Company has acquired an interest in various mining tenements. Title to these tenements is subject to the Company, as tenement holder, complying with the terms and conditions of each tenement, including the minimum annual expenditure commitments. There is a risk that if the Company does not comply with the terms and conditions of each tenement, it may lose its interest in the relevant tenement.

The Company has implemented appropriate policies and practices to mitigate the risk that the terms and conditions attaching to each of the tenements it has acquired an interest in are not complied with.

(i) Competition for Projects

The Company competes with other companies, including mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can effectively compete with these companies. In the event that the Company is not able to secure a new project or business opportunity this may have an adverse effect on the operations of the Company, its possible future profitability and the trading price of its securities, including the Options offered under this Prospectus.

(j) Insurance Risk

Insurance against all risks associated with mineral exploration is not always available or affordable. The Company intends to maintain insurance where it is considered appropriate for its needs; however, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(k) Commodity Price Volatility and Exchange Rate Risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(l) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, it is likely that the Company will require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

In the Company's 2009 Annual Report, the auditors of the Company, HLB Mann Judd noted, without qualification to their audit opinion, that the Company will require additional sources of funding to enable it to carry out its objectives.

The Board recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their mineral exploration and evaluation of assets during the 12 month period from the date of the 2009 Annual Report.

The Board proposes to obtain such funding by the following means:

- the placement of securities pursuant to ASX Listing Rule 7.1 or otherwise;

- an excluded offer pursuant to the Corporations Act; or
- the sale of assets.

The Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entities to continue as a going concern.

Should the Company be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the entity will be able to continue as a going concern.

(m) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(n) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(o) Market Conditions

The market price of quoted securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

3.3 **Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options in the Company.

Section 4 ADDITIONAL INFORMATION

4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules of ASX which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- the effect of the Offer on the Company; and
- the rights and liabilities attaching to the Options offered by this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Options.

4.2 Applicability of Corporations Act

The Company is listed on the ASX and its Shares are quoted on ASX under the code "AHN".

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are options to acquire quoted enhanced disclosure ("ED") securities and the securities underlie a class of securities that were quoted ED securities at all times in the 3 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 3 months before the issue of this Prospectus.

Copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an office of ASIC.

The Options to be issued under this Prospectus are Options in respect of a class of Shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus. The documents are also available from the Company's website www.athenaresources.com.au:

- (a) the Annual Financial Report of the Company for the year ending 30 June 2009; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the year ending 30 June 2009 and before the issue of this Prospectus:

Date	Description of Announcement
9 December 2009	Rights Issue of Options - Appendix 3B
7 December 2009	Mid West Iron Ore Targets
24 November 2009	Results of Meeting
10 November 2009	Response to ASX Query re appendix 5B
30 October 2009	Quarterly Cashflow Report
30 October 2009	Option Expiry Notice – 30 November 2009 Options
30 October 2009	Quarterly Activities Report
14 October 2009	Annual Report to Shareholders
14 October 2009	Notice of Annual General Meeting / Proxy Form

4.4 Market Prices of Shares on ASX

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.055 on 8 and 9 December 2009 and \$0.035 on 11, 14 and 15 September 2009. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.055 on 9 December 2009.

4.5 Litigation

The Company is not involved in any legal proceedings.

4.6 Terms and Conditions of Options

The terms and conditions of the Options are as follows:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 30 April 2012 ("**Expiry Date**"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

- (c) The amount payable upon exercise of each Option will be \$0.08 ("**Exercise Price**").
- (d) An Optionholder may exercise their Options in whole or part by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;("Exercise Notice").
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (g) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (h) The Company will apply for quotation of the Options on ASX.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

4.7 **Rights attaching to Shares**

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

(a) General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

(c) Dividend Rights

The Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the

division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of shareholders in the affected class, vary or abrogate the rights attaching to Shares.

4.8 Interest of Directors

Directors' Holdings

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company are as follows:

Directors	Shares	
	Direct	Indirect
Edmond Edwards	-	8,490,000
Donald Thomson	565,000	1,312,500
Andrew Thomson	1,312,500	345,720

Notes:

1. Mr E Edwards Indirect Shares are held by Tied Nominees Pty Ltd
2. Mr D Thomson Indirect Shares are held by Indigo Exploration Services Pty Ltd
3. Mr A Thomson Indirect Shares are held by Mr A and Mrs S Thomson (AP Thomson Superannuation Fund)

All Directors have stated that they intend to take up their full Entitlement under the Rights Issue.

Remuneration of Directors

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

Financial year up to 30 June 2009			
Director	Directors' Fees/Salaries \$	Other Remuneration \$	Total \$
Edmond Edwards	120,000	0	120,000
Donald Thomson	120,000	0	120,000
Andrew Thomson	55,000	0	55,000

Financial year up to 30 June 2008			
Director	Directors' Fees/Salaries \$	Other Remuneration \$	Total \$
Edmond Edwards	120,000	0	120,000
Donald Thomson	120,000	0	120,000
Andrew Thomson	33,000	0	33,000

Mr. Edwards is the Executive Chairman responsible for the day-to-day 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 \$120,000 excluding GST is payable per year. Mr. Edwards is a director of Tied Investments Pty Ltd. The Company may terminate the contract by giving three months notice. Tied Investments Pty Ltd may terminate by giving three months notice.

Mr. Donald Thomson is the Technical Executive responsible for the technical operations of the Company. The Company has an agreement with Indigo Exploration Services Pty Ltd to provide the technical services of Mr. Donald Thomson to the Company in relation to its activities on normal commercial terms and conditions. An annual fee of \$120,000 excluding GST is payable per year. Mr. Thomson is a director and shareholder of Indigo Exploration Services Pty Ltd. The Company may terminate the contract by giving three months notice. Indigo Exploration Services Pty Ltd may terminate by giving three months notice.

Mr Andrew Thomson is paid \$55,000 per annum plus superannuation for his services as a non-executive director.

From 1 July 2009 to the date of this Prospectus, each of the Directors are entitled to the following amounts:

- Mr E Edwards \$50,000;
- Mr D Thomson \$50,000; and
- Mr A Thomson \$22,917.

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

Each Director is a party to a Deed of Access and Indemnity with the Company.

4.9 **Interests of Named Persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

- Price Sierakowski have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$5,000 for these professional services.

The amounts disclosed above are exclusive of any amount of GST payable by the Company in respect of those amounts.

4.10 **Expenses of the Rights Issue**

The approximate expenses of the Rights Issue are \$25,000. These expenses are payable by the Company, and are broken down as follows:

	Description	Costs (\$)
1.	Legal Fees	5,000
2.	Printing and Registry	5,000
3.	ASIC Fees	2,010
4.	ASX Fees	12,500
5.	Miscellaneous	490
	Total	25,000

4.11 **Consents**

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Each of the parties referred to in this Section 4.11:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.11; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 4.11.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) HLB Mann Judd as the auditors of the Company;
- (b) Price Sierakowski as solicitors to the Rights Issue.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

4.12 **Electronic Prospectus**

Pursuant to Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Acceptance Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic version of the form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Section 5 DEFINED TERMS

"\$" means an Australian dollar;

"**Application Form**" means the Entitlement and Acceptance Form;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Closing Date**" means 5.00pm WST on 19 January 2009;

"**Company**" means Athena Resources Limited ACN (113 758 900);

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Directors**" means the directors of the Company;

"**Eligible Shareholder**" is a shareholder of the Company with registered addresses in Australia and New Zealand whose details appear on the Company's register of shareholders as at the Record Date;

"**Entitlement**" means the entitlement of an Eligible Shareholder to participate in the Rights Issue, as shown on the Entitlement and Acceptance Form;

"**Entitlement and Acceptance Form**" means the entitlement and acceptance form accompanying this Prospectus for use in connection with the Rights Issue;

"**GST**" means any tax, import or other duty raised on the supply of goods and services and imposed by the Commonwealth or a State or Territory of Australia;

"**Listing Rules**" means the Listing Rules of ASX;

"**Option**" means an Option offered pursuant to the Rights Issue on the terms in Section 4.6;

"**Optionholder**" means the holder of an Option;

"**Offer**" means an offer of securities pursuant to this Prospectus;

"**Option**" means an option to acquire one Share;

"**Prospectus**" means this prospectus dated 10 December 2009;

"**Record Date**" means 5.00 p.m. WST on 18 December 2009;

"**Rights Issue**" means the issue pursuant to the Prospectus of a pro-rata non renounceable rights issue of approximately 28,650,487 Options on the basis of one

Option for every two Shares held on the Record Date of 18 December 2009 at an issue price of \$0.01 per Option (each with an exercise price of \$0.08 and an expiry date of 30 April 2012), to raise up to \$286,505;

"**Share**" means an ordinary fully paid share in the capital of the Company;

"**Shortfall**" means the Options forming Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders; and

"**WST**" means Western Standard Time.

Section 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

This Prospectus is dated 10 December 2009 and is issued by Athena Resources Limited.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 10 December 2009

Edmond Edwards
Director