



*Athena*  
RESOURCES LIMITED

ABN 69 113 758 900

**Half Year Report**  
31 December 2007

<b>Contents</b>	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	4
Condensed Income Statement	5
Condensed Balance Sheet	6
Condensed Statement of Changes in Equity	7
Condensed Cash Flow Statement	8
Notes to the Financial Statements	9
Directors' Declaration	12
Independent Auditor's Review Report	13

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Edmond William Edwards	Executive Chairman
Donald Fergusson Thomson	Executive Director
Shane Beatty Sadleir	Non Executive Director

## Review of Operations

### 1. ASHBURTON PROJECT

Athena Resources Limited (Athena or the Company) received and reviewed all results for the Company's geochemical sampling program in the Kooline area. A total of 43 rock chip and 500 soil samples were collected to geochemically fingerprint and characterise the mineralisation at four targets near Kooline. Three anomalous trends were identified in the soil geochemistry together with the significant rock chip results. These anomalies occur in an area 3.7 kilometres by 3.0 kilometres, which represents 2% of the 970km<sup>2</sup> held by Athena in the Ashburton.

The significant rock chip assay results are shown in Table 1. The samples (rock chip and soils) all have strong poly-metallic signature.

**Table 1 – Rock Chip Analyses for Select Samples and Elements from Athena's Ashburton Project**

Sample Number	MGA 50East	MGA 50East	Au (g/t)	Ag (g/t)	Pb (%)	Cu (%)
AKCR027	444947	7442640	<b>1.02</b>	<b>70</b>	<b>18</b>	<b>1.07</b>
AKCR007	443591	7443844	<b>0.56</b>	<b>175</b>	<b>34</b>	<b>2.15</b>
AKCR041	444973	7445336	0.10	<b>155</b>	<b>59</b>	NSA
AKCR015	444566	7443542	0.19	<b>210</b>	<b>43</b>	NSA
AKCR038	444290	7442871	0.10	<b>85</b>	<b>42</b>	0.15
AKCR016	445304	7443878	0.04	<b>40</b>	<b>37</b>	NSA
AKCR004	443554	7443569	0.32	<b>65</b>	<b>26</b>	0.43
AKCR035	446186	7441136	<b>0.79</b>	*NSA	NSA	NSA
AKCR005	443559	7443720	<b>0.70</b>	<b>30</b>	5	0.38
AKCR013	446320	7441999	<b>0.41</b>	<b>35</b>	12	0.29
AKCR023	445076	7442573	0.31	20	NSA	<b>1.63</b>

\*NSA: No Significant Assay

The new anomalous zones have distinct copper-gold, silver-lead ("Lead Zone") and copper-gold-lead ("Copper Zone") signatures. Sample AKCR041 (59.1% Pb, 155g/t Ag) was a rock chip from a shear zone within the "Gold Zone" north of the lead workings. No lead mineralisation had been previously recorded in this area. AKCR035 assayed 0.79g/t gold and is significant as it is from another parallel structural trend 800m to the south of the "Copper Zone". This result, from outside of the area of the historic workings covered by the soil sampling, verifies the association between host rock, structure and mineralisation. The copper and gold association in the "Gold" and "Copper Zones" is particularly encouraging.

The geochemistry identified two zones of mineralisation parallel to the Kooline lead workings. Samples AKCR027, 035, 004 and 023 represent new mineralised trends. Samples AKCR007, 015, 016 and 013 were from prospecting pits which have never been drill tested. The mineralisation, which trends east-southeast to west-northwest, is associated with quartz veins and stockwork hosted mineralisation adjacent to shears along fold axes. These anomalies provide a focus for on going exploration and will be drill tested in the 2008 field season.

## **DIRECTORS' REPORT**

### **Review of Operations Continued..**

In December 2007 Digital Mapping Australia (DiMap) flew high-resolution digital aerial photography over an area centred on the Kooline mining area. This data will be used to generate high quality seamless digital images and a digital terrain model to aid outcrop and regolith mapping, and interpretation of the geochemistry. Perth based Universal Tracking Systems (UTS) have been contracted to fly high-resolution aeromagnetic and radiometric survey. The survey is scheduled for early-mid 2008.

### **2. BYRO PROJECT (Athena Resources 80%, contributing 100%)**

Assay results have confirmed an outcropping copper occurrence found during a reconnaissance survey of Athena's Byro Project. Two rock chip samples collected by Athena confirm the presence of copper-platinum group metal (PGM)-gold mineralisation. One rock chip sample assayed 1.5% copper, 0.79g/t platinum+palladium and 0.44g/t Gold, with another 0.75% copper, 0.36g/t platinum+palladium and 0.19g/t gold at target "T1". This metal association typically occurs in mineralised layered complexes and results suggest the presence of gabbro hosted nickel-copper sulphide and PGM mineralisation.

The discovery outcrop is approximately 20 kilometres west of Mithril Resources and Yilgarn Mining Limited's Byro East Joint Venture, and 10 kilometres north of the Imagi Well chromatite occurrence. The results confirm the Byro area as having "fertile" mafic intrusions similar to those found in the West Pilbara and Halls Creek Mobile Belt.

Outcropping lithologies suggest that the Byro mineralisation is related to a northeast trending layered complex which extends for at least 2 kilometres. Athena has identified features in the regional gravity and magnetic data that are interpreted to be layered intrusions. The outcropping mineralisation is likely to be part of a larger concealed layered complex. The discovery outcrop was previously mapped as felsic gneiss and is just 300 metres from the main road.

The Company has planned an aggressive exploration program to test these targets in 2008 commencing with a high-resolution aeromagnetic survey covering approximately 171km<sup>2</sup>. The aeromagnetic survey will be followed by surface mapping, prospecting, ground geophysics and drilling. Athena holds approximately 4,800km<sup>2</sup> under application at Byro

### **3. RAVENSTHORPE PROJECT**

Preparations are well advance to resume field work at Ravensthorpe. A geochemical sampling program designed to test 9 target areas is scheduled to commence in early February 2008. The geochemistry will be followed by an IP (induced polarisation) survey to test for disseminated sulphides, initially at Oldfield, then at other targets on Athena's adjacent tenements.

### **4. BINNERINGIE PROJECT (Athena Resources 80%, contributing 100%)**

DOIR have advised Athena of the intention to grant exploration licence applications E63/1143 and E63/1149. These two tenements located approximately mid-way along the dyke provide the opportunity to the test and refine the Company's exploration model over extensive outcrops of the Binneringie Dyke. In 1998 Stockdale Prospecting Limited (De Beers) reported finding four chromites in samples collected close to the Binneringie Dyke from an area north-east of E63/1143.

Athena's initial program at Binneringie will consist of geological mapping, and reconnaissance soil and rockchip geochemistry, followed by airborne and ground geophysical surveys.

## **DIRECTORS' REPORT**

### **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 half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2007.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to S.306(3) of the Corporations Act 2001.

---

E W Edwards

Director

Dated this 12 March 2008.

**Auditor's Independence Declaration**

As lead auditor for the review of the financial report of Athena Resources Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Athena Resources Limited.



**Perth, Western Australia**  
**12 March 2008**

**N G Neill**  
**Partner, HLB Mann Judd**

**CONDENSED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Notes	Consolidated	
		2007 \$	2006 \$
Revenue			
Other income		23,407	32,268
Depreciation and amortisation expense		(24,022)	(2,121)
Other expenses		(180,089)	(155,717)
<b>Profit before income tax expense</b>	2	<b>(180,704)</b>	<b>(125,570)</b>
Income tax expense		-	-
<b>Profit after tax from continuing operations</b>		<b>(180,704)</b>	<b>(125,570)</b>
Loss after tax from discontinued operation		-	-
<b>Net profit for the period</b>		<b>(180,704)</b>	<b>(125,570)</b>
Profit attributable to minority interest		-	-
<b>Net profit attributable to members of parent</b>		<b>(180,704)</b>	<b>(125,570)</b>
Basic earnings per share (cents per share)		<b>(0.70)</b>	<b>(0.99)</b>
Basic earnings per share from continuing operations (cents per share)		<b>(0.70)</b>	<b>(0.99)</b>
Diluted earnings per share (cents per share)		<b>(0.35)</b>	<b>(0.99)</b>
Diluted earnings per share from continuing operations (cents per share)		<b>(0.35)</b>	<b>(0.99)</b>

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Notes	Consolidated	
		31 December	30 June
		2007	2007
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		456,825	1,300,479
Trade and other receivables		82,349	59,545
<b>Total Current Assets</b>		<b>539,174</b>	<b>1,360,024</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		126,119	145,390
Deferred exploration expenditure	3	2,841,058	2,195,655
<b>Total Non-Current Assets</b>		<b>2,967,177</b>	<b>2,341,045</b>
<b>Total Assets</b>		<b>3,506,351</b>	<b>3,701,069</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		183,796	378,523
Interest Bearing Liabilities		15,346	14,702
<b>Total Current Liabilities</b>		<b>199,142</b>	<b>393,225</b>
<b>Non Current Liabilities</b>			
Interest Bearing Liabilities		20,995	28,829
<b>Total Non Current Liabilities</b>		<b>20,995</b>	<b>28,829</b>
<b>Total Liabilities</b>		<b>220,137</b>	<b>422,054</b>
<b>Net Assets</b>		<b>3,286,214</b>	<b>3,279,015</b>
<b>Equity</b>			
Issued capital	4	3,521,675	3,333,772
Reserves		231,000	231,000
Accumulated Losses		(466,461)	(285,757)
<b>Total Equity</b>		<b>3,286,214</b>	<b>3,279,015</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>Consolidated</b>			
	Issued Capital	Accumulated Losses	Options Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2006</b>	255,100	(10,292)	-	244,808
Shares issued during the half year	2,760,000	-	-	2,760,000
Share issue costs	(209,940)	-	-	(209,940)
Loss attributable to members of the parent entity	-	(125,570)	-	(125,570)
<b>Balance at 31 December 2006</b>	<b>2,805,160</b>	<b>(135,862)</b>	-	<b>2,669,298</b>
<b>Balance at 1 July 2007</b>	3,333,772	(285,757)	231,000	3,279,015
Shares issued during the half year	200,000	-	-	200,000
Share issue costs	(12,097)	-	-	(12,097)
Loss attributable to members of the parent entity	-	(180,704)	-	(180,704)
<b>Balance at 31 December 2007</b>	<b>3,521,675</b>	<b>(466,461)</b>	<b>231,000</b>	<b>3,286,214</b>

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated	
	2007	2006
	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(197,430)	(63,528)
Interest received	23,407	31,856
<b>Net cash (used in) operating activities</b>	<b>(174,023)</b>	<b>(31,672)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of non-current assets	-	4,412
Purchase of non-current assets	(4,751)	(63,768)
Payments for exploration expenditure	(645,593)	(494,044)
<b>Net cash (used in) investing activities</b>	<b>(650,344)</b>	<b>(553,400)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	2,560,000
Payment for share issue costs	(12,097)	(191,209)
Repayment of Borrowings	(7,190)	-
<b>Net cash provided by financing activities</b>	<b>(19,287)</b>	<b>2,368,791</b>
Net increase/(decrease) in cash held	(843,654)	1,783,719
Cash and cash equivalents at 1 July 2007	1,300,479	1,959
<b>Cash at 31 December 2007</b>	<b>456,825</b>	<b>1,785,678</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The half-year consolidated financial statements are a general purpose financial report 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'.

The half-year report has been prepared on a historical cost basis, except for land and buildings, derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 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 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.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

In the half-year ended 31 December 2007 the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2007.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 2: LOSS BEFORE INCOME TAX EXPENSE**

	Consolidated	
	31 December 2007	31 December 2006
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Write-off of capitalised exploration expenditure	-	-
Consultant's Fees	69,000	79,000
Office Costs	26,416	41,475

**NOTE 3: DEFERRED EXPLORATION EXPENDITURE**

	31 December 2007	31 December 2006
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of year	2,195,655	284,502
Expenditure incurred	645,403	821,249
	<b>2,841,058</b>	<b>1,105,751</b>

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

**NOTE 4: ISSUED CAPITAL**

	Consolidated	
	31 December 2007	31 December 2006
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	<b>3,521,675</b>	<b>2,805,160</b>
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2007	25,715,000	3,333,772
Fully paid shares issued at 36.56 ¢ each	547,000	200,000
Less: Share issue costs	-	(12,097)
<b>At 31 December 2007</b>	<b>26,262,000</b>	<b>3,521,675</b>

**NOTE 5: SEGMENT REPORTING**

During the half year the Group operated principally in one business segment being mineral exploration and in one geographical segment being Australia.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 6: ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

On 9 November 2007, the parent entity acquired 100 % of Complex Exploration Pty Ltd, a mining exploration entity. The purchase was satisfied by the payment of \$100

The purchase price was allocated as follows:

Purchase consideration	\$100
<hr/>	
Assets and liabilities acquired at acquisition date:	
Cash	\$100
<b>Total</b>	<b>\$100</b>
<hr/> <hr/>	

The cash outflow on acquisition is as follows:

Net cash acquired with subsidiary	\$100
Cash paid	\$100
<b>Net cash outflow</b>	<b>-</b>
<hr/> <hr/>	

The assets and liabilities arising from the acquisition are recognised at fair value which are equal to their carrying value at acquisition date.

If the combination had taken place at the beginning of the year, the profit of the Group and revenue from continuing operations would have been unchanged.

**NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE**

On 1 February 2008 the Company announced a non-renounceable rights issue of fully paid ordinary shares in the capital of the Company on the basis of one (1) Share for every Four (4) Shares held at the record date of 12 February 2008 together with one (1) free attaching Option for every one (1) Share subscribed for.

Shares under the Rights Issue will be offered at 20 cents per Share. The maximum number of Shares which may be issued under the Rights Issue is 6,565,500 to raise \$1,313,100 (based on the current capital structure of the Company). The Options to be issued under the Rights Issue will be on the same terms as the Company's existing quoted options and are exercisable at 20 cents each on or before 30 November 2009.

The Company intends to apply the funds raised from the Rights Issue as follows;

- a) Progress on the Company's Projects
- b) Meet costs on the Offer, and;
- c) General Working Capital.

## **DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on 5 to 11:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 as and when they become due and payable.

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

---

Edmond William Edwards

Director

Dated this 12 March 2008

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of  
ATHENA RESOURCES LIMITED***Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2007, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Athena Resources Limited and the entities it controlled during the half-year ended 31 December 2007 ("consolidated entity").

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2007 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 Athena Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Athena Resources Limited on 12 March 2008.

*Conclusion*

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 consolidated entity's financial position at 31 December 2007 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*.

**HLB MANN JUDD  
Chartered Accountant****N G NEILL  
Partner****Perth, Western Australia  
12 March 2008**